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TERRORISTS GET MILLIONS FROM AMERICA

SOME GIVE MONEY AND CHEER THE CARNAGE. OTHERS ARE ONLY UNWITTING BACKERS. AND ILLINOIS IS A MAJOR HUB; PAGES 8-9A

Chicago may be key hub for charities funneling cash

AP

e terrorist group's flags at an anti-Israeli rally in Gaza last summer.

BY DAVE NEWBART
AND CHRIS FUSCO
STAFF REPORTERS

In the Chicago area, the FBI says, a used-car dealer financed travel and training for new members of Hamas, a terrorist group in the Middle East.

In North Carolina, a cigarette smuggling ring allegedly generated funds for Hezbollah, another anti-Israeli terrorist group.

And in Texas, the largest Muslim-American charity in the United States received $200,000 from a man who is now known to be Hamas' political leader, financial records show.

Potentially millions of dollars are being collected in the United States to bankroll terrorist activities, says a leading congressional source who tracks terrorist activity in the Middle East for the U.S. House of Representatives.

Hamas alone, the source says, generates between 20 percent and 30 percent of its estimated $30 million budget in the United States and Great Britain.

The U.S. State Department contends that Osama bin Laden, the main suspect in the Sept. 11 attacks in Washington and New York, "illicitly siphons funds from donations to Muslim charitable organizations."

Unwitting supporters

Tracing the money is virtually impossible because it often is funneled through charitable groups and travels a complicated money trail that includes legitimate humanitarian causes.

"The problem is trying to separate the good stuff from the terrorism," the congressional source said.

Even the most bloodthirsty terrorists, he said, use sizable amounts of their funding for worthy causes, such as education, health care and food. Many American contributors who aid their causes, he added, do so unwittingly.

Unless officials have undeniable proof of terrorist funding, they risk defaming the reputations of charities and insulting Muslims who see it as their religious duty to donate.

Three Muslim charity groups that operate in the Chicago area are crying foul about reported investigations by federal authorities into their dealings. They are among dozens of charities nationwide under the microscope in the wake of the attacks on America.

"As there is a backlash against Arabs and Muslims because of ignorance, misconceptions . . . also at the same time we have the same thing with law enforcement and the media," said Ashraf Nubani, an attorney for the Global Relief Foundation in Bridgeview, which has been accused of being linked to terrorism.

"It's unfortunate that organizations like Global Relief Fund have to be maligned in the media and the public," he said, adding that no federal authorities have contacted him.

President Bush, however, hinted last week that charities would be a focus of the government's terrorism war when he announced that three groups were on a list of organizations of which the United States plans to freeze assets.

"Just to show you how insidious these terrorists are, they oftentimes use nice-sounding nongovernmental organizations as fronts for their activities," Bush said.

Although Bush's focus is on finding groups that support bin Laden, the State Department since the early 1990s has identified at least 30 terrorist groups worldwide. While the government has singled out Hamas as having the most extensive fund-raising network here, it also has been trying to track a separatist wing of the Irish Republican Army, called the Real IRA, and the Kahane Chai, a Jewish extremist group. Both raise money in the United States, the State Department said.

Chicago to Hamas

The Chicago area has been on the government's radar screen for some time, mostly because of a highly publicized case in which federal authorities say a man raised hundreds of thousands of dollars for Hamas.

Since the early 1990s, several state officials contend, Illinois has been at the center of a terrorism-financing network, with the focus on Hamas.

Muhammad Salah of suburban Chicago was arrested in Israel in 1993 and confessed to working as a Hamas military operative. From 1991 to 1992 alone, he funneled more than $100,000 to Hamas military activities in the Middle East, the FBI says.

Salah, who now contends his confession was coerced, was sentenced to five years in an Israeli prison and served all but two months. A U.S. citizen, he returned to this country and, despite a long criminal investigation, has not been charged with any crimes here. Until 1996, Salah's lawyers argued, it was not illegal under U.S. law to channel funds to Hamas.

Before his arrest, Salah told au-

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AP PHOTOS

Records show that Hamas political wing leader Mousa Abu Marzook in 1992 made a one-time cash grant of $210,000 to a charitable group known as Holy Land, which has a Palos Hills site. Marzook, who was deported in '97, was listed as a "specially designated terrorist" by the Treasury Department in '95.

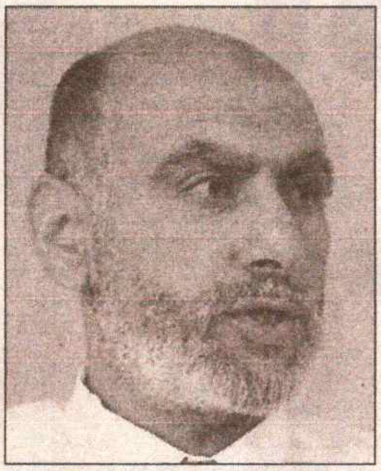
thorities he worked as a computer analyst for the Quranic Literacy Institute in Oak Lawn, according to a court affidavit by FBI Special Agent Robert Wright. The affidavit was submitted as part of a pending civil assets seizure case against Salah and the institute, which authorities allege was involved in a Hamas fund-raising scheme. The FBI has frozen $1.4 million in assets.

