



global witness

For a Few Dollars More

How al Qaeda moved into the diamond trade



Table of Contents

Recommendations 2

Executive Summary 6

Introduction 8

Part One: Background to al Qaeda 10

Origins of al Qaeda 10

Command structures 11

Financing structures 13

Role of commodities in financing al Qaeda 13

Gold 15

Tanzanite 17

Part Two: Diamonds and Terrorism –

Precedents 20

Hizbullah and diamonds 20

Part Three: al Qaeda and diamonds 28

Tanzania and Kenya 28

Sierra Leone and Liberia 41

Part Four: Global response to 9/11 65

Conclusion 74

Annexes 1 – 8 75

References 93



Map of Africa showing countries that produce diamonds, and al Qaeda and Hizbullah diamond trading activity

'I'm aware there is a connection. That connection is specific. They (al Qaeda) are moving diamonds as a commodity to launder their funds.'¹

*David Crane, Chief Prosecutor,
Special Court United Nations, Sierra Leone.
9 February 2003.*

'The sinews of war are unlimited money.'

Cicero

Recommendations

The Kimberley Process Certification Scheme (KPCS):

The credibility of the KPCS depends on ensuring that all governments fully implement the scheme. However crucial elements of the KPCS are yet to be implemented, and in some cases defined. These include the lack of a monitoring function, the current lack of agreement on handling of statistical data and the issuing of certificates.

The KPCS should:

1. Establish a working group to proactively investigate the role of diamonds in funding terrorism and its impact on the KPCS;
2. Design and immediately implement a credible and effective monitoring mechanism;
3. Ensure that the recommendations listed in Annex II of the KPCS be made mandatory requirements for countries with alluvial diamond production;
4. Ensure that KPCS members only trade in rough diamonds with other participating KPCS governments;
5. Ensure that the diamond industry is properly audited by independent third party auditors with adequate government oversight;
6. End ongoing participant intransigence on statistics by immediately establishing and implementing a system to capture data on the production, import and export of diamonds;
7. Assist in establishing a credential system for artisanal diamond miners, buyers and traders.
8. Embark upon peer review mechanisms with countries in the KPCS.

The international community should:

1. Ensure that the International Convention for the Suppression of Financing of Terrorism of 1999 is ratified and implemented by all member states;
2. Take action against known illicit diamond traders;
3. Encourage Interpol and the World Customs Union to proactively investigate the use of diamonds by terrorists;
4. Include measures against illicit diamond trading in national laws and regulations particularly in relation to money laundering and terrorist financing;
5. KPCS member governments should monitor and ensure that diamond-trading activities in national jurisdictions comply with KPCS minimum standards and any international agreements on money laundering and terrorist financing;
6. Develop a greater understanding for the potential of precious commodities to finance terrorist activity.

Civilian intelligence, military intelligence and law enforcement agencies tracking the sources of terrorist financing should:

1. Recognise the use of diamonds as a source of terrorist financing;
2. Carry out an immediate assessment of the diamond trade to establish the full scope of illicit trading structures.
3. Establish a mechanism for the full coordination and exchange of information on individuals and companies involved in the illicit diamond trade;

The diamond industry:

The industry must take concerted action against the extensive illicit trading networks within all sectors of the diamond trade.

Failure to face up to this endemic problem will result in the continued use of diamonds by terrorists. There is cause for serious concern about the diamond industry's proposed measures for voluntary self-regulation, a requirement defined under the KPCS. If the measures and subsequent implementation prove to be inadequate then further government regulation will be required.

The diamond industry should:

1. Immediately launch an investigation into the extent of illicit trading activity and develop measures to combat it. The findings of the investigation and resultant recommendations should be given to the KPCS and to the UNSC Counter Terrorism Committee;
2. Work with governments and civil society, through the KPCS, to establish an accreditation standard for third party independent auditing and further work to ensure its adoption by all sectors of the industry;
3. Ensure the implementation of anti-money laundering proposals as required by the US Patriot Act. Similar action should be taken by companies and sole traders throughout the entire industry;
4. Engage with governments to develop credential systems throughout the alluvial diamond sector.

The banking sector should:

1. Ensure that financing of the diamond trade be dependent upon proof of independent third party auditing;
2. Increase vigilance on transactions linked to diamond trading;
3. Adhere to the Wolfsberg Principles on money laundering.

The UN should:

1. Immediately make the KPCS an internationally legally binding agreement, using a UNSC resolution under Chapter VII of the UN charter;
2. Immediately place an embargo on unofficial diamonds from the DRC;
3. Ensure that countries are not allowed to join the KPCS until a credible monitoring mechanism has been established;
4. Ensure all member states fully comply with UNSC 1373.

The Chairman of the Monitoring Group established pursuant to UNSC resolutions 1363 (2001) and 1390 (2002) should:

1. Establish a task force to examine the role of precious commodities in terrorist financing;
2. Undertake a detailed diagnostic of the illicit diamond trade;
3. Actively encourage the full participation of governments in the KPCS;
4. Actively encourage the establishment of a monitoring mechanism for the KPCS.

The UN Policy Working Group on the United Nations and Terrorism should:

1. Undertake specific work on the link between commodities and terrorist financing;
2. Examine the current effectiveness of the KPCS to restrict terrorist financing through the diamond trade.

Acronyms

ADF	Allied Democratic Forces
AFRC	Armed Forces Ruling Council
AMAL	Afwaj al Muqawamah al Lubnaniyyah
APG	Asia Pacific Group
ATU	Anti-Terrorism Unit
AU	African Union
AUC	Autodefensas Unidas de Colombia
BGI	Binladin Group International
CAR	Central African Republic
CFR	Council on Foreign Relations, US
CIA	Central Intelligence Agency
DIA	Defence Intelligence Agency, US
DRC	Democratic Republic of the Congo
ECOMOG	Military Observer Group of the Economic Community of West African States
EU	European Union
EUC	End User Certificate
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation
FSAP	Financial Sector Assessment Program
FSU	Former Soviet Union
GAO	General Accounting Office, US
GIR SA	Grupo de Representaciones Internacionales
HRD	High Diamond Council
HUMINT	Human intelligence
IIRO	International Islamic Relief Organisation
IMF	International Monetary Fund
ISI	Inter Services Intelligence
JA	Jewellers of America
KGB	Committee for State Security
KPCS	Kimberley Process Certification Scheme
LURD	Liberians United for Reconciliation and Democracy
MAK	Maktab al Khidmat Lil Mujahidin al-Arab
NCIS	National Criminal Intelligence Service
NDC	National Diamond Company
NGO	Non Governmental Organisation
NIF	National Islamic Front
NPFL	National Patriotic Front of Liberia
NPP	National Patriotic Party
NPRC	National Provincial Ruling Council
NSA	National Security Agency US
NSC	National Security Council
OAS	Organization of American States

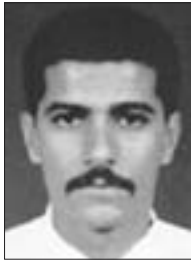
OECD	Organisation of Economic Community and Development
PLO	Palestinian Liberation Organisation
RCD-Goma	Le Rassemblement Congolais pour la Démocratie
RPA	Rwandan Patriotic Army
RUF	Revolutionary United Front
SADR	Sahrawi Arab Democratic Republic
SIGINT	Signals Intelligence
SSS	Special Security Service, Liberia
TFRG	Terrorism Financial Review Group
TPB	Terrorism Prevention Branch
UAE	United Arab Emirates
UMFF	Ugandan Mujahidin Freedom Fighters
UN	United Nations
UNAMSIL	United Nations Mission in Sierra Leone
UNGA	United Nations General Assembly
UNITA	National Union for the Total Independence of Angola
UNSC	United Nations Security Council
US	United States
USAID	United States Agency for International Development
WDC	World Diamond Council
WFDB	World Federation of Diamond Bourses



**Osama bin Laden
T-shirt, Freetown
Sierra Leone
March 2002**



Key Players



Abdullah

Abdullah Ahmed Abdullah
aka Abu Mohamed al-Masri Saad al Sharif, Saleh and Abu Marium. Egyptian national possibly of Saudi origin. Indicted by a US court for 1998 African embassy bombings. He played an active role in the murders of US servicemen in

Mogadishu. He trained soldiers in the use of explosives at the Jihad Wal camp in Khost, Afghanistan. He sits on al Qaeda's consultation council as well as the religious/fatwa committee.

Abu Ubadia al-Banshiri – real name Ali al Rashidi, aka Mr Jalal and Abdel Habib. Former military commander of al Qaeda and possible founder member and was sent by Usama bin Laden to recruit for al Qaeda in East Africa in 1994. He died in a ferry disaster in Kenya in 1996. He ran a diamond smuggling operation and was owner of Tanzanian mining concern, Taheer Ltd.



El Hage

Wadiah El Hage
Osama bin Laden's personal secretary. Born in Sidon, Lebanon, 1960. El Hage has been indicted on multiple counts of perjury pertaining to his relationship with al Qaeda. In 1993 el Hage was in Sudan where he met with Bin Laden and became his

personal secretary. In 1994, he moved to Kenya setting up Tanzanite King, a gemstone mining and trading company. He was key in the al Qaeda diamond and gemstone trading network. He has been in custody since 20 September 1998.



Ghailani

Ahmed Khalfan Ghailani
Ghailani is a Tanzanian national He was indicted in the Southern District of New York, on 6 December 1998, for his involvement in the 7 August 1998 bombings in the US embassies in Dar es Salaam, Tanzania and Nairobi. He is presently

at large. He was involved in the Sierra Leone and Liberia diamond buying operation.



Mohammed

Fazul Abdullah Mohammed
Was indicted for his involvement in the 1998 African embassy bombing. He was a senior aid to Wadiah El Hage. He prepared reports for Bin Laden. He later appeared in Sierra Leone and Liberia as part of the al Qaeda diamond buying team.



Nassour

Aziz Nassour
Lebanese diamond and arms dealer currently in Beirut instrumental in facilitating al Qaeda diamond operations in Liberia and Sierra Leone.



Ossaily

Samih Ossaily
Lebanese diamond dealer, currently on trial in Antwerp, Belgium for conflict diamond dealing, money laundering and arms dealing. Second cousin of Aziz Nassour.



Bah

Ibrahim Bah –aka Ibrahim Traore, Ibrahim Balde, Abraham Balde, Balde Ibrahim – confidante to Charles Taylor: Diamond and arms smuggler: Born in 1957 in Senegal Bah trained in Libya in the 80s, became a radical Islamicist and fought in Afghanistan and Lebanon in the 80s and 90s. He came under the influence of al Qaeda. He went on to fight with Charles Taylor's NPFL from 1991-97.

Ali Darwish
Sierra Leonean born Lebanese diamond dealer. Intimately involved with Liberian operations of Aziz Nassour whom he introduced to Ibrahim Bah. Currently based in US.

Executive Summary

This report seeks to examine whether the terrorist group, al Qaeda, is used, and is continuing to use, rough diamonds.^a Global Witness presents evidence that confirms that al Qaeda has been involved in the rough diamond trade since the 1990s. Firstly in Kenya and Tanzania and then in Sierra Leone and Liberia, where they began to show an interest in diamond trading in 1998, following the crackdown on their financial activities in the wake of the US embassy bombings in Kenya and Tanzania. It argues that there are several reasons why al Qaeda has used rough diamonds:

- As a means of raising funds for al Qaeda cells;
- To hide money targeted by financial sanctions;
- To launder the profits of criminal activity;
- To convert cash into a commodity that holds its value and is easily transportable.

The report also briefly discusses the use of other high-value commodities, such as gold and tanzanite, by al Qaeda, and the precedent set by Hizbullah of using diamonds to fund their operations. In doing so, it reveals that the trade networks and routes used by al Qaeda to gain access to rough diamonds are the same as those used for trading conflict and illicit diamonds. It also notes that such diamond trading routes overlap with illicit arms trading, and informal support and trading networks between terrorists, rebel groups as well as regional insecurity and outright conflict. To help illustrate these diamond-trading routes the report looks in some detail at the trading networks and operations of a key player involved in the al Qaeda trading structure in Liberia and Sierra Leone. It concludes that the only way for the international community to prevent the trade in conflict and terror diamonds is to ensure that the Kimberley Process Certification Scheme is effectively implemented. This means establishing a credible, independent monitoring mechanism covering all aspects of the diamond pipeline,

from the first point of extraction to the finished product. This report seeks to act as a wake up call to those who believe that the problem of conflict diamonds has been adequately addressed.

Part One provides background detail on al Qaeda's history, cell structure, and hierarchy. Significantly, evidence gathered by Global Witness shows that al Qaeda's cell structure and geographical scope are replicated in their diamond-trading operations. It also provides an overview of al Qaeda's penetration into Africa, highlighting how the group's area of operations overlapped with key illicit diamond trading areas. It then outlines al Qaeda's use of other high-value commodities such as gold and tanzanite, arguing that, as with diamonds, al Qaeda's use of these commodities was a strategic response to blocks placed upon their previous revenue streams.

Part Two briefly examines the past record of diamond use by Hizbullah in funding their operations and for money laundering.^b It shows there was a clear historical precedent for al Qaeda's use of rough diamonds by governments and the diamond industry. Thus, it argues that both governments and industry were forewarned of the danger of diamonds being targeted by al Qaeda, and that both governments and industry failed to respond adequately to this threat.

Part Three looks in more depth at allegations of al Qaeda's past and present diamond-trading operations. Evidence from the trials of al Qaeda members in the United States in 2001 shows that, between 1993 and 1997, senior members of al Qaeda's Kenyan and Tanzanian cells established both diamond and gem mining companies and an international trading network. This section reveals evidence which confirms press reports that, following the 1998 crackdown on al Qaeda's finances after the US embassy bombings in East Africa, significant quantities of al Qaeda funds were laundered in 2000-2001 through the illicit diamond trade in Sierra Leone and Liberia. Part Three also provides a detailed chronological breakdown of how al Qaeda expanded their

^a A number of regional and international political bodies such as the European Union, the African Union, the Arab League and the United Nations have issued definitions of 'terrorist' and 'terrorism'. The definitions of 'terrorist' and 'terrorism' used in this report are those endorsed by the UN General Assembly (UNGA), as Global Witness regards these as having the most universal currency. UNGA Resolution 54/110 of 9 December 1999 defines terrorism as 'criminal acts intended or calculated to provoke a state of terror in the general public, a group of persons or particular persons for political purposes' and such acts are condemned as 'in any circumstance unjustifiable, whatever the considerations of a political, philosophical, ideological, racial, ethnic, religious or other nature that may be invoked to justify them'. For further information on definitions of terrorism by other multilateral bodies, see Annex 6.

^b The Lebanese paramilitary organisation Hizbullah is designated as a terrorist group by the United States State Department (the European Union does not consider Hizbullah to be a terrorist entity). Global Witness believes that the actions of rebel groups such as the RUF in Sierra Leone and UNITA in Angola fit the definition of terrorist acts outlined in Annex 6.

operations into the two countries, and shows how a supposedly legitimate trader played a central role in the development of al Qaeda's diamond trading activities, and how these were connected with arms trading to Liberia and on to the RUF in Sierra Leone.

Part Four provides a brief overview of the international response to al Qaeda in the aftermath of September 11. It outlines the various ways governments, the international finance system and other economic actors attempted to block the (potential) supply of funds to terrorist groups, and to combat the transfer, storing and moving of terrorist assets. It further highlights how this targeting of the sources of terrorist financing has ignored diamond trading.

The report concludes that the international community still faces considerable challenges to prevent the trade in illicit and conflict diamonds. It recognises that the KPCS of import and export controls does represent a significant step forward in combating conflict diamonds. However, it argues that the Kimberley Process has consistently failed to address the key issue of the need for independent oversight to make any system of controls effective. Without independent monitoring and without effective controls over alluvial mining, the KPCS has little credibility and, more importantly, will not stop the illicit diamond trade, an important source of funding for al Qaeda amongst others. The report calls for the diamond industry and the relevant governments to fully accept the urgent nature of the problem and to take practical measures to combat it.

Attempts to Define Conflict Diamonds

'CONFLICT DIAMONDS means rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions insofar as they remain in effect, or in other similar UNSC resolutions which may be adopted in the future, and as understood and recognised in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions which may be adopted in future.'

Kimberley Process Certification Scheme as adopted at Interlaken Kimberley Process Plenary Meeting on 5 November 2002:

'Understanding conflict diamonds to be rough diamonds which are used by rebel movements to finance their military activities, including attempts to undermine or overthrow legitimate Governments,'

UN General Assembly Resolution 55/56, 1 December 2000, Adopted by the 55th Session of UNGA:

'Recognising that the trade in conflict diamonds is a matter of serious international concern, which can be directly linked to the fuelling of armed conflict, the activities of rebel movements aimed at undermining or overthrowing legitimate Governments and the illicit traffic in and proliferation of armaments, especially small arms and light weapons,'

UN General Assembly Resolution 56/263, 13 March 2002, Adopted at 56th Session of UNGA:

'Noting with deep concern the linkage between the illicit trade in rough diamonds from certain regions of the world and the fuelling of armed conflicts that affect international peace and security,'

UN Security Council Chapter 6 Resolution adopted by Security Council at its 4694 meeting on 28 January 2003.



Artisanal alluvial diamond mining Angola 2002

Introduction

Conflict or blood diamonds have been a subject of international outrage and concern since December 1998, when Global Witness published its report *A Rough Trade: The Role of Companies and Governments in the Angolan Conflict*.² The term conflict diamonds is commonly used to refer to rough diamonds that finance and prolong violent armed conflict in Africa.^c Diamonds have been used by rebel groups in a strategic, systematic and consistent way to fund some of the most protracted and devastating civil wars in Africa,³ wars that have cost an estimated 3.7 million lives⁴ Even today, diamonds continue to pay for illicit weapons purchases in conflict-torn Liberia and the Democratic Republic of Congo (DRC).

Having brought the issue of conflict diamonds to the world's attention, an international coalition of civil society organisations forced a reluctant diamond industry and key diamond producing and trading governments to accept responsibility for having allowed the multi-million dollar trade in conflict diamonds to go unchecked.^d In May 2000, the diamond industry, fearing a negative consumer reaction, joined with concerned governments and civil society organisations to create the Kimberley Process. This consisted of a series of intergovernmental meetings mandated by the UN to design a system of import and export controls for rough diamonds, with the aim of eliminating the trade in conflict diamonds.^e Fourteen meetings later, in November 2002 at Interlaken in Switzerland, participating governments together with the diamond industry and civil society groups agreed on a system of import and export controls for the rough diamond trade; as of April 2003 there are 69 participant governments in the Kimberley Process.^f

On 11 September 2001, the devastating attacks by al Qaeda on the World Trade Centre and the Pentagon took place. This gave added focus to the need to identify and dismantle all forms of terrorist financing and money laundering networks, as UNSC 1373 recognised.⁵ Almost immediately after the attacks, details

emerged of al Qaeda's global financial architecture.⁶ Court transcripts from the 2001 trial of al Qaeda operatives in the United States showed that the trade in rough diamonds and high value gemstones from Kenya and Tanzania had been an important part of al Qaeda's financial structures.⁷ In November 2001, evidence was uncovered by *The Washington Post* which revealed that operatives from the same al Qaeda cells involved in the Kenyan and Tanzanian diamond trading operation had begun a massive diamond buying operation in Sierra Leone and Liberia.⁸ Recently questions have emerged concerning investments in diamond mining and exploration companies by prominent Saudi financiers with previous convictions for terrorist financing activities and possible links to al Qaeda. Global Witness has not included any discussion of these activities in this report.

Global Witness decided to carry out its own investigations to determine whether there was a basis to these claims of diamond trading. What emerged was a complex economic and political nexus of diamond trading, involving relationships between governments, businessmen, African rebel leaders and the diamond industry. These investigations have confirmed the diamond-dealing operations of al Qaeda in Sierra Leone and Liberia as first outlined by *The Washington Post* on 2 November 2001 and 29 December 2002. The report presents detailed information of how these trading structures were developed by al Qaeda.

Global Witness details evidence of al Qaeda's development and implementation of a sophisticated financial strategy, managed by high-level al Qaeda operatives, aimed at harnessing the rough diamond trade to fund its operations. The use of diamonds, gold and tanzanite, and other high-value commodities, as a form of revenue generation and asset laundering by al Qaeda has already received media coverage. However, what Global Witness is highlighting for the first time is the strategic nature of al Qaeda's decision to begin trading in these commodities, and in the light of this, is questioning the reluctance of governments and intelligence agencies to accord this issue the importance it deserves.

^c There are in fact at least three different definitions. See page 7.

^d Current coalition partners include: ActionAid, Amnesty International, Catholic Relief Services, CENADEP, Fatal Transactions, Global Witness, Medico International, One Sky – the Canadian Institute of Sustainable Living, Oxfam International, Partnership Africa Canada, Physicians for Human Rights, World Vision, Network Movement for Justice and Development, 11.11.11.

^e The Kimberley Process was so named because the first meeting was held in Kimberley, South Africa, in May 2000.

^f Interlaken meeting agreement and Kimberley Process document. It should be noted that the civil society groups present accepted the certification scheme with reservations, particularly over the lack of any independent monitoring of the national control systems.

Governments and the intelligence community consistently cite the lack of hard evidence as their reason for not taking action. Global Witness will argue that the consequence of their reluctance to pursue this line of investigation has enabled the illicit diamond trade to be used by terrorist groups such as al Qaeda.

In fact, it should come as no surprise that al Qaeda made a strategic decision to use diamonds to fund its operations. Rebel armies, drug dealers, organised crime outfits and rogue states have all recognised that rough diamonds can be put to covert or illicit uses. Easy to transport and conceal, and with an ability to maintain their price, they are already the favoured method of payment or bribe in many illegal transactions. A recent report by the Financial Action Task Force (FATF) on Money Laundering states:

‘The ease with which diamonds can be hidden and transported and the very high value per gram for some stones make diamonds particularly vulnerable to illegal diversion from the legitimate channels for the exploitation and profit of criminals’.⁹

Global Witness believes that an accurate understanding of the role played by diamonds in terrorist financing systems is overdue. It is also of grave concern concerned that the legitimate diamond industry has to date not conducted its own investigations into this issue. What makes their negligence even more remarkable is the fact that there is already widespread understanding within the diamond industry and among governments that groups such as Hizbullah – who wield considerable influence over certain sectors of the diamond trading community – use the diamond trade to obtain funds.

