(01/26/1998)

# FEDERAL BUREAU OF INVESTIGATION

**Precedence:** ROUTINE　　　　**Date:** 06/14/1999

**To:** National Security　　Attn: SSA [redacted]
Attn: SSA [redacted]
Attn: SSA [redacted]
Attn: IOS [redacted]

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Baltimore
Cleveland　　Attn: SA [redacted]
SA [redacted]
Dallas　　Attn: SA [redacted]
Det [redacted]
Detroit　　Attn: SA [redacted]
Indianapolis　　Attn: SA [redacted]
Jacksonville　　Attn: SA [redacted]
Kansas City　　Attn: SA [redacted]
SA [redacted]
SA [redacted]
Los Angeles　　Attn: SA [redacted]
Memphis　　Attn: SA [redacted]
Newark　　Attn: SA [redacted]
New Orleans　　Attn: SA [redacted]
New York　　Attn: SA [redacted]
Milwaukee　　Attn: SA [redacted]
SA [redacted]
St.Louis　　Attn: SA [redacted]
Washington Field　　Attn: SA [redacted]
SA [redacted]
SA [redacted]

**From:** Chicago
CT-1
Contact: SA [redacted]

**Approved By:** [redacted]

**Drafted By:** [redacted]:rgw

**Case ID #:** 265C-CG-101942 (Pending) -794

**Title:** VULGAR BETRAYAL
AOT-IT HAMAS　(MATERIAL SUPPORT/EXTORTION/INTERNATIONAL
OO:CG　MONEY LAUNDERING/RICO/CONSPIRACY)

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**GRAND JURY MATERIAL - DISSEMINATE PURSUANT TO RULE 6(e)**

[redacted]

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265C-CG-101942-794

To: National Security From: Chicago
Re: 06/14/1999

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[redacted] (S)

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Enclosed for Milwaukee are two FD-302's regarding [redacted] FD-302 regarding the receipt of records from [redacted] copy of forthwith subpoena & copies of [redacted] provided to Milwaukee in the past); FD-302 of [redacted] FD-302 regarding the interview of [redacted] a copy of [redacted] which may aid Milwaukee in its criminal investigation of [redacted] and a copy of [redacted]

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[redacted] (S)

1 a. "Identify, prevent, and defeat intelligence operations conducted by any foreign power within the United States, or against certain interests abroad, that constitute a threat to U.S. national security.

b. Prevent, disrupt, and defeat terrorist operations before they occur."

2. Favor the interest of a national HAMAS strategy by the FBI over any single field office's individual preference for investigative strategy.

3. Have a terrorism nexus to the criminal activity being pursued.

4. Respect the territorial integrity of individual field offices.

5. Protect the lives and welfare of assets and other intelligence sources.

1a. IDENTIFYING THE THREAT TO U.S. NATIONAL SECURITY

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To: National Security From: Chicago
Re: 06/14/1999

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In December 1993, Chicago discovered HAMAS subjects were conducting significant criminal activity. This activity included bank fraud, income tax evasion & welfare fraud. The policy of the Chicago office as well as many offices at the time was not to interview the subjects of intelligence investigations, and accordingly, this did not allow the pursuit of prevention by criminal prosecution and civil forfeiture.

In 1995, it became clear that no FBI field office was conducting a nationwide criminal investigation of the USA HAMAS RICO Enterprise (Enterprise). Each division was conducting local intelligence investigations, however, the results of these investigations were not being utilized in a nationwide effort to fully identify and nutralize the USA based Enterprise.

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The Enterprise consists of individuals/co-conspirators [redacted] not include the organizations [redacted] The organizations are merely tools used by the Enterprise to aid in terrorism related activity. [redacted] Furthermore, any monies given to the organizations by the Enterprise can be criminally seized by the U.S. Government, including substitute assets.

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[redacted] (S)

b1 [redacted] (S)

b1 [redacted] (S)

b7C In January 1996, SSA [redacted] advised that a criminal case (265A) against the Enterprise or a co-conspirator of the Enterprise could only be opened with sufficient source information linking the Enterprise or co-conspirator to specific criminal activity and again linked to terrorist activity.