The institute is a nonprofit research group devoted to the translation and publication of sacred Islamic texts and scholarly research, said one of its attorneys, John Beal. Beal categorically denies all of the allegations against his client.

Salah admitted to Israeli interrogators that he knew of 31 institutions collecting funds for the Islamic world and that Chicago was one of the hubs, according to court transcripts from an extradition hearing of another Hamas member.

"Since there is a large Islamic community in Chicago, they collected an enormous amount of money," Salah is quoted as saying in the transcripts.

Illinois lawmakers viewed that statement as a call for action. In 1996, Gov. Jim Edgar signed a bill that would imprison anyone for up to 15 years who knowingly provides material support or resources to terrorist organizations. The move was largely symbolic because the federal government had passed similar restrictions in 1992.



Muhammad Salah
Funneled more than $100,000

One Texas-based group that also has an office in southwest suburban Palos Hills, the Holy Land Foundation for Relief and Development, apparently has received donations from a political leader of Hamas. The group, which had a $13 million budget in 1998, is the largest Muslim-American charity in the United States.

In a tax return filed by Holy Land in 1994, the organization lists a $210,000 "one-time cash" grant in 1992 from Mousa Abu Marzook. Marzook is the leader of the political wing of Hamas and lived in the United States off and on until he was deported to Jordan in 1997. He now lives in Syria.

Marzook was listed as a "specially designated terrorist" by the U.S. Treasury Department in 1995.

Sued in man's death

Attorneys for Holy Land declined to comment on the tax return, but the group is listed along with the Quranic Literacy Institute and three Chicago groups in a suit filed by Joyce and Stanley Boim that charges the groups supported Hamas.

The suit, which seeks $300 million in damages, alleges that Hamas used those funds to train and arm the terrorists who shot their 17-year-old son David in Jerusalem five years ago.

In a statement issued Thursday by the Holy Land Foundation, the group said it had been unfairly subjected to "numerous vicious and unfounded allegations."

"The foundation has never provided funds, services or any other form of support to Hamas or any other group that advocates, sponsors or endorses terrorism," the statement said.

Foundation officials have never been notified that the charity was the subject of a criminal investigation.

The group contends that its sole purpose is to distribute food, clothing, medical supplies, prosthetic devices and educational materials to impoverished residents in the West Bank and Gaza, Jordan, Lebanon, Bosnia, Albania, Kosovo and Turkey.

"The Boim family suffered a terrible tragedy, that is true," said Mark MacDougall, the group's Washington, D.C., attorney. "The allegation that the Holy Land Fund Foundation supports terrorist groups is not true."

The national picture

Around the country, the government has taken other action but has not had much success in linking money to terrorist activities.

An Internet services business had two of its bank accounts frozen because it had received a $250,000 investment in 1993 from Marzook's wife, the Dallas Morning News reported last week.

In July 2000, 18 men were arrested in North Carolina on suspicion they were selling cigarettes and other goods illegally to raise money for Hezbollah, a militant Lebanese group.

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The $283,000 seized by the Bureau of Alcohol, Tobacco and Firearms included "bank and brokerage accounts of agents acting on behalf of the terrorist organization Hezbollah," a U.S. Treasury Department report states.

Four of the 18 men were charged with violating a federal anti-terrorism law that forbids providing support to a terrorist organization. One of the four is in jail, two are believed to be in Canada, and the fourth is believed to be in Lebanon. The case is set for trial in April.

Including that money, the Treasury Department has blocked or seized $301,000 from terrorist groups, including $17,746 from the Palestinian Islamic Jihad and $200 from Kahane Chai.

Fact or exaggeration?

Even work that has been discounted in the past as exaggerated has received renewed attention.

Steven Emerson, who heads the Investigative Project, a Washington, D.C., counterterrorism group, has sounded the alarm on fundraising in the United States for years. He has testified before Congress on the issue, but he also has been a lightning rod for critics who contend he is unfairly targeting Muslims.

His credibility has grown as of late, and he met with members of Congress all last week, including Friday, to discuss how funds can be tracked in the United States.

Based on the forms that charities file with the Internal Revenue Service, he said he thinks groups here send up to $25 million a year to terrorists. But he acknowledges he includes all of a group's funds in that total, even if some or most of the money goes to legitimate humanitarian purposes.

"I don't believe you can compartmentalize these groups into a good wing and bad wing," he said.

Tracking the funds is not easy because much of the activity remains "below the surface," he said. But he said he thinks the U.S. government in the past was not as committed to fighting the problem.

"I can assure you the government has changed its mind about nongovernmental organizations and what they are doing in the name of Islam," he said.

Still, most experts do not think bin Laden had or even needed an extensive fund-raising network in the United States. He is said to be worth $300 million, and officials said they think the attacks cost only about $200,000.

"I imagine some money for legitimate relief purposes gets steered to him, but I don't think we have a great problem with money coming out of the U.S. to support bin Laden," said Michael Gunter, an author on terrorism and a professor at Tennessee Technological University.

Contributing: *Tim Novak, Abdon M. Pallasch and Steve Warmbir*

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