There is a tragic and unacceptable sense of history repeating itself on this issue. The diamond industry has not learnt the key lesson on conflict diamonds which is the failure to take full responsibility for the problems in its own industry sector. It continues to resolutely avoid responsibility for collective action, insisting that governments bear the sole responsibility. This has been very clearly, and repeatedly

demonstrated in recent history. Sales of diamonds have played a role in funding UNITA in Angola, the RUF in Sierra Leone, various rebel factions in the DRC; President Charles Taylor in Liberia, Hizbullah and AMAL militias in Lebanon and a number of other regimes and conflicts. This is not to say that diamonds are the causal factor in all of these conflicts; although in Angola and Sierra Leone control of the diamond fields was a major factor in the extension of the fighting, but what is clear is that diamond revenue has been central to much of the conflict. The issue of the link between diamonds and terrorism is a major test of the claims the diamond industry has made that it has reformed and is serious about the need to protect society from the negative impacts of its trade. The industry has a serious challenge before it. If it takes the same approach as it did with conflict diamonds it will be risking the entire future of the trade in a way that civil society organisations have never done. Civil society has shown remarkable restraint despite the fears of governments and industry that it would call for boycotts. The trade, through its public voice the World Diamond Council (WDC), could do something completely new. It could move swiftly to put in place measures to combat this source of terrorist finance. Global Witness fully accepts that this is not a simple matter, and that the industry is not a united one, however, the usual excuses are no longer credible.

Governments must also accept that they have a responsibility to tackle this issue. There has been a distinct lack of willingness within the Kimberley Process negotiations towards the designing and setting up of credible and independent monitoring mechanisms. The failure to tackle what many governments saw as the ‘potentially’ difficult subject of monitoring has led to a significant weakness in the system. Now that the Kimberley Process is deemed to be up and running, certain governments, such as South Africa and the United Kingdom have publicly accepted the need for developing effective and independent monitoring controls.⁸ As this report will show, this weakness must be addressed in the next phase of the Kimberley Process if it is to maintain any credibility.

⁹ Letter from P. Mlambo-Ngcuka, South African Minister of Minerals and Energy to Global Witness, 20 January 2003

⁸ ‘The chairman of the Kimberley Process, in his notice dated 12 December 2002, noted that in Windhoek in 2001 Participants took a conscious decision to break the process of monitoring into two main components: the establishment of national monitoring and control systems and the question of international monitoring. As this latter question was thought to be particularly sensitive it was decided that the Kimberley Process would proceed with the establishment of national certification schemes and then to examine how best to tackle the question of international monitoring. I trust that this will be tackled at the next plenary meeting.’

Part One: al Qaeda – Structure and History

This section of the report briefly outlines the operational structure of al Qaeda in order to better understand the significance of the organisation's growing use of diamonds. It is important to understand that al Qaeda's involvement in diamonds is not a one-off occurrence, but mirrors its growth across the continent and clearly fits with its other business activities, and plays a role in its strategic development.

Global Witness is not claiming expertise on al Qaeda and refers readers to Rohan Gunaratna's detailed and authoritative book on the organisation 'Inside al Qaeda: Global Network of Terror', 2002.^h Much of the information in this section is drawn from his work.

Al Qaeda: A brief history

The early development of al Qaeda

The origins of al Qaeda can be traced back to 1979 and two events of immense regional and international impact: the Islamic revolution which led to the downfall of the Shah in Iran, and the Soviet invasion of Afghanistan. These two events marked both the beginning of contemporary regional and global Islamist movements, and the eventual political, if not military defeat of the Soviet Union in Afghanistan, one of the endgames of the Cold War.

The rise to power of Ayatollah Khomeini in Iran was paralleled by the creation of Islamist movements globally.ⁱ Gunaratna estimates there are approximately one hundred such movements in the Middle East, Africa, Asia, the Caucasus, and the Balkans and in Western Europe. Al Qaeda grew out of the ranks of the Islamic mujahidin of both Afghan and foreign origin who fought the Soviet-backed regime in Afghanistan during the 1980s.

Gunaratna describes how the intellectual origins of al Qaeda derive from the Palestinian-Jordanian Abdullah Azzam, who in 1987 and 1988 envisaged al Qaeda as an organisation that would 'channel the energies of the mujahidin into fighting on behalf of oppressed Muslims worldwide', that is, as a form of Islamic 'rapid reaction force', ready to spring to the defence of their fellow believers at short notice.¹⁰

Apart from being the intellectual originator

of al Qaeda, Azzam was also Osama bin Laden's mentor. Both men headed the *Maktab al Khidmat Lil Mujahidin al-Arab* or MAK (also known as the Afghan Service Bureau) in Peshawar, Pakistan, out of which al Qaeda evolved. Disagreements between Azzam and bin Laden over the future strategy of MAK in 1988 and 1989 led to Azzam's assassination by a car bomb in Peshawar.¹¹ Bin Laden was one of the few surviving senior mujahidin fighters who had been involved in the strategic leadership of the anti-Soviet military campaign, and as a result he assumed the leadership of al Qaeda. Bin Laden's aim was to fashion MAK and al Qaeda in his own image, as an 'unflinchingly hostile global terrorist force, established with the aim of destroying America and Israel and re-establishing the Caliphate by means of a worldwide jihad.'¹²

Following the murder of Azzam in 1989, while bin Laden became al Qaeda's operational head, the mantle of al Qaeda's spiritual leadership was assumed by the leader of the Egyptian Islamic Group, Umar Abd al-Rahman (also known as the 'Blind Sheikh'). Following al-Rahman's arrest by the US authorities in 1993 in the wake of al Qaeda's first attempt to blow up the World Trade Centre, Dr Ayman Muhammad Rabi'al Zawahiri, another radical Egyptian Islamist leader, stepped in to fill the ideological void left by Azzam. Ayman al-Zawahiri also provided al Qaeda with much-needed organisational skills and began positioning his fellow Egyptian loyalists as bin Laden's key aides. As the organisation began to grow, an Egyptian named Ali al-Rashidi (who is better known as Abu Ubadiyah al-Banshiri) was nominated as al Qaeda's first military commander. From 1993 until his death in 1996, as is described in more detail in Part Three, al-Banshiri became intimately involved in establishing al Qaeda's diamond smuggling and money laundering operations as the leader of the Kenyan and Tanzanian cells.

Al Qaeda and bin Laden were initially based in Afghanistan, before re-locating to Saudi Arabia in 1989. Bin Laden was then forced by the Saudi authorities to move to Sudan in 1991 and was based there for the next five years. It was during this time that al Qaeda developed their diversified business interests. In parallel to this activity al Qaeda were involved in a series of failed assassination attempts on a number of world leaders, including President Mubarak of Egypt, and President Clinton, and other attacks

^h Rohan Gunaratna. 'Inside al Qaeda. Global Network of Terror', publ. C. Hurst and Company, London, 2002.

ⁱ Islamist: 'Group of ideologies in Islam that want to use the Sharia to its full extent, meaning that secular forms of governments and institutions are considered foreign to a true Muslim society. Islamism is not one ideology. Inside the same society, several directions of Islamism can be found, and these are seldom cooperating. People belonging to an Islamist group, call themselves, and are called by others 'islaamiyy' for men and 'islaamiyya' for women. Both men and women are called Islamists in English.'

that are briefly detailed in the section 'al Qaeda and Africa'. These activities resulted in the international community pressuring the Sudanese who were hosting the organisation, and as a result al Qaeda returned to Afghanistan in 1996.

Organisational structure

Al Qaeda uses a network of cells and affiliate organisations through which to pursue its aims. The relationship between these various affiliates can be described as resembling a modern management structure. Al Qaeda and its member organisations are distinct enterprises, each with their own particular struggle, aims and operational methods, yet they maintain close links with one another.¹³ Gunaratna describes the structure of al Qaeda as being led by the shura majlis, or consultative council, which is immediately below bin Laden who is the Emir General. He notes:

'Immediately below the shura majlis and reporting to it, are four operational committees: military, finance and business; fatwa and Islamic study; and media and publicity, which ensure the smooth day-to-day running of al Qaeda, each being headed by an Emir. While the Emir and Deputy Emir have responsibility for each committee, its members also form compartmentalised working groups for special assignments...some members serve on more than one committee or are rotated between them.'¹⁴

Each of the four committees controls a specific set of functions:¹⁵

The **Military committee** is responsible for recruitment, training, procurement, and for support and military operations. It instructs teams to plan attacks, including intelligence gathering on intended targets via surveillance or reconnaissance missions and conducting rehearsals through attack training. It can also allocate special instructors, weapons, and other resources to directly and indirectly assist campaigns by al Qaeda's affiliate groups. In addition, it oversees more clandestine and sensitive operations such as the procurement, forgery, or alteration of identity documents including passports and entry visas.¹⁵

The **Finance committee** is responsible for developing the financial resources needed by al Qaeda members on its payroll, as well as funding operations and the activities of its affiliates. This involves institutional methods of financing, using front businesses and charities. Al Qaeda controls branches of both MAK and the International

Islamic Relief Organisation (IIRO), two important sources of funds.

The **Religious and Legal committee** is responsible for sustaining al Qaeda's ideological commitment and its membership, in particular for the propagation of the al Qaeda model of Islam. The Religious and Legal Committee works closely with the Media Committee.

The **Media committee** is responsible for disseminating news and information in support of al Qaeda's political and military activities. It controls the dissemination of al Qaeda's external political and religious message rather than its internal communications between cells and affiliate groups.

Al Qaeda makes use of geographic divisions to manage its structure. For example, heads of regions usually reported to Abu Zubaydah, Head of External Operations, who sat on the Military committee. This means that individuals at the apex of a cell report directly to an operation handler, or to the head of the relevant region. The regional heads report to an individual on the relevant committee. Hand picked members of these committees – especially representatives from the military committee – also conduct special assignments for bin Laden and his operational commanders. To preserve operational effectiveness at all levels, compartmentalisation and secrecy are paramount.¹⁶

Al Qaeda also operates across its various command structures. This makes it very flexible and able to adapt to changing external conditions, such as having to relocate its command structure to new countries in response to political pressure. This adaptability was an important factor in its survival after the fall of the Taliban in Afghanistan in 2001.

Al Qaeda relies on familial and social relationships within its cellular network to sustain ideological cohesion and obedience. Members often recruit from among their own families, friends and nationalities.¹⁷ This can mean that an entire taskforce for a particular operation in a particular country will be people who know one other and who may be of the same nationality. For example, its Algerian members ran fraudulent credit card operations in Europe; and the Egyptian section looked after training facilities worldwide.¹⁸ In certain cases, the individuals who are to carry out a particular attack or operation will be known to the local cell simply as the 'person responsible', with a minimum number of cell members knowing the identity of the operative.

Development of networks

Al Qaeda's strategy has been to build a diverse range of supporters, thus it campaigned for a

joint Shia-Sunni platform and attempted to unite all extremists in the common fight for a global jihad. In so doing, al Qaeda made allies among key religious constituencies and also gained popular support, thus increasing both its political power and its material support. It also sought support globally, by providing 'seed money' and military training to key movements around the world, in the process persuading them to become part of its umbrella movement.

Al Qaeda now has a wide network of support through which to finance, plan and execute its operations. It has direct control over its own cells, administrative control over its affiliates and consultative control over more loosely affiliated groups.

Al Qaeda and Hizbullah

For a number of years, investigators have been trying to prove a link between the Lebanese militia group Hizbullah and al Qaeda. While Global Witness has not uncovered any evidence to confirm a relationship between the two organisations, a brief analysis of the information available to date does go some way to showing that they have begun to coordinate their ideological programmes and strategies including, Global Witness believes, adopting parallel financial strategies. Part Two explains in more depth Hizbullah's involvement in the diamond industry. Global Witness sees clear lines of convergence between the use of diamond-trading operations by both groups as a source of revenue and asset storage and transfer.

According to evidence from trials of al Qaeda members in the United States in 2001, while bin Laden was in Sudan he began forging a working relationship between Sunni and Shia terror groups. A meeting was held between bin Laden, the Sudanese religious scholar Ahmed Abdel Rahman Hamadabi, and Sheikh Nomani who represented the Iranian Shias. Nomani occupied an office in Khartoum paid for by the Iranian Government and had access to the highest ranks of the political elite in Tehran. This meeting, chaired by bin Laden was apparently the first of a series that took place between al Qaeda, Hizbullah, and Iranian representatives.¹⁹

According to Gunaratna, these meetings also served to give al Qaeda technical advice on its operations. The failure of the February 1993 attack on the World Trade Centre showed that al Qaeda did not yet have the technical know-how to bomb large structures. Within a few weeks of the Khartoum meeting, the Iranians consulted Hizbullah and al Qaeda was invited to send a team to Lebanon.²⁰ According to Gunaratna, the team included key al Qaeda personnel, who had been given training by Hizbullah and had made

propaganda videos with the intention of passing on their knowledge to other al Qaeda groups.²⁰

Cooperation between the two terrorist groups was cemented by a meeting between bin Laden and Hizbullah security chief Imad Mughniyeh, according to the testimony of Ali Muhammad before the court of the Southern District of New York on 20 October 2000.²⁰ In addition, Gunaratna notes that Hizbullah trainers and experts from Iran's Ministry of Information and Security trained al Qaeda fighters in existing al Qaeda camps in Sudan, in Hizbullah camps in Lebanon and government bases in Iran.²¹ On 6 December 2002, the Israeli Prime Minister Ariel Sharon claimed that al Qaeda had several operatives in Lebanon and had entered Israel via the Gaza strip, but provided no proof to substantiate these claims. Lebanon's defence minister, Khalil Hrawi, admitted that some al Qaeda members had infiltrated Lebanon but that Lebanon 'dealt with their people and operations through coordination with the Americans, France, Germany, the Arab countries and, of course, Syria'.²²

Gunaratna's view is that:

'The Hizbullah, al Qaeda relationship was a strategic partnership, indicative of a major shift in terrorist thinking. Throughout the 1990s, ethno nationalist Muslim groups were supplanted by, or fell under the influence of, Islamist groups, thereby paving the way for further ideological tolerance and inter-group cohesion as a means of confronting a common enemy.'²³

This relationship was not confined to the Middle East. Shia and Sunni groups in Asia also cooperated. Gunaratna notes that the discovery of a Hizbullah cell in Singapore in 1998, and the arrest of Hizbullah operatives in 1999 and 2000 in the Philippines are possible evidence of this new spirit and practice of cooperation²⁴.

Al Qaeda and Africa

This section briefly details some of al Qaeda's activity across the African continent as it is highly pertinent to an understanding of the way in which it was able to gain access to diamond trading networks, move high profile operatives around the continent with relative ease, and has become tied into the regional instability in West Africa.

Al Qaeda has not restricted its sphere of operations to those African countries that have an obvious religious, cultural or political sympathy with Islam. The simultaneous attacks by al Qaeda operatives against the American embassies in Kenya and Tanzania in 1998, in which 224 people were killed and over 4,500 injured are well known. However, al Qaeda has

also been involved for over a decade in a wide range of attacks throughout Africa, and has developed networks involving extremist Islamist organisations in many African countries. Gunaratna lists the operations and attacks in some detail. It is very clear that al Qaeda's involvement in diamond trading is part of a sustained, ever expanding and long-term commitment to activity in Africa. In other words this is an issue that the diamond trade and the governments participating in the Kimberly Process must face up to. Gunaratna notes:

'Immediately after the attacks, the US suspended diplomatic and business operations in some other African countries where al Qaeda was known to have a presence: Somalia, Sudan, Congo, and Guinea-Bissau. Osama was thinking beyond his traditional African base, the Horn, wishing to make inroads among the Muslims of Central and West Africa. Plans were set in motion for further attacks against US embassies as a means of politicising and radicalising African Muslims, in the hope of provoking anti-Muslim backlashes in the countries concerned. However, the National Security Agency's monitoring of satellite phone conversations between Afghanistan and sub-Saharan Africa alerted it to, and helped thwart, al Qaeda's plans to bomb at least twelve US embassies, including the US mission in Abidjan, capital of the Ivory Coast. Since 9/11 the CIA has withdrawn some of its best operatives from Asia and elsewhere who are familiar with monitoring Islamist movements. They have now been deployed in many African countries where previously this issue was not regarded as a priority. There is also strong circumstantial evidence of the growing popularity of Osama and al Qaeda in Northern Nigeria, a predominantly Muslim area, and other parts of West Africa's Sudanic belt. While in Sudan, al Qaeda and the National Islamic Front (NIF) played an important role in supporting Ugandan Islamists directly and through NGOs. In 1994, Salafi Foundation of Uganda was supported by al Qaeda/NIF to develop the Ugandan Mujahidin Freedom Fighters (UMFF). In addition to training in Juba, Nesitu, Jebellin in the south of Sudan, camps were established in Buseruka, Hoima, near Lake Albert. Sheikh Jamil moved to Kenya where he coordinated UMFF activities. By joining other opposition

forces, UMFF evolved into the Allied Democratic Forces (ADF), which relocated to the Democratic Republic of Congo to challenge the Kampala government. After al Qaeda moved to Afghanistan in 1996, handpicked ADF members were trained in Afghanistan as explosives experts. While Sudan supported the Lord's Resistance Army, Uganda aided the Sudanese People's Liberation Army. In 1995, when Uganda closed down the Sudanese embassy in Kampala, the Sudanese intelligence officers were transferred to Kenya to continue their work. Even after Osama's departure from Sudan, Khartoum supported the Ugandan Islamists including the West Nile Bank Front operating from Zaire along the Zaire-Ugandan border. According to a Canadian intelligence source, al Qaeda planned to assassinate President Museveni and another African leader visiting Kampala in 1999. Khartoum's support for Ugandan Islamists did not cease until the signing of a peace agreement between Sudan and Uganda in December 1999.'²⁵

This extensive quotation from Gunaratna's book shows that al Qaeda have a long history of operating across many countries in Africa and that they are not just limited to the countries that are publicly known about, such as Kenya and Tanzania. Virtually all the countries listed above are either producers of diamonds or have an extensive illicit trade in diamonds.

Al Qaeda funding

Al Qaeda have utilised many different options to raise and move funds. This section briefly looks at some of these and includes a case history on its use of gold.

'Intelligence and security services worldwide, including the CIA and MI6, have never before encountered a global terrorist financial network as sophisticated as al Qaeda's. Comparisons with other such networks reveal that al Qaeda has built the most complex, robust and resilient money generating and money moving network yet seen. No network resembles al Qaeda's, although it shares some features with the now defunct Bank of Credit and Commerce International.... The resilience of al Qaeda's financial infrastructure is primarily due to the compartmentalised structure it has adhered to since its inception. It assigns a

high priority to financial training and management as well as the sustained generation and investment of funds. Al Qaeda's finance and business committee – comprising professional bankers, accountants and financiers – manages the group's funds across four continents.²⁶

Bin Laden is widely reported to have inherited US\$300 million at the age of ten on the death of his father, as part of his inheritance from Binladin Group International (BGI).²⁷ However Gunaratna states that intelligence sources believe it was closer to US\$25-30 million which was invested.²⁸ In Afghanistan during the 1980s, bin Laden financed the military campaign against the Russian occupation with US\$25,000 a month.²⁷ Experts believe that at that rate his inherited fortune would have quickly dried up, and that the al Qaeda network would thus have had to seek out new sources of revenue. It is estimated that by early 1999 bin Laden was receiving up to 10% of the Taliban-controlled drug trade, estimated to be worth nearly US\$1 billion a year.²⁷ In addition, al Qaeda received funding from Islamist organisations estimated to be able to draw upon US\$5 billion to US\$16 billion a year. However, Simon Reeve, who has written on al Qaeda, believed that by late 1998 to early 1999 'the size of bin Laden's bank balance had become almost an irrelevance'.²⁷ The reason given for this is that many of al Qaeda's cells were 'virtually self-sufficient' and were working 'for reward from Allah, not for financial gain'.²⁷

Development of business activity

Whilst in Sudan (1991–1996), bin Laden developed wide-ranging business interests. He invested in over 30 companies, ranging from hi-tech laboratories engaged in genetic research to civil engineering firms, and in the process lost nearly all of his inherited wealth. No evidence has yet been uncovered that al Qaeda attempted to establish any diamond mining or trading companies in Sudan. However during the 2001 US trial of al Qaeda members, court testimony included reference to two Sudanese brothers, based in Bangkok, being involved in diamond trading with bin Laden's former personal

assistant, Wadih El Hage.^j This was backed up by details of one of the brothers that appeared in the address book of El Hage; this address book was included in court evidence.²⁹

Bin Laden also cultivated business interests and ties with Sudan's political and business elites. He developed relationships with the president, ministers, and the heads of government departments. As will be discussed in more depth below, bin Laden's personal secretary El Hage followed a similar strategy of cultivating the political and economic leadership in Kenya in 1996, persuading the deputy minister of agriculture to become a director of his diamond mining company.

Al Qaeda's use of gemstones and gold as a source of finance

Al Qaeda has used the trade in gemstones and gold to generate revenue. Members of al Qaeda could have gained valuable knowledge of gemstone trading networks during the ten-year fight against the Soviets in Afghanistan.³⁰ The country has large deposits of lapis lazuli,^k emeralds, rubies, sapphires and tourmaline, which were traded by all sides in the conflict.³¹ The Northern Alliance's five-year war against the Taliban was funded, in part, by income from gemstones. In a good year the Northern Alliance would have collected up to US\$60 million from the hundreds of gem mines in the northeastern corner of Afghanistan, the 10% of the country that they controlled.³² The stones were smuggled out of Afghanistan to Pakistan and Tajikistan and then sold on the open market. The hard currency generated by the sale of gems was used to buy 'guns, ammunition, rocket launchers, and second-hand helicopters'.³³ More specifically, Ahmad Shah Massoud, the former leader of the Northern Alliance assassinated in September 2001, funded his army by selling emeralds from his heartland in Panjsher province to a Polish firm, Inter Commerce.³⁰

Global Witness has identified three stages of al Qaeda's involvement in the mining and trading of precious gemstones and gold. Firstly, from 1993 to the present day, diamonds, tanzanite, gold and precious stones^l have been used as a source of revenue for the operations of

^j Wadih El Hage was the former personal secretary to Osama Bin Laden. He is currently serving a life sentence in the US for his involvement in the 1998 embassy bombings and for perjury before a US Grand Jury investigation into al Qaeda.

^k Lapis lazuli has been mined in Afghanistan for centuries. Afghanistan sits on the world's richest lode of the gemstone, and the largest, richest veins are found in the Hindu Kush Mountains, in the Sare-Sang mines. The stone sells for anywhere from US\$1 a carat to US\$150 a carat (retail price). The Northern Alliance warlords are believed to have made between US\$2 million and US\$5 million a year from the blue stone. Soon after the Taliban collapsed in 2001, Afghanistan's new government discovered that ten tonnes of lapis lazuli, valued at around US\$1 million, had vanished from vaults at the old Presidential Palace. The prime suspects for the theft are the Taliban commanders who fled Kabul in November 2001, and the Northern Alliance warlords who swept into the capital ahead of US ground troops.

^l Al Qaeda have also shown an interest in amethyst, rubies, sapphires and emeralds.

local al Qaeda cells. Secondly, post the September 1998 financial crackdown on al Qaeda's financing networks, it has attempted to launder significant amounts of money by transferring it into gold, tanzanite and diamonds. Thirdly, this asset laundering has evolved into a more intensive effort to hide targeted assets.