In March 1996, FBIHQ provided a copy of [redacted] Agents attempted to interview 60 known associates [redacted] One interviewee mentioned the name of [redacted] During an interview with [redacted] allegations were made that two religious non-profit organizations gave [redacted] over $3 million dollars for investment purposes and that they ultimately defrauded [redacted] of $750,000. The organizations were the QLI (Chicago) and the North American Islamic Trust (NAIT) (Indianapolis). The Indianapolis Division deferred the investigation of NAIT to Chicago due to the size and scope of the intended criminal investigation of the Enterprise by Chicago.

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In July 1996, AUSA Mark Flessner authorized the use of the Federal Grand Jury to investigate the allegations of [redacted]

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In September 1996, a source familiar with NAIT provided detailed information about [redacted] The source identified [redacted] The names were checked in the FBI's Automated Case Support

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network. 50% of the members were identified as intelligence subjects. In addition, one of the members identified [redacted] had applied for a Special Agent position with the FBI.

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[redacted] was identified [redacted] subpoenaed. [redacted] co-conspirators and organizations were identified & subpoenaed. To date, approximately [redacted] have been subpoenaed.

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[redacted] (S)

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[redacted] (S)



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To: National Security From: Chicago
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PART A. SOURCE OF FUNDS TO ESTABLISH A BASE IN THE USA

From 1988 through 1994, 17 individuals and 9 organizations [redacted] wire transferred over $10 million dollars into the bank accounts of four individual college students in the USA. The four were [redacted] These four are directly responsible for the USA Enterprise and together they laundered the $10 million through various bank accounts throughout the USA. Ultimately the money was either laundered directly to the Middle East for terrorism purposes, or laundered to various locations throughout the U.S. to finance the creation of organizations which would aid the Enterprise in its mission.

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PART B. ORGANIZATIONS ESTABLISHED IN THE USA BY THE ENTERPRISE

In the beginning, the Enterprise used previously established non-profit Muslim student organizations to launder funds of the Enterprise. The Muslim student organizations initially utilized by the enterprise to criminally launder funds were [redacted] Although there are hundreds of these organizations located on campuses throughout the U.S., the Enterprise used both [redacted]

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The Enterprise utilized the $10 million in overseas funds to establish the following organizations in the USA, most of which are still in existence today:

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[redacted]

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Many of these organizations, such as [redacted] [redacted] have incorporated satellite offices in other states. [redacted] have been run by [redacted] Additionally, since 1992, many of the above organizations have transferred to other cities and sometimes change the name of the organization while retaining the same board of directors.

PART C: THE ENTERPRISE'S METHOD OF OPERATION

In order to sustain the rapid growth the Enterprise has enjoyed in the USA for the past decade, the proceeds of illegal activities have been increasingly used not only to finance international terrorism, but also to purchase property, homes, businesses, stocks and other investments in the USA. In addition, the proceeds have been used to finance the education and living expenses of co-conspirators of the Enterprise while living in the USA.

The Enterprise has grown in membership and has amassed a financial fortune at an alarming rate during the past ten years. The Enterprise has achieved these successes by using the immigration laws of the USA. Co-conspirators of the Enterprise enter the USA as visitors or students and later apply for citizenship, this, for the purpose of taking advantage of the greater protection afforded citizens of America.

As a naturalized U.S. citizen, the co-conspirator can better aid the enterprise in conducting illegal activities, the intent of which is to violate and disrupt U.S. policies and interests, within the USA and overseas. Should the co-conspirator be investigated or arrested he will claim his rights as a U.S. citizen and seek to prevent USA authorities from investigating him or demand that the U.S. Government assist in obtaining his release from custody in another country.

The leaders of the Enterprise appear to understand the weaknesses of the United States Government. For years the Enterprise has realized that U.S. government agencies do not share information with one another nor conduct joint



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investigations. However, in the Spring of 1996, a Chicago INS agent and two FBI agents from the Chicago Joint Terrorism Task Force (J.T.T.F) attempted to interview known associates of [redacted] a naturalized U.S. citizen. Some of the interviewees boasted that they had been in
b7C the USA illegally for years and the U.S. government could not do anything to them. Most of the interviewees, legal as well as illegal aliens, admitted they had never paid federal income taxes while in the USA. The Chicago leaders of the Enterprise became upset when they learned the INS and FBI were working together to investigate co-conspirators of the Enterprise. They also became extremely upset when they discovered the investigators were inquiring about income taxes and donations to non-profit organizations.

When inquiries of this type or any type are initiated by any government agency into the Enterprise or one of its co-conspirators, the Enterprise immediately attempts to quash the inquiry by means of intimidation. For example, during the Spring 1996, joint INS and FBI interviews, the Enterprise attempted to protect itself, as it always has, by claiming the joint INS and FBI interviews were in violation of the interviewees civil rights. The Enterprise further claimed the agents actions were motivated because of the interviewees religious and political beliefs.

In the summer of 1996, leaders of the Chicago Enterprise traveled to Washington D.C. to complain in person to the White House and to the FBI Director. When the leaders of the Enterprise realized their trip to Washington failed to stop the joint INS and FBI investigation, the Enterprise leaders threatened to file a civil law suit against the three agents for violating the civil rights of the interviewees. Attorneys for the Enterprise informed the Chicago Enterprise leaders the agents were acting within the scope of their employment. There was no violation of the interviewees' civil rights since they were being questioned regarding their known association with a convicted terrorist.

Additionally, the Enterprise uses occasions such as the interviews of community members, arrest of illegal aliens and the seizure of terrorist funds to gather the support of innocent members of the community who have nothing to do with the Enterprise. The Enterprise issues printed material which is intended to scare innocent members of the community into believing they may be the next innocent target of the U.S. Government. The Enterprise also establishes a new organization to collect monies from the innocent members of the community to fight the U.S. Government.

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PART D: CRIMINAL ABUSE OF UNITED STATES LAWS

In the very beginning, the Enterprise [redacted]

**THE FOLLOWING PARAGRAPH CONTAINS TAX INFORMATION (In bold print) WHICH MAY NOT BE DISCLOSED TO ANYONE NOT LISTED ON THE TAX DISCLOSURE LIST IN CHICAGO**

[redacted]

On June 9, 1998, over $1 million in terrorist related funds was seized from the Quranic Literacy Institute (QLI), one of the organizations used by the Enterprise to launder criminal funds. The QLI is located in a two and a half story residential

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[redacted] Publicity following the civil seizure prompted [redacted] to contacted the FBI and advise that the QLI had another $1 million [redacted] b7D

[redacted]

**THE FOLLOWING PARAGRAPH CONTAINS TAX INFORMATION (In bold print) WHICH MAY NOT BE DISCLOSED TO ANYONE NOT LISTED ON THE TAX DISCLOSURE LIST IN CHICAGO**

[redacted]

PART E: <u>USE OF CO-CONSPIRATORS TO DELIVER TERRORIST FUNDS TO O.T.</u>

Overseas funds, profits and donations given to the above U.S. organizations have been transferred to HAMAS leaders in the O.T. for terrorism purposes [redacted] and many others.

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b1 [redacted] (S)

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b1 [redacted] (S)

b7C [redacted]

b1 [redacted] (S)

[redacted] confirm that the Enterprise has continued to operate successfully in the USA. More importantly, the material support activities [redacted] are directly linked to Enterprise activity that occurred in 1992 and 1993 by [redacted] The criminal acts of [redacted] on behalf of the Enterprise established the two criminal acts needed within the past five years to pursue RICO Conspiracy charges against the Enterprise.

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b1 [redacted] (S)



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PART F: CONTACT WITH HAMAS MEMBERS IN THE OCCUPIED TERRITORIES

The Enterprise has been communicating with HAMAS members in the O.T. [redacted]

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PART G: [redacted] CONDUCTED IN THE USA

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[redacted]

PART H: UTILIZATION OF OVERSEAS ACCOUNTS TO LAUNDER FUNDS

The Enterprise has utilized at least [redacted] bank accounts to transfer funds to the O.T. The financial institutions, account holders and account numbers have been identified & located in [redacted]

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The U.S. Attorney's Office in the Northern District of Illinois has issued letters rogatory to those countries with which the USA has established treaties. The remaining countries are to be contacted by Legats who have received leads from Chicago. The letters rogatory & leads were forwarded to each country in April & May 1999.