Global Witness believes it is highly probable that after al Qaeda's financial resources were targeted following the 1998 US embassy attacks, that it would have carried out risk analysis on its financial networks and resources. Al Qaeda would have been able to predict the assault on its sources of revenues that another major attack would inevitably invoke. It is in this context that the unregulated diamond trade was, and remains, highly attractive to al Qaeda as a means of safeguarding its assets. Publicly accessible information on these commodities and their link to al Qaeda is still very limited. Therefore, information on tanzanite and gold is largely taken from press reports due to the limited availability of material. The detailed information presented on al Qaeda's diamond trading activities in Part Three is based on interviews with individuals who were involved in the trade. This is corroborated with documentation obtained from interviews with individuals.

Al Qaeda and gold

Al Qaeda's recent mastery of the gold-trading routes that have been in operation for decades, between Pakistan and several Middle Eastern countries has provided it with significant amounts of untraceable revenue. Moreover, it has immeasurably aided al Qaeda's efforts to hide its assets in the wake of the September 11 attacks.

Gold has traditionally been a preferred commodity for the accumulation and transfer of wealth in Central Asia, the Arab Peninsula and northern Africa for generations. It is also an extremely attractive commodity to international criminal networks, drug traffickers and terrorist organisations as has been pointed out by the FATF Report on Money Laundering; Report on Money Laundering Typologies 2002-2003.

'The advantages that gold provides are also attractive to the money launderer, that is, the high intrinsic value, convertibility, and potential anonymity in transfers. It is used, according to the FATF experts, both as a source of illegal funds to be laundered (through smuggling or illegal trade in gold) and as an actual vehicle for laundering (through the outright purchase of gold with illegal funds).'

In late December 2001, British forces in Afghanistan found an al Qaeda training manual, showing not only how to build explosives and handle weapons, but also how to smuggle gold on small boats and how to conceal it on the body. Al Qaeda has penetrated existing gold smuggling networks in a similar fashion to the way in which it has infiltrated many radical Islamist organisations. However, unlike al Qaeda's diamond trafficking, the importance of its gold trafficking to its terrorist operations has been recognised by the US government. A former US law enforcement official investigating gold transactions said:

'Gold is a huge factor in the moving of terrorist money because you can melt it, smelt it or deposit it on account with no questions asked.'

Patrick Jost, a former senior financial officer in the Treasury Department's Financial Crimes Enforcement Network investigating al Qaeda's gold transactions has noted that:

'There can be no doubt that al-Qaida has placed a large share of its assets in gold. This metal is indeed the best means of transferring secret funds. Jewellers in the Middle East and Indian subcontinent act as virtual bankers [and] due to its secret and archaic nature, this trade is particularly difficult to track down and infiltrate. Transfers are anonymous. Jewellers who help terrorists are often hidden behind a diverse business front offering financial services, a travel agency, video sales, and telephone cards.'

In Afghanistan most of the Taliban's state revenues were kept in gold and Taliban officials collected taxes in gold from the heads of Pakistani and Indian trucking companies that shipped goods through Afghanistan. In addition, the Taliban used gold in transactions involving the sale of Afghan-grown opium and heroin.³⁶ One Pakistani businessman referred to these transactions as a 'commodity for commodity exchange' and claimed that the Pakistani Inter Services Intelligence (ISI) had information that al Qaeda and the Taliban were shipping large amounts of gold from Karachi as payment for large quantities of heroin and opium.

Trusted Taliban and al Qaeda officials would smuggle gold taken from Afghan banks into Karachi, Pakistan. Once in Pakistan the gold would be smuggled to Dubai and Iran, or transferred further afield via the *hawala* money transfer system.³⁵ Once in Dubai or Iran, the gold was mixed with other goods and sent by plane to Khartoum, Sudan.

Pakistani and US officials estimate that, during one three-week period in late November to early December 2001, al Qaeda transferred US\$10 million in cash and gold out of Afghanistan.³⁶ The Taliban Consul-General in Karachi, Kaka Zada, is also known to have taken at least one shipment of cash and gold worth approximately US\$600,000 to Dubai in the last week of November 2001.³⁶ European terrorism experts have also expressed concern that Iranian intelligence officials were involved in moving al Qaeda gold. According to *The Washington Post* there are credible reports that some of the gold was flown on Iranian aeroplanes to Sudan, and some of these chartered planes have been linked to Victor Bout, a Russian arms dealer who maintains more than 50 aircraft in the United Arab Emirates (UAE).³⁶ Bout has been repeatedly named by the UN as being involved in the illicit trading of diamonds, gold, tanzanite and other high value commodities in central, southern and West Africa in exchange for arms.^m

Al Qaeda's knowledge of gold smuggling routes has also been used for other purposes. In late 2002, Pakistani intelligence officials raided a village used by smugglers near Karachi in Pakistan. The evidence they uncovered there, led them to believe that al Qaeda had moved laboratory equipment used in the manufacture of chemical weapons to other countries in the region, with the help of gold smugglers.³⁷

The Role of Dubai

It is worth focusing briefly on the role played by Dubai, the political and financial capital of the UAE, in al Qaeda's gold smuggling and money laundering operations. Compared to other financial centres there is very little oversight in Dubai's banking system. Once the gold reaches Dubai, it is sold and melted into jewellery or deposited into bank vaults. Since the September 11 attacks, the US government has begun to take a greater interest in Dubai's gold market. As a result, investigators have found unusual shipments of gold entering the United States from Dubai, most of which have been traced back to prestigious brokers in Dubai.³⁵ Investigators have also pointed to the recent construction of four gold refineries in Dubai's new international gold centre. This is significant

when placed in the context of recent remarks by a London precious metals expert quoted in *Le Monde* as saying that:

'The refining market is suffering from overcapacity and profit margins are ridiculously low. The only way to make money in this sector is to recycle gold of dubious origin.'³⁸

In conclusion, the strategic use of gold and gold-trading networks has served a multitude of uses for the terrorist organisation, and presents a considerable challenge to law enforcement officials seeking to block this source of financing for al Qaeda. The global gold-trading system is well-established and introducing tighter regulation and financial reporting procedures will meet with stiff opposition from entrenched interests. However, Global Witness believes that introducing measures to ensure greater transparency in the gold trading system is key to preventing terrorist groups continuing to use the system as a way to transfer and hide assets.

Moving Cash

Another form of terrorist financing occurs through *hawala*, which is practised throughout the world. Al Qaeda has made extensive use of this system. *Hawala* is an alternative remittance system that exists independently of banking channels.⁴³ Money is transferred through a network of *hawala* dealers, and transactions are agreed between parties. All transactions are based on trust, and almost always take place within a day of the transaction being agreed. Millions of dollars can cross the globe in a matter of hours tracked only by a secret code, which makes tracking *hawala* transfers virtually impossible.⁴³

Hawala has long been linked to money-laundering, and recently to terrorist organisations, including al Qaeda.⁴⁴ In the wake of September 11, Pakistan and US officials estimate that the Taliban and al Qaeda removed the equivalent of US\$10 million from Afghanistan. The money was taken across the Pakistan-Afghan border and was transferred from Pakistan to Dubai using the *hawala* system.⁴⁴

^m Final report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo, S/2002/1146, 8 October 2002; Additional Report of the Monitoring Mechanism on Sanctions against UNITA, 9 April 2002, S/2002/XXXX; S/2001/966, Supplementary Report of the Monitoring Mechanism on Sanctions Against Unita, 8 October 2001; Final Report of the Monitoring Mechanism on Sanctions Against Unita, 18 December 2000; Report of the Panel of Experts in relation to Sierra Leone, December 2000; Expert Panel report S/2002/470 (April 2002), Report of the Panel of Experts appointed pursuant to Security Council resolution 1395 (2002), paragraph 4, in relation to Liberia; Expert Panel report S/2001/1015 (October 2001): Report of the Panel of Experts pursuant to Security Council resolution 1343 (2001), paragraph 19, concerning Liberia.

Al Qaeda and Tanzanite

The Federal Bureau of Investigation (FBI) first uncovered evidence of al Qaeda’s interest in tanzanite when they raided the home of El Hage in August 1997 in Nairobi, Kenya. As a result details emerged of the trade in tanzanite (and other precious stones including diamonds) during the 1998 US Grand Jury investigation into al Qaeda in which El Hage gave evidence. Further evidence emerged in the US embassy bombing trials in February 2001 when a self confessed former al Qaeda member, L’Houssaine Kherchtou, revealed that El Hage had corresponded with another al Qaeda member about the use of various commodities as a source of funding for the organisation, including tanzanite⁴⁰. The court also heard testimony and was shown documentation that showed that El Hage was involved in setting up trading companies for the purchase and sale of tanzanite and other gemstones. Documents taken from the August 1997 raid were entered as evidence. These were mainly notebooks and business cards belonging to El Hage. Global Witness has examined the notebooks and they contain multiple entries and references to tanzanite (and many other precious stones) deals. These include numerous lists of quantities sold and profits made. The notebooks also mention sales trips to the Far East, Europe and North America. The fact that this information has been in the possession of US government agencies since 1997, and the lack of concrete action on the issue subsequently is a worrying indictment of the failure to recognise how terrorist organisations are financed.

Al Qaeda’s tanzanite trading network was exposed when the *Wall Street Journal* ran an article on 16 November 2001 about a radical Muslim Imam, Sheik Omari, based in Merarani, in the tanzanite-producing area of Tanzania.⁴¹ According to the *Journal* Omari was openly propagating radical Islamist ideas and had issued edicts from his mosque, that Muslim tanzanite miners should only sell their stones to fellow Muslims. After prayers, the mosque acted as a gemstone trading area. Sheik Omari also declared that the mosque was being built with the proceeds of tanzanite sales:

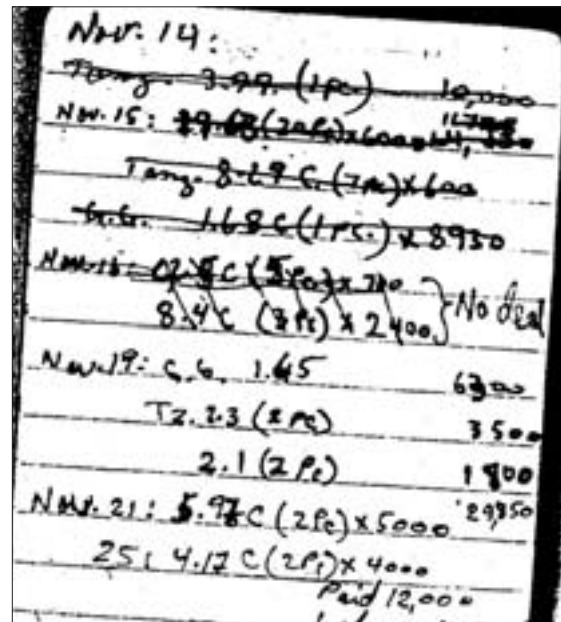
‘This mosque is being built with tanzanite, our Islam is stronger with our efforts to create a Muslim force in this gemstone’.⁴¹

Following the publication of the article in the *Wall Street Journal* al Qaeda’s links with the tanzanite trade received worldwide press coverage. In the immediate aftermath of the attacks of September 11, this provoked a negative

Tanzanite is only found in a five-mile square radius of Merelani, in northeastern Tanzania, an area bordering Kenya. Its value can vary from hundreds to tens of thousands of US dollars a carat. In 1997, the United States Agency for International Development, (USAID) estimated that smuggled stones constituted nearly 90% of the tanzanite in circulation in the United States,³⁹ and in 1998, the US Ministry of Commerce estimated that the unofficial world market in tanzanite was worth around US\$300 million.



Tanzanite stone



El Hage’s notebook listing tanzanite deals

consumer reaction in the United States, where 80% of tanzanite is sold. Sales of tanzanite dropped by nearly 50%, and retail outlets responded by withdrawing any tanzanite merchandise from their shelves.

4. 1.5 G T.	1500
12-4 c. 64 C T.	35000
- Fa Comm	1750
19-4. cutting (Ali)	1930
17-4: o. 95 c T	1000
Ali Comm	50
18-4 = 3000 67 C	1100
- 2 C.	3600
- 14.8 C.	10,355
	<u>142,535</u>
21-4 + Ali (WT)	577

El Hage notebooks listing tanzanite sales, numbers of stones and carats and prices received

24-4-1.3 C	2100
6 C (2R)	13,125
25-4 2.3 C (10R)	3,900
24.6 C	326,180
24.6 C (10R)	82,656
31.2 C (1R)	1000
2.1 C (1R)	3000
2.0 (2R)	2000
3.6 C (7R)	1440
May 7. 84 C (5R)	14175
May 10. 2.65 C (2R) (10R)	18,500
7 C (7R)	6615

The Tuscon Tanzanite Protocol

In response to this public concern, the Tanzanian government, the US State Department and tanzanite dealers and wholesalers developed the Tuscon Tanzanite Protocol. However due to the voluntary nature of the Protocol and the complete lack of any government monitoring provisions Global Witness believe the Protocol to be seriously flawed. Following the establishment of the Protocol and after an investigation US government officials hurriedly stated that there was no link to al Qaeda and tanzanite trading.

However former US government officials have not been so quick to discount the probable link between the largely unregulated trade in tanzanite and al Qaeda. William Wechsler, a former counter terrorism expert under the Clinton administration, called the 2001 trial evidence about El Hage's tanzanite trading: 'a clarion call for the US Government to look very closely at this business'.⁴²

Global Witness believes there is considerable evidence to suggest that al Qaeda were intimately involved in trading tanzanite. By failing to regulate the trade in tanzanite more stringently, governments and the tanzanite trade have been guilty of astonishing complacency.

4-5: 1.75 C (1R)	2300
16-5: 2.05 C (1R)	2400
1.25 C (1R)	1000
17-5: 1.35 (1R)	1718
5.6 (4R) (10R)	2400
5.7 (1R) (10R)	3885
18-6 16.6mm o. 95 C	525
19-6: o. 3 C	305
19-6: 1.05 C (10R)	1155
20-6: 1 C Rhodolite (Red)	190
1.45 C	160
28.8 C Top	21,000
219 o. 85, 1.15	1890

Antwerp:

Garbi
 Appelmannstraat 8
 2018 Antwerpen

ph. 03 233 9519
 Fax 233 7978

The Tang were not identical
 he wanted make a pair of
 earrings, a ring and necklace
 it had to have same color

Halla is the only one at
 Nation's Garden who deals
 with Semi Precious stones
 like Tang

Urbeydon (Farringdon St)

El Hage notes on diamond and gemstone trip to London and Antwerp December 1995

American Embassy P.O. Box 30137 ☎ 334141-150
A. Alomayoun ☎ 657 657753 Fax
Abdulsalam ☎ 817 ☎ 274 5467
Adhamb, Raita <small>complaint Commissioner</small> ☎
Afghan Gems 999 Brannan St. ☎ 255 6001/31 San Francisco CA 94103
Ahmad Al-Lahad 9626 ☎ 823 437 hm 669477 hm ☎ 603891 Fax
Abdullah (Al-Musleh) 709 ☎ 2331473 off 7890526
TELEPHONE ADDRESS
JALAL ABUCRUS ☎ 813 525 2495
Jian Kong ☎ 214 222 0577
Italy Chamber of Commerce Dr. Mamoli 396 ☎ 520 825 49 Via Di Buzze 147 - Roma
Joseph Owili J.K.A.P. ☎ 822 111 off 20008 189
John (Prince Saf) ☎ 219 499
JAN LAZAR <small>home fax 887324</small> Univ. Komenského Faculty Management, Slovak Academy Bratislava Dr. Lubomir Lazar ☎ 7-332161 42 7-332161
Gordje Jewellers (Registered) 999 Brannan St. ☎ 255 2111/6129 San Francisco CA 94103
IRS D.A. Downing ☎ 684 3957 512 5936 Fax

Pages from El Hage's telephone address book showing contact details for several diamond and gemstone dealers

Notes El Hage made after a December 1995 tanzanite-selling trip to London and California

ADDRESS Abdulmehab Alagame ☎ 233 8293 P.O. Box 51965 ☎ 988 0600 Lafayette La 70505
Ali AL Jamal ☎ 852 6642 510
A. Farhood ☎ 275 2696 409
ADLY Dr. ☎ 718 8200 Fax 497 ☎ 731 88199/399
Alaa Afify ☎ 296 5477 hm 408 ☎ 437 7220 off 101 N. Eastman Suite 408 West Blvd. 30033 West Mile
ASHIF ☎
ALPHA Imports N.Y. Inc. 2 West 46th St. Suite 1100 ☎ 212 768 0599 New York NY 10036
S. Ahmad / R. Basirwan Landate: 49 ☎ 722 91272 76596 Forbach ☎ 161 322 1159 Mod.
Ahmad Fawzi (Al-Mutaz) 852 ☎ 254 12724 hm 281 59762 off
BU DUTANAH ALAMODI ☎ 7724 ADAN - KRATER ☎ 22 55 148 Food Market

12-12:
 Left London 11:15 on AA.
 arrived L.A. 3:00 p.m.
 No customs on Tang.
 Width
 has = the length x 0.65 = depth

will buy rough, he is willing
 to come over to Nairobi.
 - Afghan Gems & Minerals Inc.
 (US) 255 6001/6003 Fax
 999 Brannan St. # 314
 any amount of raw, \$60.120
 up to \$100/gram. (Soloh)

- Gordje Jewellers
 415 255 2111/6129
 999 Brannan St. # 220

Global Witness does not imply that the jewellers mentioned above were conscious of El Hage's true identity when he was approaching them

Part Two: Diamonds and Terrorism – Precedents

Diamonds and Terrorism: Precedents

This section outlines the past and current use of diamonds by Hizbullah as a source of revenue and a mechanism for asset transfer. It begins by examining the alleged links between a network of Lebanese diamond traders and their associated companies, and Lebanese terrorist group Hizbullah, before briefly considering the evidence of the past and recent involvement of Hizbullah and AMAL in raising funds from diamond trading in West Africa. It is widely accepted that Hizbullah has been using the rough diamond trade throughout the 1980s and 90s to raise funds, and that it continues to derive financial support from it.⁵¹ Given that Hizbullah's involvement in the diamond trade was an open secret in the diamond trade and intelligence agencies for over a decade, Global Witness

believes that governments and the industry should have recognised the significance of this, and the clear precedent it set for the use of diamonds by al Qaeda, and taken appropriate measures to curb the conflict and illicit diamond trading networks. In July 2000 a Belgian military intelligence report about diamond smuggling from Angola into Antwerp and the part played by Belgium in this illegal trade concluded with the following statement:^{53/o}

‘There are indications that certain persons, the ‘Lebanese connection’, mentioned in the diamond smuggling file, also put in an appearance in files on money laundering, the drugs trade and the financing of Lebanese ‘terrorist’ organisations such as AMAL and HIZBOLLAH. This finding gives a whole new dimension to the issue of diamond smuggling, we are NO longer dealing simply with white-collar crime.’⁵³

Hizbullah and AMAL are Lebanese militias that have been rivals and during the 1980s outright enemies. During the 1980s AMAL fought against pro-Arafat Palestinians in South Lebanon and then against Hizbullah before reaching a Syrian brokered ceasefire with the latter in 1987. Their historical provenance is interconnected but complicated. To simplify, Hizbullah could be said to have grown out of AMAL⁴⁵. There are conflicting accounts as to which governments support which group, and how the support is given, although it does seem clear that they have in the past both been, and may still be, financed by the Syrian and Iranian governments. Syria currently has over 35,000 troops in Lebanon and controls the top levels of every major political institution in the country⁴⁵.

More recently, both groups have taken on a new political role and since 1995 it has become apparent that Syria is intent on elevating Hizbullah to new political heights. Indeed, the two organisations' historical antipathy does not preclude other strategic alliances and Damascus decided to give them equal representation in Lebanon's parliament through the selection of their joint candidate lists. In the 2000-2005 legislature AMAL holds only eight seats, while Hizbullah has eleven, but according to commentators 'Hizbullah and AMAL southern representatives agreed [...] to intensify cooperation and coordination' under the sponsorship of the Syrians.^{46/47}



AMAL is the acronym for Afwaj al Muqawamah al Lubnaniyyah, which translates as 'Lebanese Resistance Detachments'. AMAL also means 'hope' in Arabic. The group was established in 1975 as the military arm of the Lebanese based pro-Shi'ite 'Movement of the Disinherited', set up the previous year⁴⁸. AMAL turned to Syria for sponsorship and sought to change the terms of power in Lebanon in favour of the Shi'ite Muslims, setting aside the 1946 'national covenant' between Lebanon's Christian and Sunnite Muslim populations. Accordingly, AMAL was initially considered a revolutionary party. By 1980 it had become the most powerful militia group within the Shia community in Lebanon. Its secular leader was Nabih Berri. However, Berri lost credibility amongst the poorer Shia community both within Lebanon and overseas, and has been described as 'corrupt and corrupting'.⁴⁶ This led the Shia community to transfer their support to Hizbullah, an organisation they believed to be more financially ascetic and ideologically honest. In 1992, Berri won a rigged election boycotted by 87% of the Lebanese people to become the speaker of the Lebanese Parliament.⁴⁶



Hizbullah means 'Party of God' and was created in 1982. Its founders included Shia clerics, military leaders, political figures inside the Iranian government, and disenfranchised Lebanese supporters of AMAL. By 1987, Hizbullah had become the second most important Shia movement in Lebanon after AMAL. Its short-term goal is to establish Islamic rule in Lebanon, modelled on the Iranian regime, and to expel all 'infidels' from Lebanese soil. It advocates armed struggle and rejects any compromise with Lebanese Christians, Israel and the United States. Hizbullah's heartlands are South Lebanon and West Beirut, where its hard-line approach appeals in particular to the young, radical and disenfranchised. It receives most of its funding and arms supplies from Iran and Syria⁴⁹.

⁵¹ It is an open secret within the diamond industry that during the 1980's Hizbullah and AMAL raised significant amounts of money from trading in diamonds in West and Central Africa. This was carried out in Angola, Burkina Faso, Guinea, Liberia, Namibia, South Africa, Tanzania, Congo- Brazzaville, the Democratic Republic of Congo (Zaire), Sierra Leone, Zambia and Zimbabwe.

⁵³ The report was leaked to the international press in March 2001 before a meeting of the Kimberley Process in Brussels.