1b. PREVENT AND DISRUPT THE HAMAS RICO ENTERPRISE

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[redacted] (S)

On June 9, 1998, the Chicago J.T.T.F., consisting of the INS, Chicago Police Department, U.S. Secret Service, U.S. Customs Service, U.S. State Department, CIA and the FBI seized approximately $1.5 million in cash and assets from the Enterprise through a civil seizure action. This seizure was the first seizure of terrorist related funds and assets by the U.S. Government. Since the seizure, the Enterprise has hired a lobbyist, contacted numerous national and local politicians, denounced the seizure on C-Span, and met with top ranking officials of the Department of Justice in an attempt to protect the Enterprise from future criminal and civil actions by the FBI and the United States Attorney's Office.

On 5/12/99, U.S. Magistrate Wayne R. Anderson issued an opinion that the U.S. Government's affidavit in support of the seizure has "...established a reasonable basis for the government's belief that the funds are forfeitable because they were transferred in violation of Section 1956(a)(2)(A)." The next status hearing is set for July 6, 1999. In order for [redacted] to proceed, he must now answer the interrogatories which question

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his participation in the Enterprise and ask him to disclose the source of the $1.4 million. By law, the burden of proof now falls upo[redacted] to prove the funds seized were not terrorist related funds.

During July 1999, Chicago plans to arrest [redacted] a U.S.-based HAMAS Terrorist [redacted] will be taken before the Federal Grand Jury in Chicago. [redacted]

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[redacted] Following [redacted] ppearance before the grand jury, several other subjects will be interviewed and subpoenaed before the federal grand jury.

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[redacted]

2. **FAVOR THE INTEREST OF A NATIONAL HAMAS STRATEGY OVER ANY SINGLE FIELD OFFICE**

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[redacted] (S)



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b1 [redacted] (S)

b1 [redacted] (S)

b1 [redacted] (S)

b1 [redacted] (S)

On April 26, 1999, Deputy Assistant Attorney General Mark Richard advised that the Attorney General would ultimately have to decide who, when and where any prosecutions against the Enterprise would occur. Chicago is confident several co-conspirators will be indicted and convicted in jurisdictions outside of Chicago.

**3. ESTABLISH A TERRORISM NEXUS**

b1 [redacted] (S)

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b1 [redacted] (S)

Further, the accumulation of all local criminal activities (i.e. tax evasion, tax fraud, foodstamp fraud, bank fraud....) being committed by Enterprise co-conspirators weakens the nation's economic system, interferes with free competition, seriously burdens interstate and foreign commerce, threatens domestic security, and undermines the general welfare of the USA and its citizens.

b1 [redacted] (S)

4. <u>RESPECT THE TERRITORIAL INTEGRITY OF INDIVIDUAL FIELD OFFICES</u>

b1 [redacted] (S)

b1 [redacted] (S)



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To: National Security From: Chicago
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b1 [redacted] (S)

b1 [redacted] (S)

5. <u>PROTECT LIVES & WELFARE OF ASSETS & OTHER INTELLIGENCE SOURCES</u>

b1 [redacted] (S)

Chicago considers the Milwaukee leads in the EC dated 5/16/99, covered.

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**LEAD (s):**

**Set Lead 1:** (Adm)

ALL RECEIVING OFFICES

b1 [redacted] (S)

**Set Lead 2:**

DALLAS

AT DALLAS

b3 Please advise Chicago of [redacted]
b7D [redacted] in the possession of the Dallas Division.

**Set Lead 3:**

MILWAUKEE

AT MILWAUKEE

Please forward to Chicago the FD-302's concerning the
b7C interviews of the [redacted] (Milwaukee), [redacted]
b7D (Minneapolis) and [redacted]

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