UNITA, diamonds and Hizbullah

From 1992 to March 2002, UNITA ran the world's largest known and most highly organised diamond and arms smuggling operation.⁵⁰ Despite UN sanctions, UNITA's diamond trading activity continued relatively unhindered. It should be noted that the illegal trafficking of diamonds allowed UNITA to continuously re-arm and re-equip, and prolonged the civil war in Angola significantly. Until May 1997, the main route for UNITA's diamond exports and arms procurement was the DRC.⁵¹ The trafficking had the full backing and cooperation of the then President, Mobutu Sese Seko, whose son Mobutu Kongulo (Head of the Presidential Guard) and closest Generals, Honore N'Gbanda, (Head of the Special Presidential Division) and Kapama Baramoto (Head of the Special Council on Security Matters) worked closely with UNITA leader Jonas Savimbi.⁵²

The Belgian military intelligence report into the diamond trade in Belgium identified several Lebanese diamond traders as having links with Hizbullah and as having bought diamonds from UNITA before and after the imposition of the UN diamond embargo in July 1998.⁵³ The same report details these diamond traders and several companies associated with them, of having links to organised crime and of being involved in money laundering and drugs trafficking. Similarly, from 2000 – 02 during the UN investigation into the violation of Angolan sanctions, five Western and African intelligence sources pointed to the involvement of a Lebanese diamond trading network that was buying diamonds from UNITA before and after the imposition of sanctions in July 1998.^P

The five Western and African intelligence agencies specifically named the Ahmad family and two Antwerp-based companies called Triple A Diamonds and Sierra Gem Diamonds as having bought diamonds from UNITA. Triple A Diamonds was also named in March 2000 in the Report of the Panel of Experts on Violations of Security Council Sanctions Against UNITA, otherwise and hereafter known as the 'Fowler Report' as one of the companies violating the UN diamond sanctions on Angola.⁵⁴ This allegation was never refuted by the company, however Sierra Gem Diamonds strenuously denied the allegations levied against them.

To summarise, according to the Belgian military intelligence report:

- Triple A Diamonds was connected in 1993 with the trade in diamonds from UNITA;
- The company is apparently controlled by the Nassour family and is closely connected to Sierra Gem Diamonds (see Annex 2 for corporate information);
- Triple A Diamonds sold large numbers of diamonds and resulting monies were apparently transferred via Switzerland to Lebanon, Iran and Syria;
- The Nassour family has family ties (through marriage) with the Ahmad family;
- According to the report, the Ahmads manage monies for AMAL and Nabih Berri,⁹ some of which is apparently invested in the diamond trade at Antwerp.

Ali Said Ahmad, a director of ASA Diam, has repeatedly denied that the family has any links with AMAL or Nabih Beri, the Sierra Leonean-born speaker of the Lebanese parliament. In an interview with Belgian newspaper, *Le Soir*, on 8 November 2002, Ali Said Ahmad denied any link with AMAL:

'we have no connection to the AMAL group; we have no ties to Nabih Berri. I wish I did, because then I would be a rich man. It is also rubbish to say we managed their money.'

Imad Bakri, UNITA and arms trafficking

Another Lebanese diamond trader who has been particularly active in Africa and who has reported ties to Hizbullah is Imad Bakri.⁵³ Bakri had close ties with President Mobutu in the former Zaire, working closely with Zairian generals to arm UNITA.⁵⁴ The Fowler Report notes that from 1995-96, until the fall of UNITA's stronghold of Andulo in October 1999, Bakri served as the Angolan rebels' primary broker for importing arms and military equipment. According to the Fowler Report, General Jacinto Bandua testified that in January 1996 he was given responsibility for UNITA's strategic procurement, and travelled to Kinshasa where he was met on arrival by one of Mobutu's officials.⁵⁵ Contact was then arranged with General Nzimbi Wale Kongo Wabase (commander of the 'Division Speciale Presidentielle') and, on Savimbi's specific instructions, Bandua also made contact with a Lebanese arms merchant who was known as Imad Kabir (believed also to be known as Emad/Emat Bakir). Kabir was part of Mobutu's

^P Information supplied to Global Witness by UN Expert Panel member stated that the five intelligence agencies had passed on information that confirmed the companies UNITA diamond buying activity.

⁹ Nabih Berri is the current speaker of the Lebanese parliament and the head of AMAL.

The section of the Belgian intelligence report which names Afrostars, Bakri and Triple A Diamonds has been translated below. [The original version of the relevant section is reproduced below and in complete form on page 85.]

(w) AFROSTARS DIAMONDS BVBA

Was linked to the trade in UNITA diamonds in November 1993.

This company [Afrostars] is (was) apparently controlled by a Greek, ZOUMIS, Michel. ZOUMIS is the person who acts (acted) as a guarantor regarding visa requests by the WAZNI brothers. According to recent data, the company is controlled by ABBAS ALI and WAZNI, Mohamed Ali (14th April 1934). The latter is apparently married to the sister of BAKRI, Imad.

She is resident in ANTWERP, Hoveniersstraat 02, PO Box 344. ABBAS, Ali and ENTBROUXX, Eddy (9th July 1952) are the business managers.

Apparently, AFROSTARS was initially founded by BAKRI, Imad Abdul Reda (4th Oct 1936) to deal in UNITA diamonds. BAKRI, Imad¹⁴⁷ could be the same person as is mentioned in the FOWLER report under the name KABIR Imad (a.k.a BAKIR, Emad). BAKRI Imad has a son bearing the same name who at this time is about 30 years old.

The BAKRI family is connected with Shi'ite organisations, in particular HIZBOLLAH.

BAKRI used to collaborate closely with WITTEVEEN, Jacobus, in former ZAIRE and in ANGOLA.

(y) TRIPLE A DIAMONDS NV

Connected in 1993 with the trade in diamonds from UNITA. This company is established at ANTWERP, Schupstraat 20, PO Box 16. Deputy director is AHMAD, Ali Ahmad¹⁴⁸. The directors are AHMAD, Hassan¹⁴⁹, AHMAD Afif and RUSTOM KARIM, Ali. TRIPLE A DIAMONDS is apparently a branch of "SOLEMAN" SIERRA GEMS DIAMONDS¹⁵⁰. TRIPLE A is apparently controlled by the Lebanese NASSOUR family¹⁵¹ which is mentioned in files about laundering drugs money and the financing of terrorist organisations in the MIDDLE EAST. Apparently, large numbers of diamonds were bought in AFRICA and sold with non existing profit margins in ANTWERP. The money was apparently transferred via SWITZERLAND to LEBANON, IRAN and SYRIA. In these dealings a certain "EZZEDINE" and ORGAMAN, William (connected with the DAMESEAUX group?) are mentioned. "EZZEDINE" might refer to EZZIDEEN DIAMONDS Bvba, a firm which imported diamonds from ANGOLA after the embargo (NOT necessarily illegally). This firm is controlled by MOHAMED, ABDALLAH and BASSAM EZZIDEEN.

The NASSOUR family has family ties (through marriage) with the AHMAD family. Both families are, together with the Lebanese KANAFFER, connected with the printing of false money.

The AHMAD family apparently has large facilities available in LEBANON, through their contacts with AMAL. They are apparently active in real estate and own an oil refinery.

In compensation, they manage monies for AMAL and Nabih BERRI, some apparently invested in the diamond trade at ANTWERP. TWO members of the AHMAD clan, Said Ali and Suleiman Ali, were victims of an attack by BOUHOUCHE Madani on the 2nd of September 1989. Said Ali was seriously injured and Suleiman Ali was killed.

¹⁴⁷ BAKRI, Imad headed the firm 'BYBLOS' in ZAIRE, which was directly tied to MOBUTU'S entourage. BAKRI apparently multiplied his activities after the then prime minister KENGO had expelled the Lebanese. He worked together with the generals NZIMBI and BARAMOTO.

¹⁴⁸ AHMAD ALI SAID is regarded as the Godfather. He apparently has an excellent relationship with AMAL leader Nabir BERRI.

¹⁴⁹ Also Deputy Director of ALPHA ALPHA, BETA ALPHA, AMIRA AYA and manager of ANAR BELGIUM. He is generally known as a very wealthy person who was apparently trained in engineering in the US.

¹⁵⁰ Deputy Director is AHMAD Nazem. The managers are AHMAD HASSAN, Said, AHMAD SAID, Ali and AKRAM, Salioum.

¹⁵¹ NASSOUR Hassan is apparently active in NAMIBIA without a work or residential permit. He apparently took over a firm on the border with ANGOLA. Other members of the NASSOUR clan reside in KISANGANI (CONGO),

particularly (H) Ikmat (Belgian, born in LEBANON on the 11th of May 1965) and his brother RADWAN (British passport). After the incidents from the 5th-7th May 2000 between Ugandan and Rwandan troops at KISANGANI the NASSOUR brothers tried to leave the city. They apparently had a large consignment of diamonds which they tried to get out by any means possible. They attempted to charter an AN-8 plane with a Russian crew, but because of safety fears the pilots refused to fly to KISANGANI.

(y) TRIPLE A DIAMONDS NV
 Wordt in BT in verband gebracht met UNITA. Deze vennootschap is op 20. tot 24. Afg. vaardigijl bevestigd.
 Bestuurders zijn AHMAD Hassan KARDM ALI TRIPLE A DIAMONDS "SOLEMAN" SIERRA GEMS DIAMONDS NV
 gerochtoerd worden door de LI

¹⁴⁷ BAKRI Imad stond in ZAIRE aan het hoofd van de firma "BYBLOS" die diamanten van UNITA handelde. BAKRI was nauw verbonden met de groep van de Libanese die het land had uitgeput. Hij was samen met de groep van de NASSOUR familie verbonden met de firma "BYBLOS".

¹⁴⁸ AHMAD ALI SAID was samen met de groep van de NASSOUR familie verbonden met de firma "BYBLOS".

¹⁴⁹ Hassan Ahmad was de directeur van de firma "BYBLOS".

¹⁵⁰ De firma "BYBLOS" was verbonden met de firma "SOLEMAN".

¹⁵¹ De firma "BYBLOS" was verbonden met de firma "SOLEMAN".

voornamelijk in de vorm van witwassen van drugsgeld en het financieren van terroristische organisaties in het MIDDEN-OOSTEN. Hij bezocht de diamanten gekocht worden in AFRICA en het onbestaande winstmarges verkocht worden. Het geld WITZERLAND getransfereerd worden naar LEBANON SYRIE. In deze handel wordt ook een zekere "EZZEDINE" ORGAMAN William (banden met groep DAMESEAUX "EZZEDINE" zou kunnen verwijzen naar EZZIDEEN DIAMONDS NV) en een zekere "EZZEDINE" die verbonden is met de firma "SOLEMAN" SIERRA GEMS DIAMONDS NV. Deze firma wordt gerochtoerd door de LI

de familie NASSOUR heeft familiale banden (via huwelijk) met de familie AHMAD. Beide families worden samen met de familie KANAFFER in verband gebracht met het drukken van valse bankbiljetten.

de familie AHMAD zou, via haar contacten met AMAL, grote faciliteiten in LEBANON. Zij zouden actief zijn in het drukken van valse bankbiljetten.

entourage and had been introduced to Savimbi by Mobutu in 1995. Bandua learned that Kabir had been purchasing weapons for Savimbi that were being delivered to Kinshasa. Bandua personally met Bakri, known to UNITA as 'Imad', on several occasions when Bakri visited Andulo to meet Savimbi to discuss arms deals.⁵⁵

According to Bandua, Bakri had entered into UNITA's diamond trading network when he arrived in Luzamba in mid-1995 as a diamond buyer. By late 1996, he had become a supplier of arms to UNITA and at the end of 1996 weapons were moved into Kinshasa. Bandua personally inspected the weapons in the warehouse of Mobutu's Presidential Guard, near Ndili Airport.^{54/55} Bandua has confirmed that it was Bakri who first involved the notorious Russian arms dealer Victor Bout into the arms trafficking operation using Zairian EUCs.[†] Bakri would offer UNITA an inclusive package, which would include the air transport costs and the weapons. However, Savimbi became suspicious that not all the weapons that UNITA had paid for were being delivered, and Savimbi asked Bakri to bring Bout into Angola so that UNITA could deal directly with him, which they first did in February 1998, with Bandua meeting Bout in Andulo. Following the fall of Mobutu in May 1997, UNITA began to re-source its arms via Togo and after May 1997 Bakri acted as intermediary for the delivery of arms.⁵⁴ The Belgian report notes that Bakri used his own diamond company, Afrostars, to deal in UNITA's diamonds.^{5/53}

Press reports after the assassination of President Laurent Kabila in the DRC in January 2000 stated that the brother of Imad Bakri, Yousef Bakri, was one of 11 Lebanese nationals, all diamond dealers, executed for alleged involvement in the assassination, and reported that Hizbullah had pressured for the return of their bodies to Lebanon.⁵⁶ Enquiries by Global Witness appear to confirm this story.

Current links between Hizbullah and Angola

A recent press report has suggested that Hizbullah may have established an operational base in Angola. On 28 October 2002, an investigation by the *New Yorker* magazine into the activities of Hizbullah in the notoriously lawless Tri-border region of Paraguay, Argentina and Brazil quoted a regional investigator as saying that a Hizbullah cell

leader, Karim Diab, based in Incarnación, Paraguay had been 'sent to Angola to start a Hizbullah cell there'.⁵⁷ Similarly the *Financial Times* reported on the activities of Hizbullah in the Tri-border region and named a Hizbullah fundraiser Abbas Abdallah who it was stated was also now in Angola.⁵⁸

Although these reports present only circumstantial evidence, Global Witness believes that what it highlights is the fact that failed states such as Sierra Leone, DRC and Angola with easily accessible high-value resources, such as diamonds, are bound to be highly attractive to criminal and terrorist organisations. During Angola's long-running civil war, many different individuals and organisations gained access to UNITA and their considerable diamond resources. With the death of Savimbi and the advance of peace throughout the country, it will be important to ensure that those elements of the diamond trade that have known links to Hizbullah or any other terrorist group are prevented from consolidating their existing foothold in the Angolan diamond industry.



Ezziddeen, Namibia and South Africa

Abdallah Ezziddeen of Ezziddeen Diamonds in Antwerp is another Lebanese diamond trader currently active in Africa, whose company has been named as possibly being connected to Hizbullah by Belgian intelligence.⁵⁹ Global Witness' research within the Antwerp

diamond community seems to confirm this. Global Witness investigations uncovered that in Spring 2002, he attempted to buy a diamond prospecting concession called Toscanini on Namibia's Skeleton Coast.⁶⁰ From its investigation, Global Witness has learned that, at a meeting with the owners of the concession in March 2002, Ezziddeen showed little interest in the production potential of the concession and simply wished to purchase it immediately.⁶⁰

A common practice in illicit and conflict diamond trafficking has been to smuggle the

[†] An end-use certificate is a trade security control document. It is used by supplier governments for (certain) arms and other transfers to (certain) recipients. They generally verify, by signatures from the supplying and recipient companies and/or governments, the final destination of the transfer (end-user). The document in most cases assures that further transfer without the approval of the original supplier government is unlawful.

⁵ Afrostars is based in Antwerp and listed in the official diamond exchange handbook: Afrostars Diamonds bvba, 2 Hoveniersstraat, Floor 2, Office 232. Abbas Ali and Mohamed Ali Wazni. Tel:032333910 Fax:032339767 VAT: BE-425 436 456.

diamonds into a neighbouring country and then 'find' them in small alluvial diamond concessions, particularly in southern Africa. The diamonds are declared and then exported legally. With the introduction of targeted UN diamond sanctions and the implementation of stricter export controls under the Kimberley Process, it is expected that this practice will be on the increase. Under Namibian law, Ezziddeen would have been able to convert the exploration concession into a production licence and export any diamonds 'found' on the concession.⁶¹ It is interesting that, following Ezziddeen's visit to Namibia, Israeli security 'consultants' visited the concession holders. In fact, the Israelis openly identified themselves as Mossad agents saying they worked for a company called Global Security 2000. During the meeting, the Israelis showed a keen interest in the activities of Ezziddeen and whether they would sell the concession to him.⁴ The concession was not sold to Ezziddeen.

Ezziddeen has also been a frequent visitor to the Kimberley Diamond Exchange in Kimberley, South Africa, which has recently been at the centre of controversy over consistent rumours of conflict diamond trading taking place in the premises.^{62/63} Ezziddeen, who is not licensed to trade in South Africa himself, is a client of a well known South African De Beers sightholder who is a member of the World Federation of Diamond Bourses, and also a senior member of the World Diamond Council. As of mid 2002, the sightholder was attempting to extricate himself from his business arrangement with Ezziddeen.⁶⁴ What the Ezziddeen relationship shows yet again is the entrenched and long-standing relationship between the legal diamond trade and the trade in illicit or conflict diamonds and what can only be called the apparent complicity between 'respectable' diamond dealers and conflict or illicit diamond traders.

Hizbullah in Sierra Leone

It should be emphasised that the aim of this section is not to stigmatise the Lebanese community in Central and West Africa. The majority are not involved in supporting the extremist activities of Hizbullah. There are, however, individuals within the community who are sympathetic to the aims and ambitions of Hizbullah, and some of these individuals are diamond traders. We also note, below, that some, 'support' is obtained by force.

The Lebanese community in Sierra Leone has a long history of interaction and involvement with the diamond trade. The majority of the Lebanese community are Muslims and around 90% of them are Shi'ite, from Tyre and South Lebanon.

Lebanese businessmen control many key businesses in Sierra Leone, such as building materials, foodstuffs and, in particular, diamonds. In some diamond towns, such as Bo and Kenema, virtually all businesses are owned and run by Lebanese traders. During the 1980s the share of Sierra Leonean diamond dealing licences held by Lebanese traders increased from 15% to 78%.⁶⁵

AMAL and Hizbullah have used various tactics to gain financial support from some individuals within the Lebanese community in Sierra Leone. Tactics have included appealing to their religious convictions, appealing to their Lebanese identity or using threats and even outright violence. A 1999 Ph.d thesis by anthropologist Casper Fithen explores how both AMAL and Hizbullah exploited their position in Lebanon to tax the Lebanese communities abroad.⁶⁶ Although the ten-year war in Sierra Leone (1991–2001) and the improvements in conditions in Lebanon have prompted many Lebanese to return to Lebanon, for those who have stayed, political divisions within the Shia community have not dramatically changed. According to Fithen, in 1996-97 it was not uncommon to see AMAL calendars and pennants hanging in Shi'ite-owned shops in Kono district.⁶⁷ These political divisions and how they impact on the diaspora community in Africa, particularly West Africa, are examined in more detail below.

In 2000, a EU official tracking the movement of conflict diamonds by Lebanese organisations noted: 'Hizbullah is active and deeply involved in many businesses across the region. It is only a small part of the Lebanese community that is sympathetic, but many people contribute to them just to keep Hizbullah off their backs'.⁶⁸ On 13 February 2002 Joseph Melrose, the former US ambassador to Sierra Leone, testified before the US Senate Committee on Government Affairs that he was almost certain that diamond traders in Sierra Leone have traded with groups such as Hizbullah and al Qaeda: 'In the case of Hizbullah a connection has existed for years through various Lebanese groups [in Sierra Leone]'.⁶⁹ John E. Leigh, ambassador of Sierra Leone to the United States also testified at the same hearing that: 'It is not surprising that al Qaeda and Hizbullah

⁴ See <http://www.global-security.co.il> Global Security's offices are at 8 Shosna st' Netanya, Israel Office: 972- 9-8617140 Mobile: 972-56-333757 Fax: 972- 9-8871797; email: gs2k@hotmail.co.il According to the website, 'GSI was established to provide professional security to officials/private persons in various public and private sectors of society. The Team's curriculum has been especially adapted for security officers and agents employed by the state, public or private sector as well as for employees of industry not subordinated to the general security array of the State of Israel.'

Jamil Sa'id Mohamed

Jamil Sa'id Mohamed was a prominent Lebanese and Sierra Leonean citizen who died in London in 1999. Through his powerful network of business, political and personal contacts he became a major player in fundraising efforts for AMAL in Sierra Leone and Lebanon.

Born to a Shi'ite Lebanese father and Sierra Leonean mother, Mohamed was an influential businessman who made his money in diamonds. His business, the National Diamond Company (NDC) controlled a large part of the diamond production and trading in Sierra Leone under Presidents Siaka Stevens (1971-85) and Joseph Momoh (1985-92). Mohamed's prominence in the trade was of great interest to Israel 'not least because part of the Sierra Leonean Shi'ite community actively supported the AMAL faction, who on the one hand fought against Israel's greatest enemy, Hizbullah, and on the other was Syria's main ally against Israel'.⁷¹

Mohamed also had business interests in oil, fisheries and rice trading. Mohamed was a childhood friend of AMAL co-founder and the current speaker of the Lebanese Parliament Nabih Berri, another Sierra Leonean-born Lebanese. This fortuitous relationship proved pivotal in Mohamed's rise to power in Sierra Leone and his survival when events conspired against him. In a 1988 article, Stephen Ellis states that Berri helped Mohamed to establish contact with leaders in the post revolutionary Iranian government, which supported Hizbullah.⁷⁷ This contact was later to help him to build his power base in Sierra Leone by providing crucial financial and material support to the Government of Sierra Leone when it was on the verge of bankruptcy.

Mohamed's pivotal role in supplying Sierra Leone with oil meant his influence in government dramatically increased. Mohamed was nicknamed the 'White President' of Sierra Leone because of his powerful influence over President Stevens and this influence enabled Mohamed 'to play a key role in the installation of an Iranian diplomatic mission in Sierra Leone in 1983'.⁷⁷ When the first Iranian Ambassador arrived, it was Mohamed who welcomed him at the airport. Ellis believes that the purpose of the new mission was not just the development of diplomatic relations between the two countries: 'In a short time, the Iranian embassy in Freetown acquired the reputation of being the centre of Iran's spy network for all West Africa'.⁷⁷ An Iranian 'cultural centre' was also set up in Freetown but its doors were never opened to the public.⁷⁸

Mohamed was not the only Lebanese businessman to gain power during Stevens' presidency. As other Lebanese traders gained wealth they maintained a range of contacts with Lebanon. Many diamond dealers recruited mercenaries from Beirut to build their own private security forces and Mohamed controlled the largest of these private militias, a 500-man strong force consisting predominantly of Palestinian fighters.⁷⁹ One by-product of this was that the many internecine conflicts and alliances from Lebanon's wars were transported to Sierra Leone.

In 1985 Stevens, by then in his 80s and in failing health, chose General Joseph Saidu Momoh to be his successor. Momoh was wary of Mohamed's influence over Stevens and chose instead to deal with Shabtai Kalmanovitch, who had opened a branch of his company, LIAT Finance and Construction, in Freetown in 1985. Born in Russia, Kalmanovitch had emigrated to Israel, and was later believed to be in the service of Israel's intelligence agency, Mossad, and the KGB. Kalmanovitch became a 'funding' partner of Momoh's and gained diamond concessions that accounted for the majority of the mining areas. In exchange for these LIAT, was required to expel the illicit traders and install a private monopoly answerable to the president, boosting revenues under his control.⁸⁰

Mohamed sought to recover his financial and political position by extreme means. He first tried to set up a funding deal between Momoh and the chairman of the Palestinian Liberation Organisation (PLO), Yasser Arafat, with a US\$10 million proposal for the rights to use a small Sierra Leonean island as a PLO training base. Despite a personal visit to Freetown by Arafat in 1985, Momoh rejected the offer. In March 1987, Mohamed attempted to stage a coup against Momoh. The coup failed and Mohamed fled to London, where he remained in exile for most of the early 1990s.



**President Momoh
1985 - 1992**

**President Siaka
Stevens 1971-1985**



operatives are busy in West Africa buying under-priced, looted Sierra Leone diamonds and fencing them in Europe and elsewhere'.⁷⁰

Lebanese politics and Sierra Leone's diamond trade

There has been an interesting interplay between Lebanese domestic politics during the successive wars in Lebanon, and the Lebanese community in Sierra Leone, in particular in relation to the diamond trade. This section will explore how elements of the war in Lebanon began to be played out in Sierra Leone and how its influence is still being felt today across the region.⁷¹

According to a Lebanese Shi'ite resident in Kenema who was interviewed by Fithen, AMAL representatives used to raise funds from Lebanese diamond traders.

'Maybe every two or three months or so, [a Kenema community leader] would call small groups of us round to his house. Firstly, he would give us a report on how things were going for Amal back in Lebanon, you know, what Berri was doing and whether ground was being lost or gained. Then we would all sit down and talk about contributions – everyone pretty well knows how everyone is doing – so [the community leader] knew how much everyone could afford. It was just a small percentage of monthly earnings – if people were in the shit they didn't have to pay – it was no problem. You know, nobody ever complained, in fact everyone I knew was happy to help – it was for our people back in Lebanon and we all wanted them looked after. I just used to send parcels [of rough diamonds], what happened to them I don't know – either they were sold for cash in Antwerp or Lebanon or Israel or whatever, it wasn't my problem – I knew that the matter was in good hands. It's just the same now – we get a visit and we make a contribution, or they could make trouble for us. The only difference is none of us want to give money to these assholes.'⁷²

According to Fithen, however, while it was possible to find out about AMAL's fundraising activities, information about Hizbullah's activities in West Africa was much harder to come by for the following reasons:

'Support for Hizbullah does exist within the Sierra Leonean Shi'ite community, but any radical religio-political extremism remains shrouded by the Shi'ite doctrine of

taqiya, the 'concealment' so central to Shi'ite orthodoxy. Informants prepared to discuss diaspora support for AMAL were very reluctant to discuss community links with Hizbullah. The two groups had been in bitter fighting until a Syrian-brokered peace deal was signed in 1990. This intra-Shi'ite schism is a delicate matter in diaspora politics'⁷³.



Diamond dealers advertising hoarding, Kenema, Sierra Leone, 2001, Global Witness ©

It is extremely difficult to find evidence of overt support for Hizbullah and, as will be seen below, the development of militia groups in Lebanon as the various conflicts progressed divided the diaspora community in West Africa. According to one person interviewed by Fithen:

'We Shi'a [in Sierra Leone] have nothing in common with these crazies [Hizbullah] [...] we drink whisky, gamble and enjoy life. It's just a few young idiots and some dealmakers who should know better'.⁷⁴

However, Fithen believes that some Shi'ite businessmen were arranging favourable contracts (in oil, rice and fish) through Freetown's Iranian embassy. In return, they were expected to perform some pro-Hizbullah proselytising and provide some financial support. Indeed, rumours of connections between Hizbullah and the West African diamond trade, in particular the Sierra Leonean trade, remain strong today.⁷⁵ There are stories of Hizbullah delegations visiting West Africa on fund-raising missions and even using the Côte d'Ivoire as a protected tourist destination for their families.⁷⁵

Deep-rooted political differences between Israel and Lebanon have not prevented diamond traders from these countries from doing business with each other. One Lebanese trader interviewed by Fithen commented:

⁷⁴ A range of diplomatic sources in West Africa and regional investigators; 2000–2003.

'Why should we want to fight the Jews? Because Tehran tells us to? Who the hell do they think we're selling our diamonds to? Last week I had two Hassidim from Antwerp stay here in my house, and I treat them as my friends!'⁷⁶

The text box on page 25 outlines in more detail the history of Jamil Sa'id Mohamed, one of the key Lebanese figures in the Sierra Leonean diamond trade. His activities exemplify the complicated links between Lebanese politics and the business activities of the Lebanese diaspora in Sierra Leone.

The Lebanese presence in Côte d'Ivoire

Côte d'Ivoire, which borders Liberia, was until the recent outbreak of the civil war in September 2002, West Africa's leading economic success story and a stabilising force in the region. Côte d'Ivoire is also home to a community of several thousand Lebanese, many of whom fled the devastating civil war in Lebanon which began in 1975. Lebanese immigration further increased after the Lebanese-Israeli war of 1982.

Again, as academic commentators have noted, the politics of the wars in Lebanon, which have continued from 1975 up to the recent past, were, and continue to be, replicated in the Lebanese diaspora communities around the world. In particular, the development of armed militias in Lebanon left a distinct mark on the African Lebanese community, dividing the Shi'ia from other Lebanese in West Africa, as also occurred in the case of the Lebanese diaspora in Sierra Leone. With regard to Côte d'Ivoire, according to Didier Bigo:

'[f]inding work within one's villages or district is far less a matter of religious denomination than [of] whether one's political allegiances are to the Christian Phalange, the Druze militia, to AMAL or Hizballa, or whether one subscribes to pro-Syrian or pro-Palestinian ideologies'.⁸¹

Furthermore Bigo states that:

'Individuals are required to support the war effort in Lebanon. Much as in Beirut itself, the youngest members of the community are recruited to collect these dues while recent arrivals are continuously having the good fortune of their immunity from the war impressed on them, and their moral obligation to make at least a financial contribution to national liberation or to the new Lebanon.'⁸²

Bigo claims that on occasion this pressure develops into an outright racket, in which organised gangs supporting the militia groups attack commercial premises. However, these attacks tend to be concealed within the community to avoid a negative image.

As with Sierra Leone, divisions along ideological lines within the Lebanese community made room for the militias to provide structures that replaced traditional authorities. Perhaps the group with the most direct militia connection to Côte d'Ivoire, and the one with the strongest control over its members, is AMAL, which even set up its own police force to carry out surveillance on new Lebanese arrivals in Côte d'Ivoire. Nevertheless, as Bigo notes, it is important not to see the whole Lebanese community as providing funding for and supporting Lebanon's various militias:

'The most credible hypothesis is that of a Lebanese jihad network which, unknown to the rest of the Lebanese community, has taken advantage of conditions in Côte d'Ivoire and of the structure of the diaspora to enable the passage through Abidjan of members of the organisation who have relatives there. Far from recruiting on the spot, this network would continue to operate anonymously and this includes family connections that are not informed of the undercover activities of Lebanese immigrants.'⁸³

Conclusion: The worldwide diamond industry and terrorist fundraising

For over 20 years the diamond industry and governments have maintained a worrying silence over the diamond-trading and fund raising activities of groups such as Hizbullah and AMAL, despite the fact that, as this report shows, AMAL and Hizbullah's past and current links with, and involvement in, the African diamond trade are well-known. This failure to act has ensured that the entrenched illicit diamond trading networks in Africa have been able to flourish, creating the blueprint for al Qaeda's subsequent infiltration of the diamond trade.

The indifference shown to this issue by governments may partly be due to difficulties in gathering evidence suitable for criminal prosecutions. Nevertheless, if the international community and the diamond trade are genuine in their stated desire to tackle the problem of conflict diamonds, they have to address the ease with which terrorists like Hizbullah have accessed the diamond trade and used it to finance their activities. The logical forum for this is the Kimberley Process.

Part Three: al Qaeda and Diamonds

Global Witness' research and investigations to date have uncovered a systematic and well-established use of diamonds by al Qaeda. Diamonds are used in four ways:

- As a means of raising funds for al Qaeda cells;
- To hide money targeted by financial sanctions;
- To launder the profits of criminal activity;
- To convert cash into a commodity that holds its value and is easily transportable.

As yet it has not been possible to ascertain with any certainty the values and quantities of diamonds traded and moved. However, it is very clear that al Qaeda has sought to develop trading routes throughout Africa and that some of these diamonds are entering world supply. The activities of al Qaeda operatives in Sierra Leone and Liberia that came to light in late 2001 are not an isolated example. In fact as al Qaeda has developed and built networks across Africa, so its diamond trading has developed. Those leading reform in the diamond trade and those governments active in the Kimberley Process, should note with alarm that three of the operatives involved in the attacks on the US embassies in Kenya and Tanzania, were an important and active part of al Qaeda's diamond trading activities. They traded, with apparent ease, across Africa; countries where they were active included, Angola, Central African Republic, the DRC, Guinea,^v Liberia, Kenya, and Tanzania.

In order to better understand how al Qaeda became involved in diamonds and developed its trading networks, Global Witness has focused on two case studies: firstly, the early development of trading in Kenya and Tanzania between 1993-97; and secondly, the large operation in Sierra Leone and Liberia between 1998-2001. These two case studies help to illustrate the way in which al Qaeda was able to take advantage of existing diamond smuggling routes to build their own diamond-trading structure.

Al Qaeda's involvement in diamond trading in Liberia is also of great interest and concern because it points to a linkage between shadow states, regional instability and terrorism. Al Qaeda was able to benefit from existing

structures set up by President Taylor to launder RUF diamonds through Liberia and to personally profit in the process. In addition al Qaeda was able to move personnel between countries and to hide them when necessary. This combination of profit and operational advantage is an issue that the international community must tackle if there is to be any serious attempt to address long-term regional instability.

Kenya and Tanzania 1993 –1997

This section examines evidence that, between 1993-97, two senior al Qaeda members, Abu Ubaidiah al-Banshiri, an alleged co-founder of al Qaeda, and El Hage, bin Laden's personal secretary, masterminded the trading of rough diamonds and other gemstones from Kenya and Tanzania and the establishment of diamond, gold and tanzanite mining companies there. In addition, it presents evidence that three al Qaeda operatives, Abdullah Ahmed Abdullah, Ahmed Khalfan Ghailani and Fazul Abdullah Mohammed went on to use the knowledge that they gained from al Qaeda's diamond-trading operations in East Africa to establish a diamond-buying and laundering operation in Liberia and Sierra Leone in 2000-2001. Also, Ghassan Dhager, a diamond dealer that El Hage had dealings with in Antwerp during this period has a connection with the main diamond dealer used by al Qaeda in Liberia and Sierra Leone, Aziz Nassour.

The evidence presented in the first section includes testimony given during the trial of al Qaeda operatives for the 1998 embassy bombings, which was held in the United States in 2001. Documentation presented to the trial has also been examined by Global Witness to reveal a pattern of diamond and gemstone trading far larger than previously known. A Grand Jury investigation into al Qaeda was held in September 1998 and transcripts of that investigation have been examined too. A close reading of the trial transcripts shows that the use of diamonds as a means of revenue generation was part of a concerted effort and a deliberate strategy by al Qaeda. What emerges during the trial is that from early 1993 onwards, the year when al Qaeda was in financial difficulty after the Sudanese government had failed to honour contracts to bin Laden, a coordinated attempt was made by al-Banshiri and El Hage, through the Kenyan and Tanzanian al Qaeda cells, to use diamonds, tanzanite and rubies with the aim of making the cells financially self-sufficient. Court transcripts reveal the following:

^v Information has recently surfaced that suggests the same al Qaeda operatives were active in buying diamonds in Guinea from late 1998 to early 2000. Global Witness are attempting to confirm these allegations.

**Ashif Mohamed Juma –
al-Banshiri's brother-in-law**

- Q. Did you ever work with Jalal [aka al-Banshiri] in any kind of a business?
- A. Yes, we had started a mining business in Tanzania.
- Q. And approximately when did you start this mining business in Tanzania?
- A. Early '93.
- Q. And what was this mining business going to mine?
- A. Sorry?
- Q. This was a mining business, what was it going to mine?
- A. Diamond and gold.
- Q. What was going to be your role in this business?
- A. I was one of the directors.
- Q. Was there anything else you were going to do for the business?
- A. Well, my role was mostly that I was processing the paperwork all about license and to go all around the place because I knew Tanzania very well, and the Tanzanian government, it says that you have to be – a foreigner can't work, do any business in Tanzania without any local person in Tanzania. And since I was Tanzanian, so it was easier for me to go around.
- Q. Do you recall what the name of that mining business was?
- A. Taheer Limited.
- Q. And who provided the money to start up this mining business?
- A. Mr. Jalal.
- Q. Did you ever invest any of you personal money in this business?
- A. No sir.
- Q. Did any members of your family invest any money in this business?
- A. No sir.
- Q. Were you paid a salary by this business for the work you did?
- A. Yes. In the starting I was paid US\$200 a month.
- Q. Who paid you that US\$200 a month?
- A. Mr Jalal, and he paid me for about five months, six months.
- Q. At the time do you know where Jalal was getting the money to pay you this US\$200 a month?
- A. No sir.
- Q. Did this mining business ever actually operate?
- A. No sir.

- al Qaeda and individuals connected to the organisation bought property in Tanzania in order to mine diamonds;
- al Qaeda established diamond and gem mining and trading companies in Kenya and Tanzania;
- al Qaeda sold diamonds (and other high value gemstones) through middlemen and operatives in Belgium, China, Cyprus, Hong Kong, Jordan, Japan, Korea, Senegal, Sudan, Singapore, Thailand, the United Kingdom and the United States;
- an al Qaeda member had connections with an individual or individuals in the diamond trading and producing countries Liberia and Angola.

The financial self-sufficiency of its cells is of great strategic importance to al Qaeda. Cells which have no need for direct financial support from the al Qaeda supreme command are particularly difficult to infiltrate and monitor, and can operate for years without notice, as there is no papertrail or electronic communication (SIGINT) for intelligence agencies to track back to the command structures. Terrorist groups, and particularly al Qaeda, have learned to keep ahead of attempts by law enforcement agencies to cut off their funding by diversifying their sources of revenue and financing networks. Since the September 11 attacks, the use of informal money transfer systems such as hawala by terrorists is becoming increasingly monitored, thus making the use of legitimate business sectors, which are not well-regulated and where there is a high profit margin, extremely attractive to them. As this section will show, the diamond trade falls firmly into this category.

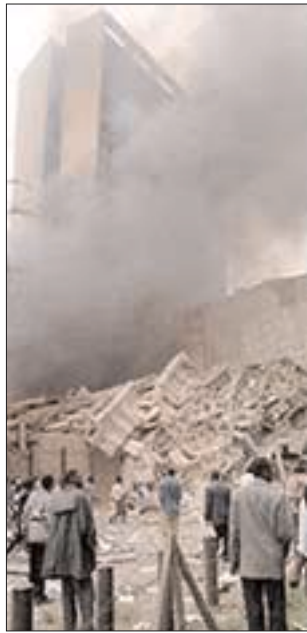
Kenya and Tanzania

On 7 August 1998, at 10.30 am, bombs were detonated simultaneously at the US embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania.



Tanzanian embassy bombing

Two hundred and twenty four people were killed and over 4,500 people injured in the attacks. Several suspects were immediately arrested and charged in the United States and Tanzania. A Federal Grand Jury in New York returned a 238-count indictment on 4 November 1998, charging bin Laden and his associates with the embassy bombings and other acts of



US embassy bombing in Kenya

terrorism against US nationals overseas, and the detainees were charged with being key al Qaeda operatives. The FBI indicted many other individuals for involvement in the operation to bomb the US embassy in Nairobi, among them El Hage, Abdullah Ahmed Abdullah, Ahmed Khalfan Ghailani and Fazul Abdullah Mohammed.⁸⁵ The latter three suspects were later to re-emerge in Sierra Leone and Liberia buying diamonds from the RUF in 1998, 1999 and 2001.

The FBI investigation into the US Embassy bombings alleged that Abdullah Ahmed Abdullah was the mastermind behind both attacks. The day before the bombings, 6 August 1998, Abdullah fled with Fazul Abdullah Mohammed to Pakistan and both were later sighted in Liberia. Based on telephone intercepts, European intelligence analysts believe that, as of late 2002, he had relocated to Lebanon. Global Witness believes Abdullah is a key figure in the al Qaeda diamond-trading network. Also convicted of involvement in the Tanzanian bomb attack were Ahmed Khalfan Ghailani and al Qaeda computer expert Fazul Abdullah Mohammed. Mohammed and Ghailani both went to Burkina Faso, Liberia and Sierra Leone to buy diamonds.

The transcripts from the US trial in 2001 reveal that in early 1993 al-Banshiri established a diamond and gold mining company called Taheer Ltd in Tanzania. Global Witness believes this may have been a front company used to launder illicit diamonds, possibly from the eastern region of the DRC, which shares a long border with Tanzania along Lake Tanganyika, and which has a history of diamond smuggling

Ashif Mohamed Juma

- Q. Are you familiar with a company known as T-A-H-E-E-R Limited?
- A. Yes.
- Q. Why don't you tell the Grand Jury what Taheer Ltd is?
- A. It's a company that was formed by this person here.
- Q. And you're pointing to the person depicted in Grand Jury Exhibit 2, with today's date, correct?
- A. Right.
- Q. Who else was involved in the company known as Taheer Ltd.?
- A. Adel Habib [aka al-Banshiri]
- Q. Abdel Habib.
- Q. The person you identified in the photo depicted as Grand Jury Exhibit 6 with today's date?
- A. That's true.
- Q. So those two gentlemen, the person from Grand Jury Exhibit 2 and the person from Grand Jury Exhibit 6, were in business together at Taheer Ltd.?
- A. Yes.
- Q. What kind of business?
- A. I think mining.
- Q. Mining?
- A. Yes.
- Q. Where?
- A. In Tanzania

L'Houssaine Kherchtou – former al Qaeda member

- Q. Did you ever see Wadih El Hage with Abu Ubaidah Al Banshiri in Kenya?
- A. Yes.
- Q. Was that on one occasion or more than one occasion?
- A. More than one occasion.
- Q. Did Wadih El Hage ever discuss whether or not he was involved in business with Abu Ubaidah Al Banshiri?
- A. Abu Ubaidah al-Banshiri was bringing in some diamonds, but it was only once, I think, from Tanzania, so as Wadia, he can sell them for him.
- Q. Do you recall where this occurred?
- A. I have never seen Abu Ubaidah giving diamonds to Wadih directly, but Wadih told me that he used to give him some diamonds so as to sell them for him.
- Q. Do you know if Abu Ubaidah Al Banshiri owned any property in Tanzania?
- A. Yes.

Q. Do you know what kind of property he owned there?

A. It was land.

Q. Did you ever learn what the purpose of the land was in Tanzania?

A. He said that they wanted to bring some excavators and some other machinery so as to dig and look for diamonds.

Q. Do you know if Abu Ubaidah al-Banshiri ever obtained the excavators or machinery to look for and dig up the diamonds?

A. No.

Odeh – Wadih El Hage's business partner

Here Odeh is being questioned by the prosecution of his relationship with El Hage.

Q. Did you become friendly with Wadih?

A. Yes

Q. Did you visit his home?

A. Sometime, yes.

Q. Did any other family members become friendly?

A. Yes.

Q. Could you explain that to us.

A. We start talking about business and he told me that he also dealing in gemstone and sometimes exporting to America. For that he suggested if we can do business with each other.

Q. The business that you described the type of business that you were doing at that time?

A. At that time I was doing gemstone business.

Q. What type of gemstone?

A. Sometimes amethyst, ruby, sapphire, white chrysoptase.

Getting into business together

Odeh went on to describe how Wadih El Hage and he decided to go into business together for the purposes of buying and exporting diamonds and gemstones.

Q. Did you start doing business or try to discuss becoming a partner with Mr. El Hage?

A. Yes. We plan to start some business in the same field which is I am interested, gemstone business.

Q. Did you learn at the beginning of your relationship with Wadih what gemstones he was mostly dealing with?

A. What he told me, tanzanite and some diamonds to America.

activity. Al-Banshiri's fellow al Qaeda operative, El Hage, sold diamonds for al-Banshiri in Kenya and in 1994 followed al-Banshiri's example and set up a gemstone mining and trading company in Tanzania called Tanzanite King. Al-Banshiri's death in a ferry disaster on Lake Victoria in May 1996 forced El Hage to find a new trading partner, a vacancy filled by an apparently unwitting Jordanian gemstone trader called Mohamed Ali Muraweh Saleh Odeh, who was based in Nairobi. When the FBI raided El Hage's house in August 1997, they found detailed evidence indicating his wide involvement in the international diamond and gemstone trade.

Al-Banshiri was a senior member of the *Majlis al Shura* (Consultative Council) of al Qaeda. He was also the emir or head of al Qaeda's military committee. According to Hasan al-Seraihi, al-Banshiri was present at the meeting that established al Qaeda and the idea of creating an international army to fight for the Islamist cause.^{w/89} Because the Kenyan and Tanzanian operations were deemed important, al-Banshiri was given leadership of the Kenyan cell.

During the 2001 US trial of the embassy bombings suspects, al-Banshiri's brother-in-law, Ashif Mohamed Juma, (who called al-Banshiri 'Mr Jalal') testified for the prosecution as to al-Banshiri's diamond mining interests.⁸⁷ Global Witness believes, al Qaeda was using the firm's mining licence for another covert reason, to launder diamonds. As with many small-scale diamond mining operations in Africa, diamonds are often smuggled into mines and passed-off as the mine's own production often to evade tax. National export and sales tax regimes vary considerably: even a 1%-2% difference can mean a substantial cost saving for mining companies. The prosecution at the trial also alleged that the mining company was being used as a cover to buy dynamite.

In addition, during a Grand Jury investigation into bin Laden's activities held in 1997 and 1998, L'Houssaine Kherchtou, a 36-year old Moroccan member of al Qaeda who testified for the US government, outlined further examples of al-Banshiri's diamond dealing activity. He told the Grand Jury in 1998 that he had joined al Qaeda in 1991 and had worked with the Kenyan cell, which between 1994 and 1995 had been led by El Hage. During cross-examination by defence attorneys for El Hage, Kherchtou alleged that El Hage met al-Banshiri

^w Hassan Al-Seraihi is a former Saudi member of al Qaeda who claims he was one of four people present at a secret meeting in which al Qaeda was founded. Present was Abu Ubaida al-Banshiri (real name Ali al Rashidi).

in Kenya and that both were involved in mining and dealing in diamonds. El Hage also confirmed al-Banshiri's diamond mining interest in Taheer Ltd before the Grand Jury investigation into bin Laden's activities in 1998.⁹⁰

Another prosecution witness at the 2001 US embassy bombings trial was Mohamed Ali Muraweh Saleh Odeh, El Hage's business partner. Odeh attested to El Hage's involvement in the Tanzanian diamond trade using a Swiss based diamond dealer, Sheik Sill as a buyer and financier, and explained how he and El Hage managed the export of precious stones from Kenya, highlighting once again how al Qaeda used legitimate companies and routes.⁹¹ Odeh also testified that he and El Hage had traded diamonds and gemstones extensively in the Far East.

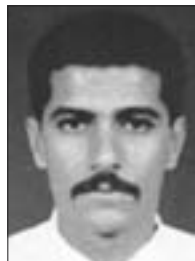
This was confirmed by transcripts and recordings of intercepted phone conversations presented at the trial, which showed that Odeh had previously worked with two Sudanese brothers, Samir and Ezaladen Abdel Rahman Mohamed, primarily based in Bangkok but with affiliate offices in Senegal and China.⁹¹ Odeh states that the sale of diamonds and gemstones from his joint venture with El Hage over a six-month period amounted to US\$500,000. From the available evidence, it has not been possible to ascertain how much of the profits went to El Hage. Finally, Odeh revealed the extent of his and El Hage's future plans in Kenya. He claims that he, El Hage and the then Kenyan assistant minister for agriculture, Dr Misoi, had set about incorporating a company called Black Giant Mining. Although the company apparently never got off the ground, it appears from the available evidence that, rather than using the company as a front to launder diamonds, El Hage and Odeh genuinely intended the mining company to become fully operational.



Ghailani



Mohammed



Abdullah

Exports of diamonds and gemstones from Kenya

- A. Mr. Mburuti has an office and dealing – register office and authorised to export gemstones, semiprecious and gem.
- Q. Anyone who exports stones, do they deal with Mr.Mburuti?
- A. No, there is a few offices, but myself I like to deal with Mr.Mburuti.
- Q. Who is the director – excuse me, the chairman that was referred to?
- A. There is one called Joseph – I couldn't remember the second name. He is the small-scale mining chairman. His first name is Joseph.
- Q. Why would you be talking to Joseph?
- A. What do you mean?
- Q. Why would you need to talk to Joseph?
- A. Yes, because also I need him when we are exporting sometimes the stones.

Sales of Diamonds and Gemstones: Odeh

- A. It is half million, not one half.
- Q. Half million, OK.
- A. Yes.
- Q. Were the sales, did the sales end up between December 17 and June to be one half million dollars or was that an overestimate?
- A. No, within six months, because the plan which I was making to sell a lot of gem quality stones.
- Q. Were you able to sell gem quality stones over that period of time?
- A. Korea, Singapore to Japan and –
- Q. Did you end up selling all those stones?
- A. What do you mean?
- Q. Were you successful in selling those stones?
- A. Yes, when we plan to success, yes.
- Q. If I may interrupt, what does he mean by the shipping policy? What is meant by the shipping policy?
- A. The method of the shipping, because I was not the one who send them. Samir supposed to send them, the brother of Mr. Moaz he ought to send them. For that, I do not know how we have to send. You remember I said by DHL. Then I did not, because I was in Korea
- Q. What were you going to do with the moonstone?

A. You know, moonstone is semiprecious stone.

Q. What kind of stone?

A. Semiprecious stone. It is not gem quality. It is coming for craft usually, not for jewellery. Handicraft, usually done for handicraft.

Q. Where were you and Wadiah going to send it to?

A. I have what is stone maybe five years with me. It is 20 kilos. I want to show the samples. For that DHL will need a lot of money, US\$350.

Q. So when you want to send a container every month to China, whom are you going to send it to?

A. Me.¹¹⁵

Odeh also gave evidence stating that Wadiah utilised one of his old clients, a diamond evaluator based in Switzerland by the name of Sheik Sill. Sheik Sill was also used by Wadiah to evaluate and help buy diamonds in Tanzania as is indicated later by Odeh.

Q. If I may interrupt now, who is Sheik Sill?

A. He is one of the diamond specialists. I know him 1988 [sic].

Q. And is he also known by another name?

A. Sheik Suleiman Sill.

Q. And have you dealt with him previously concerning diamonds?

A. Yes. From time to time, I deal with him and he is my consultant for diamond and some other stones. He is very expert on that stuff.¹¹⁵

Diamond buying in Tanzania

Odeh attested to Wadiah El Hage's involvement in the Tanzanian diamond trade using Sheik Sill as a buyer and financier.

Q. Now you were talking to Wadiah about Wadiah going with Sheik Suleiman Sill to Mwanza; is that correct?

A. What I was meaning on that, actually I meant to go because if you notice what I say, Sheik Suleiman knows where he can buy the stones. But maybe when I talking I make some miss.

Q. Now, where is Mwanza, what country?

A. Mwanza, it is a part in the south maybe of Tanzania. It is near the Lake Victoria and this is the region of diamond in that country.

Wadiah El Hage

El Hage was born to Lebanese Christian parents in Sidon, Lebanon in 1960. He moved to the United States in 1978 but then went to Pakistan in 1979 to enrol in mujahidin training programs.⁹² He returned from Afghanistan to the United States in 1985, becoming a naturalised American citizen in 1989. He lived with his family in Tuscon, Arizona, and Dallas, Texas until 1991, when they moved to Sudan. During the 2001 trial of those suspected of the US embassy bombings in Kenya and Tanzania, El Hage admitted he worked for bin Laden, but he claimed it was only in legitimate businesses. He also claims to have had no contact with bin Laden after 1994.⁹³

According to his own testimony El Hage appears to have played an important role as a raw materials procurement official for bin Laden and al Qaeda, sourcing the supply of many vital and needed products such as fertiliser for al Qaeda farms in Sudan also building materials, and chemicals. Global Witness believes that diamonds and gemstones were another commodity whose procurement he was entrusted with by bin Laden. During the 2001 US trial of the embassy bombings suspects, al-Banshiri's brother-in-law, Ashif Mohamed Juma, testified for the prosecution that El Hage was a particularly valued employee of bin Laden's because his American citizenship gave him license to travel freely. According to the prosecution:

'Mr El Hage served as a front man for the bin Laden organisation for years. His role was to set up



Business cards of diamond dealers found in El Hage's house in Kenya

logistics, engage in coded correspondence, move money, and give false stories. By his own admission, he was chosen by bin Laden to work for him, because he had a United States passport and could travel more freely. Mr El Hage made trips to Tanzania, Somalia, Italy, Slovakia, Russia, Afghanistan, Pakistan and England.⁹⁴



Wadih El Hage

El Hage first moved into mining gemstones in 1994 when he set up Tanzanite King in Tanzania for the purpose of exporting tanzanite.⁹⁵ In June 1996, he met Mohamed Ali Muraweh Saleh Odeh, who had been in the diamond and gemstone business in Kenya since 1988 and had an extensive network of industry contacts. The two became partners, trading and exporting diamonds and other high value gemstones from Nairobi, and as noted previously were planning to incorporate a mining company called Black Giant Mining. Evidence presented during the US trial in April 2001 by Odeh, shows El Hage's extensive involvement in the diamond trade. The excerpts from the trial reveal that El Hage befriended Mohamed Odeh in order to utilise his international gem trading contacts and his political and business contacts in Kenya and Tanzania.

In August 1997, El Hage's house in Nairobi was raided by the FBI who confiscated a wide range of materials and information.⁹⁶ Several personal notebooks, three business card books and his computer were taken away for analysis, and in the 2001 trial in the US these notebooks were entered as evidence. Global Witness has examined the information in the notebooks and business card directories and a clear picture emerges of the significance played by the trade in diamonds and precious stones in El Hage's activities. El Hage's passport and other evidence of his extensive travels were also seized. Entries in his notebook also confirm evidence given in court that El Hage was attempting to set up a diamond mining company, and there are numerous entries relating to the sale of diamonds, tanzanite, rubies, sapphires, emeralds and red garnet. One particular Antwerp based diamond dealer seems to be of key importance to El Hage and he is mentioned numerous times in El Hage's notebooks: Ghassan Dagher. As will be shown later, he has a link to the main al Qaeda diamond middleman in Liberia, Aziz Nassour, having bought diamonds from him when Nassour was the principal buyer of diamonds from rebels in the DRC.

Q. Now, were you working in some kind of financial arrangement with Mr. El Hage for this deal?

A. No, what I say that I want to arrange the finance. I said that clearly. I say that I will send the US\$3,000 to buy the stones.

Q. Would Mr. El Hage benefit in any way if it was a successful deal?

A. Of course. If it had been a successful deal, everyone will benefit. Wadih will benefit, Sheik Suleiman Sill will benefit, everyone will benefit. This is business¹¹⁵.

Setting up the mining company in Kenya

Q. What was Black Giant? What's the basic business that Black Giant was going to get involved in?

A. Mining for semi-precious stone and precious stone. This is a major

Q. What kind of stone was it?

A. Semi-precious stone.

A. Semi-precious stone and precious stone, in general...."

Q. Whose idea was it to come up with forming a Kenyan company for the purpose of mining?

Q. Going back to the individual who was going back to America, the Pakistani going back to America, does this relate to a conversation we just heard earlier?

A. According to what I heard, yes, he was arranging a financier, and you hear, I think everybody hear that I say it is not necessary because we want to make our money and finance our own efforts.

Q. As to the machines needed for Nairobi in March, what kind of machines are you talking about?

A. Air compressor.

Q. What was the purpose of air compressors?

A. For mining.

Q. Where were you going to be mining?

A. We plan in Bokot, we plan in area Voi. We have a lot of plan. Of Kenya. I am talking about Kenya, because also I want to try to develop that area where I am.

Q. Was this part of the plan concerning Black Giant?

A. Yes.¹¹⁵

The Notebooks

A summary of El Hage's notebooks and business cards is given below:

An entry lists precious and semi precious stones: green tourmaline, amethyst and ruby are mentioned along with prices and weights.¹⁰¹

In the same entry, El Hage wrote down some basic measurements for precious stones, presumably as an aide memoir.¹⁰²

A further notebook, listed as government exhibit 636C, also contains many references to precious stones, selling trips to Europe, the Far East and North America and also indicates that he developed plans to move into the actual mining of diamonds and precious stones.

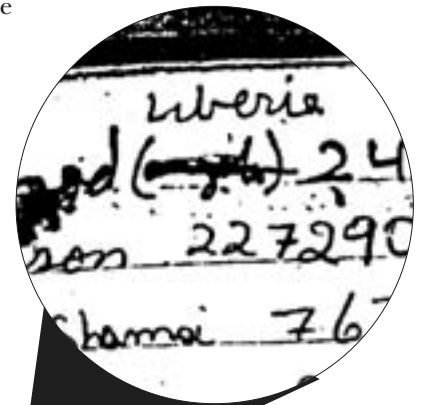
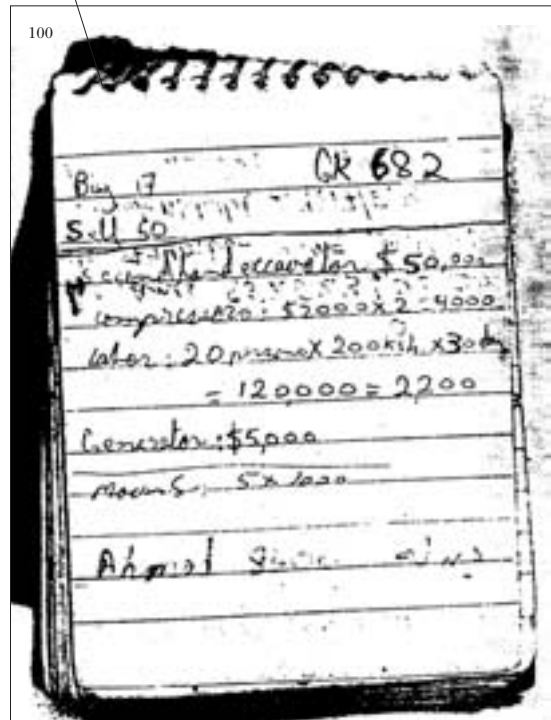
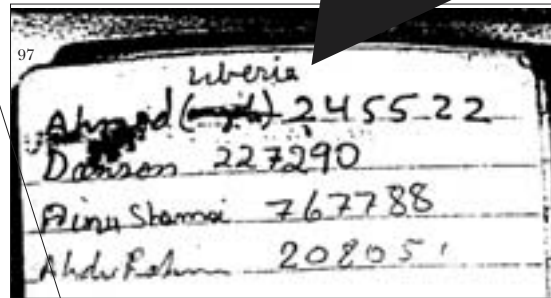
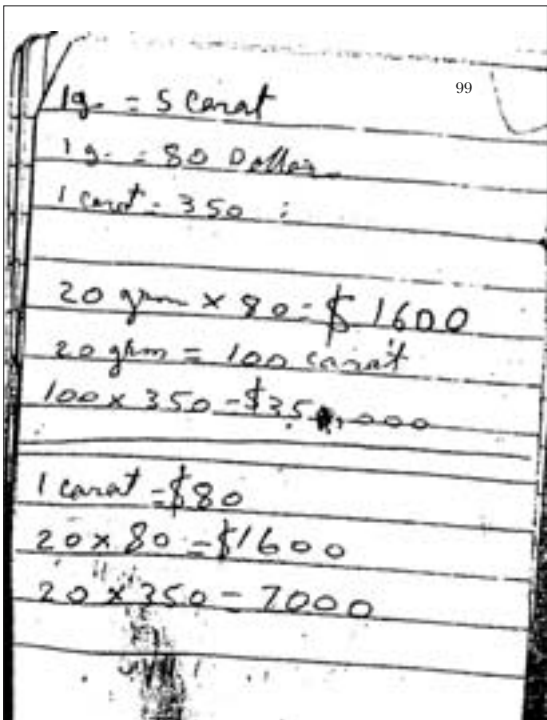
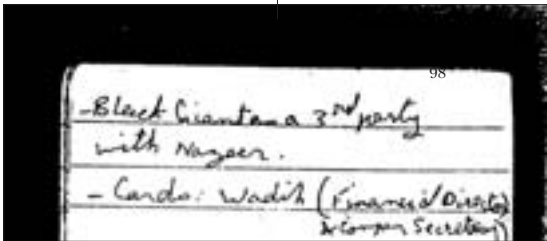
Notes show that El Hage had costed for a second hand excavator priced at US\$50,000, two air compressors at US\$2,000, a generator at US\$5,000 and had also costed for 20 people to work on the mine site at 200 Kenyan shillings a day for every 30 days.¹⁰³

This seems to confirm information that was presented by Juma in the 2001 trial that El Hage had intentions to get into the actual production of diamonds in Tanzania and Kenya. El Hage also makes a reference to the company that they wished to establish, Black Giant Mining, in which

he appears to nominate himself as the financial director and the corporate secretary.¹⁰⁴

The Liberian/Angolan link?

One of the most interesting entries in relation to diamonds appears to be a reference to someone who was based in Angola and then Liberia. This adds weight to the later link between Liberia and al Qaeda's strategy to move into the diamond trade, as both Angola and Liberia are diamond producers. In this page of El Hage's notebook the entry lists four names and four telephone numbers. This suggests that the al Qaeda connection with the diamond trade in Liberia began much earlier than is previously thought, as this notebook was seized in August 1997 and the first date for al Qaeda visiting Liberia is September 1998.¹⁰⁵



Another entry contains a list of key diamond and precious stone trading centres and notes what types of stones the different centres favour. Countries listed include: Thailand, Hong Kong, Malaysia, Singapore, Korea, Israel, Switzerland (see below) and the United States.¹⁰⁶ The notebook goes on to refer to a trip to Kampala, Uganda on 9 December 1996.¹⁰⁷ The reference to Kampala is interesting as this is a known centre for illicit diamond trading.¹⁰⁸

A third notebook, Government Exhibit 636 E, has more listings for precious stones, this time sapphires and emeralds are mentioned. The notebook also contains four pages listing transactions in tanzanite, red rhodolite and green garnet from April to May (year unknown) and listing the number of pieces, the weight and the price received and the profit made¹⁰⁹ (see page 18).

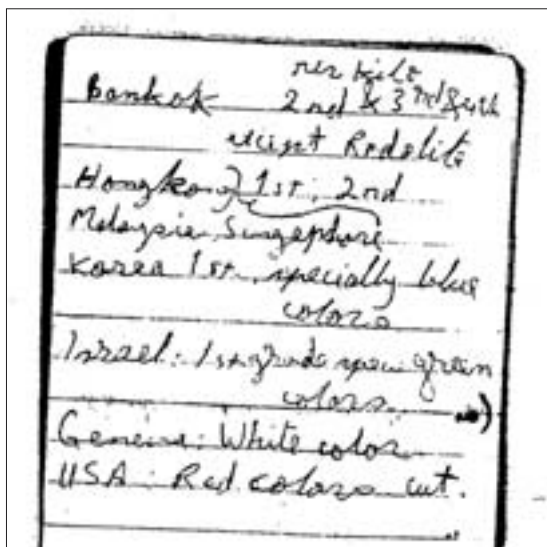
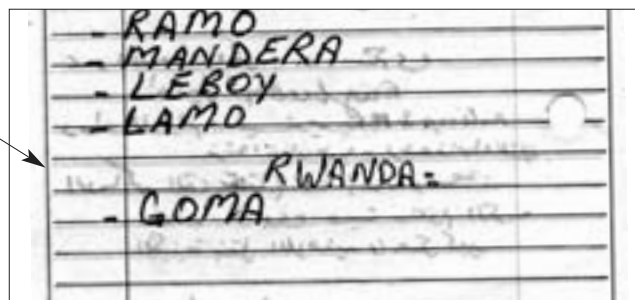
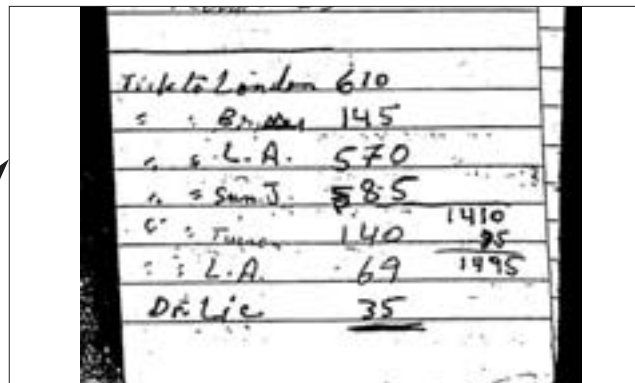
The fourth notebook contains references to the types of cuts for precious stones – oval cut, triangle cut, rectangle, drop cut etc.¹¹⁰ A London jewellery business is mentioned.¹¹¹ This notebook also contains financial accounts for selling trips to London, Brussels, Los Angeles, San Jose and Tuscon.^{112/113}

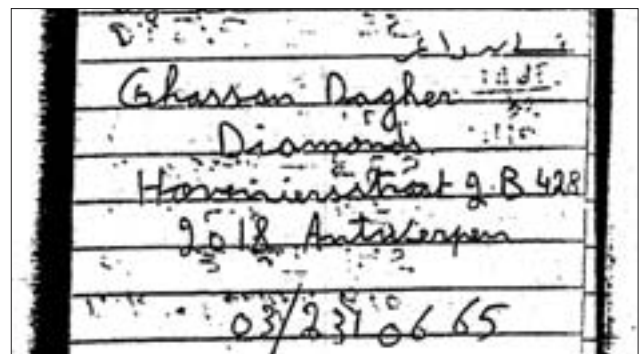
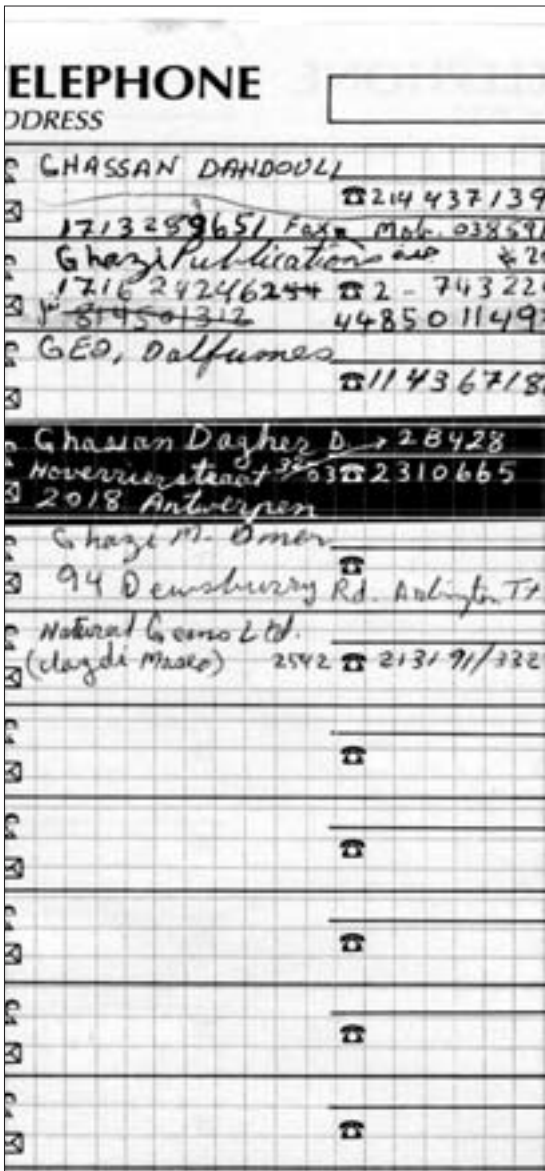
A filofax contains a reference to 'Rwanda: Goma' This is significant as Goma is well established as a transit point for the export of a number of high-value commodities including diamonds, smuggled from the DRC.¹¹⁴ The following page contains basic calculations regarding the rental of either a 727 or a DC8 plane for 120 hours. The name Air East Africa appears on the same page. It is not known why El Hage would have wanted to rent such a large aircraft and for such a long time.

Travels abroad 1993-95

A filofax mentions a trip to Cyprus and Turkey in August 1993, with visits to Larnica, Limassol and Nicosia. El Hage also made notes indicating that

he was interested in setting up an office in the country and also had in his possession the business card of a diamond dealer based in Cyprus (see page 33). A further trip to Cyprus on 2 March 1994 is mentioned. The notebook shows that on 28 June 1994 El Hage bought a fluorescent lamp for US\$175, which is commonly used for diamond identification purposes. A diamond and gemstones selling trip in December 1995 is mentioned in the notebook, during which El Hage visited numerous jewellers and dealers in Antwerp, Brussels, London, Los Angeles and San Jose.





Conclusion

Global Witness believes that al Qaeda cells in East Africa initially explored whether the diamond and gemstone business could, at a time of financial difficulty for the organisation, provide a means of revenue and security for its cells in Kenya and Tanzania. While not providing huge financial returns, al Qaeda’s early business ventures in the diamond trade were successful enough to contribute to making the cells financially self-sufficient. More significantly – and what should be a matter of greater concern to governments and the diamond industry – al Qaeda’s apprenticeship in the trade in Kenya and Tanzania gave it the basic knowledge and expertise required to take its involvement in the diamond trade to another level. They were also able to see how relatively few controls existed in the trade. As the next section will show, al Qaeda operatives put what they had learned to good use in setting up a significant diamond buying operation in Sierra Leone and Liberia.

The UN Investigates Tanzanian diamond exports:

On 19 April 2002, an additional report by the UN Monitoring Mechanism on Sanctions against UNITA¹¹⁶ found that there is a 'degree of probability' that illicit diamonds find their way into Tanzania. This analysis was based on the growth of exports from Tanzania during 2000 and 2001. A case study conducted in Tanzania by the Monitoring Mechanism team highlighted the fact that despite the low value declared on export, the real value of the diamonds exported revealed it was unlikely the diamonds could have originated in Tanzania. There are two nearby sources for these higher value diamonds: Angola and the Equateur Province in the Democratic Republic of the Congo (DRC). Global Witness have reproduced the case study in its entirety to give an illustration of how it is possible to launder diamonds from a neighbouring country and disguise their origin on import into a processing or trading country. It has also been included, as Global Witness believes that this type of monitoring activity should be continued by the Kimberley Process and the United Nations in order to combat conflict diamond trading.

Excerpt From The Supplementary Report of the Monitoring Mechanism on Sanctions Against UNITA, 12 October 2001, pp. 37-39.

The case study relating to the United Republic of Tanzania shows the problems of tracking information on parcels of UNITA diamonds back to their source, where the available information is simply that a parcel of diamonds was sold by UNITA to a particular company, with an approximate date. The Mechanism has detailed and credible information from three sources on this particular operation, yet it is still not possible to prove that this sale took place and was in fact a UNITA trade.

Case study: a study of anomalies

At the outset, the Mechanism wishes to express its deep appreciation to the Government of the United Republic of Tanzania for its invaluable cooperation and assistance, without which the case study would not have been possible. The United Republic of Tanzania was chosen for a case study rather than the Democratic Republic of the Congo, because the majority of diamonds are exported legally, so that there is a paper trail and recent data on diamond deposits, making checking of information possible. However, the study shows that it is difficult to isolate laundering of diamonds from general malpractice of diamond dealers.

The key generic indicators used by analysts of

the laundering of embargoed diamonds through third party countries are the following:

- The country has an existing diamond market;
- The average carat value of exported diamonds matches or exceeds the average carat value of Angolan gems, US\$250 per carat, and is not the expected average carat value for that country;
- An unexplained rise in the volume of exports from a particular country;
- Controls on diamond exports are relatively weak or can easily be circumvented.

The Mechanism examined information indicating that UNITA diamonds may be laundered through the United Republic of Tanzania. That country fits all the above criteria, and in particular exports very high value diamonds to Antwerp. As in Angola today, when the better quality, larger stones are being smuggled the recorded values are higher than the normal average carat value for that country.

Company A is a diamond trading company based in Antwerp. It has a history of working with UNITA prior to the imposition of sanctions. It has a subsidiary company, trading in general goods, not diamonds. That subsidiary shares a name with two diamond buying offices, one based in the Democratic Republic of the Congo and one in the United Republic of Tanzania, both of which trade diamonds to company A.

The Mechanism was informed that company A had bought a parcel of diamonds worth US\$250,000 from UNITA in February 2001. Two countries were proposed as the route out of Angola for this sale, the Democratic Republic of the Congo and the Republic of Tanzania. The Mechanism was able to trace to the United Republic of Tanzania one legitimate parcel of very similar value during the period in question, but not to establish whether it came from UNITA sources. The parcel was traded through what seems to be a subsidiary company, registered in the United Republic of Tanzania, established to buy locally produced rough diamonds. (Information about the ownership of the company is awaited.) There are also indications that a second parcel of diamonds of similar value was smuggled out of the United Republic of Tanzania by the same company during the same period.

During the Mechanism's visit to the United Republic of Tanzania to try to track this parcel, it became clear that there were huge discrepancies between the values of diamond imports into Antwerp from that country and Tanzanian records of exports; indeed it was not possible to find a single export from the United Republic of Tanzania of the value in question. It became clear that every exporter of diamonds from the United Republic of Tanzania was systematically under-declaring the value of diamonds, on export, to produce the vast difference in value. The

global value of diamonds exported from the United Republic of Tanzania in 2000 (the most recent complete year for statistics) was 15 per cent of the value declared on import into Antwerp. This raised the question whether those diamonds in fact all originated in the United Republic of Tanzania.

Legitimate exports to Belgium by dealers in the United Republic of Tanzania during 2000 were recorded at the Ministry of Mines in Dar es Salaam as 25,875.85 carats, worth US\$1,682,059. A further 16,001.59 carats were exported, principally to India (mainly industrial diamonds), Cyprus and South Africa.

These diamonds are not checked for value on export from the United Republic of Tanzania, since the expertise to do so is not available, but are weighed and checked for value on entry into Antwerp. The value on import into Antwerp represents the real market value of the diamonds. The figure from Dar es Salaam represents the amount declared to the Government on invoices for export, on which tax is paid. The Commissioner of the Ministry of Mines provided detailed information on the country's diamond deposits and aided the Mechanism in checking records of exports, to determine whether the United Republic of Tanzania had become a "laundering" country for embargoed diamonds.

Imports from the United Republic of Tanzania into Belgium are recorded in Belgium² as follows:

Year	Carats	Value US\$	Average value US\$ per carat*
1999	6,909.08	2,524,008.23	819.49
2000	26,702.35	11,528,916.20	596.93
2001	9,171.60	2,946,266.19	565.74

(to end June)

* Calculated by the Mechanism.

² Source: Ministry of Economic Affairs

These figures are very significant, in particular the average carat value. First of all, Tanzanian diamonds derive mainly from kimberlite mines in the north-east of the country. There is one large-scale mine at Mwadui, the Williamson Diamond mine, which is mined in a joint venture by De Beers (75% shareholding) and the Government of the United Republic of Tanzania (25% shareholding). This produced 312,511 carats of diamonds during 2000, worth US\$43.75 million, according to the Ministry of Mines. These diamonds have an average carat value of US\$139.99.



Map showing diamond flows into Tanzania from Angola and the DRC and movement of al Qaeda diamond trading operatives, post August 1998

The United Republic of Tanzania has a system of licensing diamond dealers to buy the artisan production from the surface digging of kimberlite pipes in the Shinyanga region, in the north-east of the country. Records of diamond exports from Dar es Salaam showed that an average carat value of US\$65.28 was declared, in line with the values that might be expected from such sources.

The real average carat values shown in the table paint an entirely different picture of the diamonds exported, with average carat values of US\$596.93 recorded for 2000. On the face of it, the values are too high for the sources claimed, although they may simply represent theft of the best stones from the Williamson mine. The mining authorities informed the Mechanism that the increase in exports in 2000 was in fact due to a "diamond rush" which began late in 1999 and ended in August 2000, which means that these high values are not necessarily to be explained by dramatically increased leakage from the mine.

In the case of the United Republic of Tanzania, it is in theory possible to determine whether exported diamonds are genuinely mined there, since it is possible for experts to say whether diamonds come from kimberlite or alluvial sources. Belgian diamond experts may be able to verify this on import into Belgium, but do not have information on the nature of diamond deposits worldwide and are not expected to undertake such work at present.

Sierra Leone And Liberia: al Qaeda, Aziz Nassour, Diamonds And Guns

This section details the latest and most developed phase in al Qaeda's diamond-trading operation. Credible information indicates that al Qaeda operatives have been trading in a number of diamond producing countries, including Angola, the CAR and the DRC. Global Witness is carrying out further research to confirm this.

As mentioned previously al Qaeda's involvement in diamond trading in Liberia is also of great interest and concern because it points to a linkage between shadow states, regional instability and terrorism. Al Qaeda was able to benefit from existing structures set up by President Charles Taylor to launder RUF diamonds through Liberia and to profit in the process. In addition al Qaeda was able to move personnel between countries and to hide them when necessary. This combination of profit and operational advantage is an issue that the international community must tackle if there is to be any serious attempt to address long-term regional instability.

This section shows how al Qaeda potentially laundered millions of dollars by buying illegal diamonds from rebels through Liberian government officials, including President Charles Taylor and through corrupt businessmen in Sierra Leone and Liberia from December 2000 to November 2001. By using existing criminal networks and structures in the diamond and arms industry, al Qaeda operatives, who had gained an understanding of the diamond trade from senior al Qaeda personnel based in Kenya and Tanzania and then on buying trips to Angola, CAR and DRC, took control of an existing diamond-trading network with access to the legitimate market. This indicates that al Qaeda had a clearly defined strategy with regard to the acquisition and use of rough diamonds.

The events surrounding the diamond-buying and laundering scheme, as examined by Global Witness, have many of the hallmarks of an al Qaeda operation, namely:

- The operation began by establishing a relationship with another terrorist entity (RUF);
- The existing network was consumed by a more powerful and financially-viable entity;
- Operatives reported to a higher command structure;
- The operation took advantage of shadow and disintegrating states;
- The business was also used as a cover for moving between countries in Africa and elsewhere.

The information provided in this section is largely based on interviews with: Aziz Nassour, a Lebanese diamond dealer with extensive connections in Antwerp and a history of diamond-dealing in conflict zones in Africa, Ali Darwish, who worked for Nassour in Liberia and Sierra Leone, an anonymous source who is a member of President Charles Taylor's inner circle, Belgian government officials, US government officials and European intelligence analysts. Information is also based on Global Witness' investigations, carried out in Africa and Europe. Global Witness has obtained evidence in the form of documentation and original testimony from individuals involved in this trade that confirm the events as originally described by *The Washington Post*.

Liberia and Sierra Leone: Failed States

In a survey of the views of counter-terrorism analysts on al Qaeda undertaken by *Jane's Intelligence Review* in July and August 2002, a significant number of the respondents mentioned the link between terrorism and organised crime. They also highlighted that unstable states and corrupt regimes are breeding grounds and safe havens for terrorism; and that parts of Africa, Central Asia and South America were particularly susceptible. *Jane's Intelligence Review* summarised the findings of the survey as follows:

'regions with grey or black market political economies facilitate terrorist movement and act as the network through which terrorist actors infiltrate and manipulate diasporas or underdeveloped areas to create safe havens and shadow state systems'.¹¹⁷

Liberia and Sierra Leone are two such countries with shadow state systems and black market political economies that have provided optimal operational conditions for al Qaeda. Liberia has been responsible for spreading instability throughout West Africa for over a decade and is under various UN sanctions regimes. An arms embargo was placed on Liberia in 1993 under UNSC 866. The export of diamonds was banned in 2001 under UNSC 1343 and the same resolution carried a travel ban on President Taylor, his close associates and government officials. All of these have had a limited effect on President Taylor's ability to procure weapons and financing.^x

Political repression, including summary executions, and rampant corruption typify the despotic regime of President Taylor, an ex-warlord turned President. Reports on the

numerous violations of the UN sanctions regime, and the complicity of Liberian government ministers and corrupt businessmen in the illegal trade in diamonds,

Logging revenue and weapons

The Liberian government's continued access to the international arms and mercenary market is largely dependent on the Liberian timber industry, and the financial and logistical support it provides. The omission of timber sanctions from UNSC Resolutions 1343 (2001) and 1408 (2002), has allowed Liberia to maintain regular imports of arms and cash to pay both its domestic security forces and the mercenaries recruited for incursions into Côte d'Ivoire and Sierra Leone. These illegal arms imports are often organised by logging companies. While arms are delivered by plane to Robertsfield International Airport, regular deliveries of weapons arrive every few weeks by ship into ports controlled by logging companies OTC and MWPI. Moreover, OTC and MWPI and other logging companies are active participants in national and regional destabilisation. OTC organises arms imports into Buchanan port and builds up large pro-government militia forces, and MWPI oversees the arrival and transshipment of weapons to the Liberian government and Ivorian rebel forces via Harper port.

In order to restrict the Liberian government's aggressive, cross-border activities in Côte d'Ivoire and planned destabilisation of Sierra Leone, Global Witness calls upon the UN to recognise the facilitative role the timber industry plays with this regard, mandate any further Panel of Experts on Liberia to conduct detailed investigations into the role of the Liberian logging industry, and impose sanctions on timber exports.^x

^x The United Nations has consistently failed to address the issue of how President Taylor receives considerable funding and illicit arms shipments from the timber trade. For a full account of President Taylor's and Liberia's timber for arms trade see Global Witness reports, 'Taylor-made: The Pivotal Role of Liberia's Forests and Flag of Convenience in Regional Conflict', September 2001; 'Logging Off: How the Liberian Timber Industry Fuels Liberia's Humanitarian Disaster and Threatens Sierra Leone', September 2002; 'The Usual Suspects: Liberia's Weapons and Mercenaries in Côte d'Ivoire and Sierra Leone', March 2003.

^y Valery Cherny was an arms dealing partner of Leonid Minin who ran the Moscow based air transport company Aviatrend.

timber and arms, have been issued by a range of international organisations including Global Witness, Human Rights Watch, Amnesty International, and the UN Panel of Experts appointed pursuant to UNSC Resolution 1408 (2002), concerning Liberia. (An example of one such violation is detailed below.) Corrupt networks fuelled regional instability, exacerbating the devastating war in neighbouring Sierra Leone from 1991-99 and still threatens the country's fragile peace process. The Liberian regime was also responsible for causing a refugee crisis in Guinea in 2001 and now stands accused of sending mercenaries to inflame tensions in Côte d'Ivoire, once held up as West Africa's economic success story.¹¹⁸

Arms Smuggling to Liberia

In October 2001, the UN Panel of Experts on Liberia reported on an arms-smuggling operation to Liberia that had taken place in 2000¹¹⁹. A Moscow based air cargo company called Aviatrend, operated by former Soviet test pilot Valery Cherny delivered a first shipment of 113 tons of ammunition from the Ukraine to Côte d'Ivoire on 14 July 2000.^y West Africa Air Services, a company set up by a Kenyan national, Sanjivan Ruprah, later shipped most of the ammunition on to Liberia. The EUC for the ammunition and weapons was issued by General Robert Guëi, the then president of Côte d'Ivoire. Mohamed Salamé, the Liberian ambassador in Abidjan, obtained the EUC from Guëi. When Cherny's partner, Ukrainian arms, diamond and timber dealer Leonid Minin was arrested in Monza, Italy in August 2000, Cherny put the remaining arms in storage.¹¹⁹



Leonid Minin

Samih Ossaily, second cousin and employee of Aziz Nassour, was arrested in Belgium on 12 April 2002. When searching Ossaily's apartment Belgian police found an original Côte d'Ivoire EUC dated 8 January 2001 (see Annex 7). The EUC was for the delivery of ammunition and arms by a Bulgarian company, NATACO Holding Plc.¹²⁰ The arms listed on the NATACO certificate exactly matched the items that Cherny was attempting to deliver to Liberia before Minin's arrest. Furthermore the NATACO certificate had official Côte d'Ivoire stamps and the envelope was from the Ivorian Ministry of Defence, and addressed to Mohamed Salamé the Liberian ambassador in Côte d'Ivoire. It appears that the weapons put in storage by Cherny were to be the subject of a second transaction.¹²¹

September 1998 – March 1999: al Qaeda's initial dealings with the RUF

This section describes in detail how an al Qaeda operative arrived in Liberia in September 1998 to set up a diamonds-for-arms deal meeting with President Taylor and senior RUF commanders. In March 1999 two other al Qaeda operatives with diamond trading knowledge travelled to Liberia. Despite an apparently successful meeting, the promised arms did not arrive and the deal fell through.

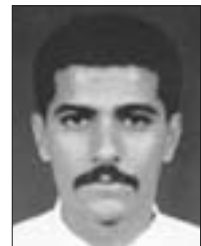
Al Qaeda's presence in Liberia dates from 22 September 1998, when Abdullah Ahmed Abdullah, a senior operative arrived in Monrovia.¹³⁷ Abdullah, who used the name Moustafa whilst in Liberia, is a member of al Qaeda's powerful finance committee and was suspected by the FBI of having masterminded the Kenyan and Tanzanian US embassy bombings. The purpose of Abdullah's trip was to arrange a diamonds-for-arms deal with the RUF. His introduction to President Taylor and the RUF was through Ibrahim Bah (for more information on Bah see box opposite) who was a senior commander and adviser to the RUF at the time. Bah had previously met Abdullah in the late 1980s during military training in Libya. The fact that al Qaeda had entrusted the negotiations to one of its most senior operatives shows a serious interest in developing diamond-trading activity. At a meeting with RUF officials Abdullah paid US\$100,000 to RUF commander Sam 'Masquita' Bockarie as an introductory 'fee' and was given a token parcel of diamonds in return^z. This indicates al Qaeda's intent to establish a long-term relationship with the RUF. His trip was not intended as a normal profit-making diamond buying trip hence he was not accompanied by anyone with diamond buying expertise.¹³⁷

After Abdullah met President Taylor in Monrovia, he flew on a Liberian Anti Terrorist Unit (ATU) helicopter to Foya, a town on the Sierra Leonean border. Here he met with Issa Hassan Sesay and other RUF military commanders to discuss the practical details of setting up a supply of diamonds. Abdullah agreed to send supplies to the RUF, and six months later, in March 1999, two other al Qaeda members arrived in Liberia to finalise the agreement. Ahmed Khalfan Ghailani and Fazul Abdullah Mohammed, both of whom were key members of al Qaeda's Kenyan and Tanzanian cells, were familiar with the diamond and

gemstone dealings of al-Banshiri and El Hage and had extensive diamond knowledge from diamond buying trips to Angola, CAR and the DRC (see Part Two). Bypassing all immigration procedures at Robertsfield airport they arrived in Liberia and were taken to meet with President Taylor. This indicates the status and importance accorded to the visit by the Liberians. Despite this second visit the promised material was not delivered, and al Qaeda's first attempt to develop a diamond trading network in Sierra Leone and Liberia fell through. Al Qaeda's failure to deliver also caused Bah embarrassment and difficulty with Taylor. From April 1999 to late 2000 the RUF and President Taylor continued to seek other sources for weapons and new buyers for their diamonds.¹³⁷

'Al Qaeda also use smuggling and trafficking in drugs, diamonds, and precious metals to fund themselves'
Ronald Noble, Secretary General Interpol.

Abdullah Ahmed Abdullah



Abdullah Ahmed Abdullah

Abdullah Ahmed Abdullah has several pseudonyms. He is also known as Abu Mohammed al Masri/y, Saleh, Abu Marium, and Abu Mohammed el Masri Saad al Sharif. Whilst in Liberia he was also known as Moustafa. He joined the Egyptian group Islamic Jihad and travelled to Afghanistan in the late 1980s, where he trained soldiers in the use of explosives at the Jihad Wal camp in Khost¹²². He was among the 480 Arab combatants who joined bin Laden when bin Laden moved to Sudan in 1991. From Sudan, he moved to Somalia, where he was involved in the training of Somali militia. In 1998, he moved to Kenya, where he arranged and paid for the travel of the al Qaeda operatives who planned the 7 August 1988 embassy bombings in Kenya and Tanzania. He fled Nairobi on 6 August 1988 and went to Karachi, Pakistan. Analysts currently believe he is a top-ranking member of al Qaeda's finance committee and the organisation's chief financial officer in Pakistan and Afghanistan.¹²³ Intelligence sources believe that, as of late 2002, he was in Beirut.¹²⁴ Like many other Egyptian al Qaeda members, he holds other senior positions of authority within the organisation. He is a member of al Qaeda's Consultative Council and is on its religious and fatwa committee.¹²² The US government is currently offering a US\$25 million reward for information leading to his arrest.

^z An introductory downpayment of between US\$50,000 to 100,000 was the standard price for access to the relevant RUF officials. This has been confirmed by reports of other meetings known to have taken place to arrange prospective diamonds for arms swaps.

Samih Ossaily

Samih Ossaily was born in Sefadu, Sierra Leone. He is a second cousin of Nassour and has worked extensively in the diamond trade in Africa for a number of companies. He has worked for companies associated with Nassour in Angola, the DRC, Liberia, Sierra Leone and Tanzania. In 1997, in Sierra Leone, he entered into business with the junta leader Major Johnny Paul Koroma, who was sharing power with the RUF after its bloody coup. In exchange for supplying four containers of army uniforms and other military hardware for the Koroma junta, he received an unspecified quantity of diamonds.⁷¹ The Ossaily family are close to Nassour; Samih's sister Najla Ossaily works in the ASA Diam office and is the widow of one of Nassour's brothers.¹⁴⁸



Samih Ossaily

Ibrahim Bah

Ibrahim Bah is a key player in the al Qaeda diamond operation. He was a senior commander and adviser to the RUF on behalf of President Taylor, eventually becoming a leading negotiator at the 1999 UN Lomé Peace



Ibrahim Bah

Accords, where he first came to the attention of Western authorities, describing himself as an RUF 'senior military advisor'. He is intimately involved in the illegal importation of weapons and diamonds in West Africa, and for this reason is subject to the Liberian UN travel ban.¹⁴⁵

He is Senegalese by birth and a devout Muslim. Bah uses a number of aliases of which the most common are: Ibrahim Traore, Ibrahim Balde, Abraham Balde and Balde Ibrahima^{71/125}. He was born on 31 March 1957, and began his rebel career as part of the Cassamance separatist movement in Senegal in the 1970s.⁸ When recently interviewed by the UN Panel of Experts, Bah claimed his birth date was 1969.¹²⁶ Bah is a close confidante of President Taylor, both men having undergone training at Benghazi, Libya in the early 1980s under the patronage of Colonel Ghadafi.¹²⁷ Both Bah and Taylor are members of the 'Massawa', a special African group trained in Libya. In an interview with members of the UN Panel of Experts on Liberia, Bah admitted to having been one of Ghadafi's personal bodyguards in Libya.¹²⁶ At Benghazi he also met other future West African leaders, including RUF leader Foday Sankoh and Blaise Compaore, the current President of Burkina Faso. In 1981, he was involved in an ill-fated coup attempt against the Gambia's president Dauda Jawara.⁷¹

In the 1980s, Bah's radical Islamic beliefs became stronger and for several years he fought and trained alongside Hizbullah in the Beeka Valley in Lebanon. In 1987 and 1988, Bah was in Afghanistan fighting the Russian invasion with the *mujahidin*, where he came under the influence of al Qaeda. According to a Western intelligence official interviewed by Global Witness in 2002, the Defence Intelligence Agency (DIA) of the Pentagon has obtained documentation showing that Bah attended one of the *mujahidin* training camps near Khost, Afghanistan and evidence of his time in Lebanon.^{128/129} Following his training in Afghanistan he returned to Africa to fight for President Taylor's National Patriotic Front of Liberia (NPFL), rising to the rank of Commander during the civil war in Liberia from 1991-97 where he made a name for himself as a fierce fighter during the NPFL 'Operation Octopus' to take Monrovia.

Aziz Nassour

Aziz Nassour was born on 30 March 1961 in Sefadu, Sierra Leone. The Nassour family has extensive interests in the diamond industry, owning diamond and commodity trading companies in Antwerp, as well as diamond-buying and trading companies operating in Angola, Congo-Brazzaville, Côte d'Ivoire, DRC, Guinea, Lebanon, Liberia, Sierra Leone and Tanzania.¹⁴⁸ Nassour claims that while the family business is diamonds, his personal business interests lie in food distribution and his business activity has a turnover of nearly US\$100 million per year.¹⁴⁸ He is still technically the director of the Belgian diamond company Echogem, although the company is considered to be inactive.¹³⁰

From 1980, he worked in the diamond trade in Congo Brazzaville, and from 1985 to 1986 operated a gold and diamond buying office in Liberia. In Zaire (now DRC) he became very close to the dictator Mobutu Sese Seko, earning the nickname 'Aziz Mobutu'. Nassour left Zaire in 1994, and in 1996 went to Lebanon for the first time, and for the next 18 months divided his time between there and Egypt. During this time he claims to have worked for a US owned company called Continental Grain, based in Switzerland. Continental Grain's main business was the import of rice from Pakistan, India, China and flour from France, mainly for export to Russia and Angola. Nassour claims the export business was unsuccessful in both countries, but it enabled him to develop numerous contacts in Africa and Russia, and throughout the shipping industry.

Belgian bank fraud

Due to Nassour's brother's alleged involvement in a fraud at ABN Amro Bank, one of the largest credit providers to the diamond industry, Nassour's reported US\$6-7 million overdraft facility was withdrawn in 1996, forcing him to use an account at Paribas Bank. It was Nassour's relationship with ASA Diam, headed by his brother-in-law, Ali Said Ahmad that enabled him to access this financing despite the alleged involvement of the Nassour family in the ABN Amro scandal.^{aa}

From 1997 to 1998, Nassour was involved in food importation to Angola, claiming to have been made the Lebanese honorary consul to

the country. However, he was expelled from Angola in 1998 having reportedly been accused of helping UNITA leader Jonas Savimbi whom he met through Mobutu.¹⁴⁸

In 1999, Nassour moved to Marbella, and he claims to have stayed in Spain for one and a half years where he was involved with an alleged member of AMAL, Mohammed Derbah.¹⁴⁸ Derbah was arrested in late 2001 by the Spanish authorities for involvement in arms trafficking and financing Hizbullah and AMAL. He was re-arrested in February 2003 money laundering offenses. [see below for more detail.] From Marbella Nassour claims he moved to Antwerp in 2000, where he made contact with Ali Darwish who introduced him to Bah.¹⁴⁸



Aziz Nassour



Khalil Nassour

In the footsteps of Mr Nassour (in the DRC):

As is detailed below the UN has accused Nassour of illicit diamond dealing in the DRC.¹³¹

'34. The Panel has documents showing that three "clans" of Lebanese origin, who operate licensed diamond businesses in Antwerp, purchased diamonds from the Democratic Republic of the Congo worth US\$150 million in 2001, either directly through Kinshasa or through comptoirs in the Republic of the Congo. The three "clans" – Ahmad, Nassour and Khanafer – are distinct criminal organisations that operate internationally. Their activities, known to intelligence services and police organisations, include counterfeiting, money laundering and diamond smuggling. Several credible sources have reported that the clans also have ties with Amal and Hezbollah. Some businesses associated with the clans are Sierra Gem Diamonds, Asa Diam, Triple A Diamonds and Echogem. A group linked to the clans operations is providing counterfeit United States dollars to former generals from the time of President Mobutu, who are trying to overthrow the Government of the Democratic Republic of the Congo.'

'84. The Congo Desk gave Aziz Nassour the first monopoly. Aziz Nassour fell out of favour with the Congo Desk and was replaced by an Israeli diamond dealer, Philippe Surowicz. Diamond traders in Kisangani remember the Surowicz period as a "reign of terror". Diamond sellers frequently reported entering "Monsieur Philippe's" comptoir only to be confronted with RPA military who named a derisory price and took the diamonds. The Congo Desk replaced Mr. Surowicz in October 2001 with a Lebanese, Hamad Khalil, who worked through the Bakayoko comptoir in Kisangani.'

^{aa} Khalil Nassour was not convicted in the ABN AMRO scandal.

Nassour returned to conflict-torn eastern DRC, arriving in Kisangani in late 1999, shortly after Rwanda had expelled Ugandan troops. By July 2000, he had outmanoeuvred his competitors, including other Lebanese nationals, and was awarded a monopoly on diamond exports from the Rwandan backed rebels from *Le Rassemblement congolais pour la démocratie* (RCD-Goma). With military support he was able to exclude other foreign diamond buyers, but lost his monopoly in October or November 2000. According to a competitor, Nassour had failed to deliver on his promises to the RCD-Goma, and tension between RCD-Goma and Rwanda over the profits from the diamond trade led to the demise of the monopoly several months later.¹²¹ As has been shown above he was also identified by the report of 'The Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo', on 8 October 2002 which confirmed that he held the diamond buying and exporting monopoly in the area of eastern DRC controlled by RCD-Goma.^{131/148} The UN report states that Nassour provided over US\$2 million in taxes to RCD-Goma during the six-month period of his licence. However Ossaily has stated that substantial volumes of diamonds passed through other networks that continued to operate despite Nassour's supposed monopoly.¹³²

Ossaily has admitted working for Nassour in DRC for approximately two months during this period. He has confirmed that the operations purchased approximately US\$500,000 of diamonds from the RCD-Goma every ten days, and that the licence cost US\$200,000 per two months. Half of the licence fee was paid to RCD-Goma and half to the Rwandan government, which tried to maintain full control of the diamond trade in Kisangani. Nassour used the licence of ASA Diam, a company owned by his brother-in-law Ali Said Ahmed, to import the diamonds into Belgium. During 2000 he imported diamonds worth approximately US\$14 million from the DRC, mostly from Kisangani.

In 2000, the UN Panel of Experts on Sierra Leone identified Nassour as dealing with the RUF and placed him under the first UN travel ban. However, in practice this did little to restrict his ability to set up extensive diamond and arms trading networks across Africa and he continued to travel widely. Following *The Washington Post* exposé in 2001 Nassour returned to Beirut and as of March 2003, he was still based there. He has finally been forced to surrender his numerous passports to the

Lebanese authorities. It remains to be seen if that will make travel difficult for him.^{bb}

Nassour and Mohammed Derbah

Nassour has an extensive network of arms procurement and criminal contacts. One example is Mohammed Jamil Derbah. Darwish has told Global Witness that he was sent by Nassour to meet with Derbah in Spain to buy a 30,000-carat parcel of diamonds in November 2001.¹³⁹ However Derbah was arrested on the day the meeting was supposed to take place.¹³³

On 20 November 2001, it was widely reported that Spanish authorities had broken a fraud ring based in the Canary Islands with alleged links to Hizbullah and AMAL.¹³³ A two-year investigation led by Judge Baltasar Garzon culminated in the arrest of 18 people, including Derbah. According to Garzon, Derbah was involved in arms trafficking and financing for Hizbullah and AMAL. Hizbullah spokesmen in Beirut denied any knowledge of 'such a ring or group'.¹³³ Garzon had impounded two planes at Madrid's Barajas airport allegedly owned by a company run by Derbah and an as yet unidentified Russian citizen.¹³⁴ Police said the criminal organisation, the most powerful in the Canary Islands, netted about US\$10.6 million a year, mainly through timeshare fraud affecting British and German citizens. The gang was involved in fraud, money laundering, forgery, extortion and corruption.¹³³



Derbah aka Carlos

Previously, on 2 November 1999, the Spanish police and Civil Guard intelligence services uncovered an illegal arms trafficking ring established by the Russian Mafia in southern Tenerife, which was using the Canary Islands as a base to export weaponry from the former USSR to Angola and Sierra Leone.¹³⁵ The police report on the incident stated that in June 1999 the Derbah brothers, Mohamed and Hussein Jamil, were the ringleaders of the Lebanese Mafia in Tenerife, and had transported a shipment comprising automatic rifles, assault rifles, sub-machine guns, an indeterminate number of pistols and revolvers and boxes of ammunition from the south of the island to the capital, Santa Cruz, in June 1999. The majority of arms shipments that arrived on-board Russian fishing boats in the Canary Islands were dispatched to countries such as Angola, Sierra Leone and Congo Brazzaville, or supplied guerrilla groups in other countries of sub-Saharan Africa.¹³⁶ It is worth noting that Mohammed Derbah had previously operated in Liberia, where he was known as 'Carlos' and supplied arms and radio equipment to President Taylor.¹³⁷

^{bb}Nassour also holds a diplomatic passport from Cote D'Ivoire and a British passport from Sierra Leone.

November 2000 – January 2001:**Aziz Nassour, guns, gems and al Qaeda.**

This section goes into the detail of how, after its initial failure, al Qaeda was able to re-enter into diamond dealing negotiations with the RUF, through the networks of Aziz Nassour a well established diamond and arms trader. It describes how the diamond buying operation was set up in Monrovia.

In December 2000 two al Qaeda operatives reappeared in Liberia.¹³⁷ Global Witness believes this was due to the diamond negotiations that had been opened in November by the trader Aziz Nassour. The operatives, who had knowledge of the diamond business, travelled with people working for Nassour. They travelled together into RUF territory in Sierra Leone and were jointly involved in negotiations with RUF commanders.¹³⁷ Nassour has claimed he did not trade in diamonds or weapons despite evidence to the contrary detailed elsewhere in this report.¹⁴⁸ Global Witness believes that Nassour entered into a diamond-buying arrangement in conjunction with al Qaeda operatives through Bah.^{cc}

As a result of the power vacuum within the RUF, after the arrest of its leader Foday Sankoh, the rebels needed diamond buyers. Bah began seeking traders. He reintroduced al Qaeda to the RUF but unlike the situation in 1998-99 the operatives were working alongside a well-established diamond trader who operated throughout Africa. Ali Darwish brought Nassour into the deal.¹³⁹ Darwish was based in Antwerp and had met Nassour there. Darwish's nephew, Yousef Ouedrago introduced him to Bah. Ouedrago was a business partner of Bah's and was based in Ouagadougou, Burkina Faso.¹³⁹ Darwish was sent by Nassour to hold an exploratory meeting with Bah. They met on 10 November 2000 in Burkina Faso. Darwish states that Nassour paid him a US\$50,000 finders fee for the work; Bah also received a payment, of US\$100,000 from Nassour.^{137/139}

Despite these payments, Bah failed to deliver diamonds at the meeting, but he persuaded Darwish to travel to a second meeting, which took place in Monrovia on 29 November 2000. Again, no significant amount of diamonds was forthcoming, but it was arranged that Darwish would return to Liberia with his colleague, Samih Ossaily, a more experienced diamond buyer who had worked for Nassour in DRC and Tanzania.¹³⁹ Ossaily was Nassour's second cousin and both

were born in Sierra Leone. Nassour admits to providing Ossaily with US\$40,000 for the trip.¹⁴⁸ On 9 December 2000 Darwish and Ossaily flew to Monrovia.^{dd/138} On arrival they were met by a confidante of President Taylor who escorted them through customs. Bah had briefed President Taylor about the visit of Darwish and Ossaily but Taylor did not meet with them.¹³⁷ The two stayed at the Boulevard Hotel in Monrovia where they met with Bah to discuss their trip.

In December 2000 the two al Qaeda operatives, Ghailani and Mohammed, arrived in Liberia from Burkina Faso¹⁴⁶. On 26 December, they joined Darwish and Ossaily at the Boulevard Hotel and all four then travelled to Kono.^{137/139} During two separate conversations with Global Witness, Darwish has confirmed the identities of the al Qaeda operatives. He has also confirmed that Bah asked him to help them buy boots suitable for the muddy conditions in Kono, and that he helped them buy medicine.^{137/139} Darwish was also filmed in December 2002 by the BBC, confirming the identities of the al Qaeda operatives.

All the men drove to Foya and from there crossed into Sierra Leone. They met with the RUF interim field commander Issa Hassan Sesay, and stayed in his house for three days, which was called 'Small Lebanon'. On this trip they also met with RUF commanders Maurice Kallon, Gibril Massaquoi, Eddie Kannah, Mamou Rogers and Dennis 'Superman' Mingo (now deceased).^{139/ee} During this time Ossaily called Nassour in Antwerp to update him on what was happening.¹³⁷ Ossaily gave Sesay a satellite phone so that he could stay in contact with Nassour. Ossaily also gave the RUF a list of names they



Hotel Boulevard, Monrovia, Liberia, where Bah and Ossaily stayed

^{cc} Global Witness has not been able to confirm whether Nassour, Ossaily or Darwish were conscious of the true identities of the al Qaeda men during their dealings with them. However Ossaily and Darwish have both positively identified the men since November 2001.

^{dd} They flew to Abidjan on Sabena flight number 689 and then onto Monrovia.

^{ee} Those indicted: 1. Foday Sankoh: head of RUF. 2. Johnny Paul Koroma – former head of the Armed Forces Revolutionary Council ARFC. 3. Sam Bockarie – former associate of Johnny Paul Koroma. 4. Issa Hassan Sesay – former Interim Head of the RUF. 5. Alex Tamba Brima – former leader of AFRC. 6. Morris Kallon – former leader of AFRC. 7. Sam Hinga Norman.

were to use on the satellite phones to avoid arousing suspicion of the authorities monitoring their conversations. Ossaily was to be known as Sierra Oscar, Nassour as Alpha Zulu and Bah (known to many in the RUF as Abraham Bah) as Alpha Bravo.^{137/139/148} Nassour has also admitted to Global Witness that he left approximately six satellite phones for various RUF commanders and was paying significant sums for their phone bills.¹⁴⁸

During the trip, Ossaily took digital photographs of the mining areas for Nassour to view in Antwerp to ensure that the mining areas were in control of the RUF.^{137/139} Global Witness has seen these photographs, which were labelled 'sammy.kono' on Ossaily's computer.¹⁴⁰ Several of the pictures clearly show diamond-mining areas and mining activity. One also shows Ossaily seated in a chair with an AK-47, which, according to Darwish, he was given by the RUF for his own protection whilst in Kono. The pictures were later seized in Antwerp during the Belgian police investigation into Ossaily's diamond trading activities.¹⁴⁰

Hanging on the telephone

ASA Diam phone records show that from January 2001 to May 2001, a considerable number of telephone calls were made to Liberia and to RUF members in Sierra Leone. From January to June people from ASA Diam's office spent a total of 31 hours calling Liberia. The majority of these calls were to the Hotel Boulevard.

In January 2001, Ibrahim Bah was called a total of nine times totalling over an hour.

Issa Hassan Sesay was called a known total of 17 times, totalling nearly two hours.

Calls were also made to Belgium, Burkina Faso, Côte d'Ivoire, Croatia, France, Gabon, Gambia, Guinea, Lebanon, Senegal, Sierra Leone, Togo, UK and the USA.

After May 2001, phone records show that Afghanistan, Pakistan, Iran and Iraq were called from ASA Diam's office. Global Witness have not seen these records but the calls have been confirmed by Belgian and UN investigators.

	762657196	1/02/01	7:33:43	LIBERIA	231 226888		0h 0m 30s	0,88	USD
	762657196	1/02/01	7:34:24	LIBERIA	231 226888		0h 0m 30s	0,88	USD
	762657196	1/02/01	7:35:02	LIBERIA	231 226888		0h 12m 18s	22,12	USD
	762657196	1/02/01	7:47:39	LIBERIA	231 226888		0h 1m 6s	1,96	USD
	762657196	1/02/01	7:49:00	LIBERIA	231 226888		0h 19m 36s	35,26	USD
	762657196	1/02/01	8:08:55	LIBERIA	231 226888		0h 1m 6s	1,96	USD
	762657196	1/02/01	8:10:16	LIBERIA	231 226888		0h 19m 36s	35,26	USD
	762657196	1/02/01	8:30:11	LIBERIA	231 226888		0h 1m 54s	3,40	USD
	762657196	1/02/01	8:32:20	LIBERIA	231 226888		0h 1m 24s	2,50	USD
0	762657196	1/02/01	8:34:04	LIBERIA	231 226888		0h 1m 6s	1,96	USD
1	762657196	1/02/01	8:35:25	LIBERIA	231 226888		0h 19m 36s	35,26	USD
2	762657196	1/02/01	8:55:20	LIBERIA	231 226888		0h 1m 54s	3,40	USD
3	762657196	1/02/01	8:57:29	LIBERIA	231 226888		0h 1m 24s	2,50	USD
4	762657196	1/02/01	8:59:13	LIBERIA	231 226888		0h 1m 54s	3,40	USD
5	762657196	1/02/01	9:01:22	LIBERIA	231 226888		0h 1m 24s	2,50	USD
6	762657196	1/02/01	9:03:06	LIBERIA	231 226888		0h 0m 30s	0,88	USD
7	762657196	1/02/01	9:03:44	LIBERIA	231 226888		0h 24m 18s	43,72	USD
8	762657196	1/02/01	21:18:14	LIBERIA	231 226888		0h 19m 24s	34,90	USD
9	762657196	1/02/01	21:37:54	LIBERIA	231 226888		0h 0m 30s	0,88	USD
0	762657196	1/02/01	21:38:38	LIBERIA	231 226888		0h 6m 48s	12,22	USD
1	762657196	1/02/01	21:45:43	LIBERIA	231 226888		0h 0m 30s	0,88	USD
2	762657196	1/02/01	21:46:27	LIBERIA	231 226888		0h 6m 48s	12,22	USD
3	762657196	1/02/01	21:53:32	LIBERIA	231 226888		0h 7m 18s	13,12	USD
4	762657196	1/02/01	22:01:05	LIBERIA	231 226888		0h 0m 30s	0,88	USD
5	762657196	1/02/01	22:01:49	LIBERIA	231 226888		0h 6m 48s	12,22	USD
6	762657196	1/02/01	22:08:54	LIBERIA	231 226888		0h 0m 30s	0,88	USD
7	762657196	1/02/01	22:09:30	LIBERIA	231 226888		0h 3m 48s	6,82	USD
8	762657196	1/02/01	22:13:33	LIBERIA	231 226888		0h 7m 18s	13,12	USD
9	762657196	1/02/01	22:21:06	LIBERIA	231 226888		0h 0m 30s	0,88	USD
0	762657196	1/02/01	22:21:42	LIBERIA	231 226888		0h 3m 48s	6,82	USD
1	762657196	1/02/01	22:25:45	LIBERIA	231 226888		0h 0m 30s	0,88	USD
2	762657196	1/02/01	22:26:21	LIBERIA	231 226888		0h 3m 48s	6,82	USD
3	762657196	5/02/01	8:01:24	LIBERIA	231 226888		0h 0m 30s	0,88	USD
4	762657196	5/02/01	8:02:22	LIBERIA	231 226888		0h 0m 30s	0,88	USD
5	762657196	5/02/01	8:03:04	LIBERIA	231 226888		0h 9m 42s	17,44	USD
6	762657196	5/02/01	8:41:06	LIBERIA	231 226888		0h 0m 48s	1,42	USD
7	762657196	5/02/01	8:42:12	LIBERIA	231 226888		0h 4m 18s	7,72	USD

Asa Diam phone record for February 2001 (partial copy), showing extensive calls to Hotel Boulevard, Liberia.

Darwish has confirmed to Global Witness that Ossaily began to buy as many diamonds from the RUF as possible and also offered to supply a large array of weapons to the RUF.^{139/ff} The trading relationship was not without problems. On one occasion, Sesay showed Ossaily a high quality 34-carat diamond. Ossaily asked whether he could pay for the diamond at a later date. A few days later, Sesay provided Ossaily with a parcel containing 2,000 carats of diamonds.^{139/gg} However their cash courier, Ly Samba, was delayed in coming from Antwerp and Sesay kept the two men hostage until his arrival in Liberia with the payment. They were only allowed to depart after agreeing to leave US\$50,000 as a partial-payment for the diamonds they were taking.¹³⁹

Ghailani and Mohammed, the al Qaeda operatives, remained in Kono for a further three weeks before returning to Monrovia. Darwish has described in detail to Global Witness the journey that Ossaily and he took back to Foya and Liberia.^{hh} When they returned to Monrovia, they met with Samba who handed US\$300,000 in cash to Ossaily. Samba immediately returned to Antwerp with the diamonds, and after a few days Darwish and Ossaily briefly returned to Antwerp in early January for a week.¹³⁹

Ossaily returned to Liberia later in January 2001 with his Belgian girlfriend, Nora Vlasselearts and US\$200,000 in cash. They stayed in the Boulevard Hotel, where he set up a diamond office in room 306.^{137/ii}

A farewell to arms?

After the establishment of the diamond deal, Nassour turned his attention to procuring the requested weapons for President Taylor and the RUF.

During December 2000 and January 2001 Nassour and Ossaily, having established that they could ensure a supply of rough diamonds, turned their attention to procuring weapons for President Taylor and the RUF. This was part of the diamond deal. Detailed below is a complicated and ultimately unsuccessful attempt to source weapons from Latin America. It is included as an

^{ff} Darwish has also confirmed this to the former US Ambassador to Sierra Leone, Joe Melrose.

^{gg} According to Dawish, Bah arranged a charter flight for Samba on the Liberian air service Weswau Air, as airport closures were slowing down the delivery of cash for the deal¹³⁹.

^{hh} After trekking for several days through the bush they were picked up by the Liberian ATU helicopter and taken to the house of the Director of the Special Security Service (SSS), Benjamin Yeaten, in Monrovia on 1 January 2001.

ⁱⁱ During the first week of this trip, Darwish rang Nassour in Antwerp to complain about Ossaily, who was spending too much money and drinking heavily.

illustration of methodologies employed in later, and more successful, arms deliveries.

Documents obtained by Global Witness and evidence contained in a report by the General Secretariat of the Organisation of American States (OAS) shows one route used by Nassour and Ossaily for supplying arms to Liberia.¹⁴¹ It should be noted that Nassour claims the deal detailed below collapsed.¹⁴⁸ Ossaily was later charged with arms dealing by the Belgian authorities, and a Côte d'Ivoirian EUC relating to the deal was found at his home in Belgium¹⁴⁰.

In late 2000, Nassour had contacted an old Israeli friend of his from the DRC, Shimon Yelenik, who was an arms dealer based in Panama. Yelenik was the former head of security for the Zairian dictator Mobutu Sese Seko.¹⁴² In turn, Yelenik contacted a colleague of his, Ori Zoller, the owner of a private Guatemalan arms dealership, Grupo de Representaciones Internacionales (GIR SA). Zoller, also an Israeli citizen, was a representative of a company called Israeli Military Industries (IMI), and a former member of the Israeli military special forces and intelligence.¹⁴¹ Documents and emails show how the complicated arms shipments were to be arranged:



Emails between Yelenik and Zoller regarding arms deal to Liberia