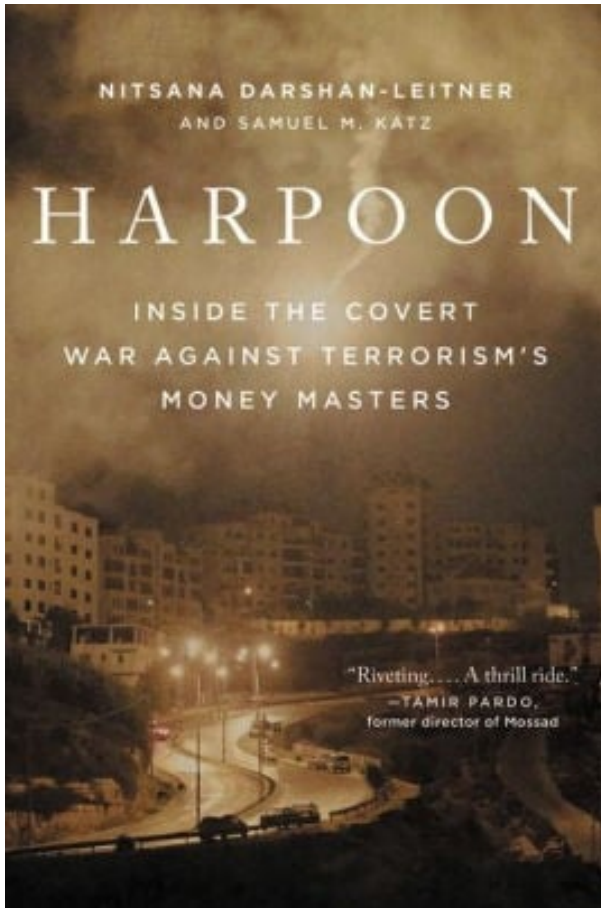


# Follow the Money:

## *A Discussion of Harpoon: Inside the Covert War Against Terrorism's Money Masters*

By Jerry Gordon (January 2018)



*Harpoon: Inside the Covert War against Terrorism's Money Masters*

Nitsana Darshan-Leitner and Samuel M. Katz

**H**arpoon: *Inside the Covert War against Terrorism's Money Masters* delves into an important phase of Israel's war against Islamic terrorism and the oxygen that feeds it, money.

Money came from Zakat, Muslim charities fulfilling one of the purposes, following in the way of Allah, jihad. Money was used to pay for weapons, salaries of terrorist leaders, suicide *shahids* (martyrs) and stipends for their families. Money in huge amounts came from transnational drug deal profits and money laundering. Money that ran into the hundreds of millions of dollars, Euros and dinars annually resulted in terrorist actions killing and wounding thousands of victims, Israeli and American. The book is about the exploits of a unit of Mossad, Harpoon, and US government financial intelligence partner agencies at the CIA and Treasury. They endeavor to stop the flow of money through covert means, sting operations, and physical destruction. What was novel was the introduction of legal actions under US anti-terrorism laws, to ultimately obtain justice and compensation for victims.



Meir Dagan, "The King of Shadows"

At the center of this heretofore not well known effort was the late head of Israel's Mossad, Meir Dagan, a veteran military commander and spymaster who founded the task force, "Harpoon." A name chosen at random by computer that Dagan whimsically thought had an appropriate cachet. It reflected his objective of following the money trail of terrorism seeking to stop and

destroy its networks and the banks that lent and, in many instances, laundering the money used for committing Islamic terrorism. The terrorist groups in question who were the beneficiaries of global terror financing threw a wide net involved the Fatah al Aqsa Brigade, the PLO, Palestinian Authority, Hamas, Hezbollah and the Iranian Revolutionary Guards, Iranian external intelligence service MOIS and Quds Force.

The Harpoon network in Israel included Shin Bet, the domestic security agency, A'man, Israeli military intelligence, T'zahal (IDF), the national police, the attorney general, and Israeli tax authority. It was charged with responsibility of acquiring the financial intelligence, documenting the paper trails and devising strategy and tactics to stop the money flows and terrorism.

On March 16, 2017, "the King of Shadows," Meir Dagan succumbed to liver cancer. At the time of his passing, he was the renowned former spymaster of Israel's Institute for Intelligence and Special Operations, better known by its Hebrew acronym, Mossad. Appointed as Director of Mossad in 2002 by the late Prime Minister Ariel Sharon, he served nine years as head of Mossad—cutting a wide swath of controversy.

Controversies surrounded his creation of cutting-edge tradecraft in the spy business that reflected his protection of the Jewish nation he served. It was furtherance of his family's holocaust experience.

At his funeral, the current Mossad director, Yossi Cohen, noted in his eulogy, "He taught us to take chances and to take responsibility."

## The Defining Green Lantern Project and 40 Million Shekel Heist of Arab Bank

The defining exploit for Harpoon was the Green Lantern Project. It was triggered by the January 29, 2004 Bus 19 bombing in Jerusalem by member of the al Aqsa Martyrs Brigade, Ali Yusef Ja'ara. 11 were killed and 50 were wounded. On February 22, 2014, another Al Aqasa Martyrs Brigade bombing occurred; this time 8 were killed 60 wounded.

Dagan and one of his Harpoon U2 deputies, Uri L, went to Israeli AG Menachem Mazuz who approved a seizure operation in Ramallah by the Binyamin Territorial Brigade February, 25, 2004. Targets were the Central Bank of the Palestinian Authority, Cairo Amman Bank and a main branch of the Arab Bank. The Brigade seized 390 accounts identified by intelligence used for transfers to Hamas, Fatah and PIJ. Additional raids were conducted in Jenin and Tulkarm. 40 million shekels were confiscated. "It was an armed robbery," said a bank manager.

A Border Guard special ops commander said: "The raid was a discovery of enormous reward. It was like discovering a new element or oil. It opened up possibilities to expand our efforts to stop the money."

A U.S. State Department spokesperson said, ". . . that Israeli action threatened to destroy the Palestinian banking system. We prefer that Israel work with the legal Palestinian authorities to stop the flow of money to terror groups."

US Ambassador Danny Kurtzer was debriefed and told by

Brigadier General Arditi and Uri that Hezbollah was injecting funds into PIJ and Hamas via smuggling funds, drugs and weapons from Lebanon and recruiting Israeli Arab couriers during Hajj pilgrimages and through funds in the Arab Bank from Hezbollah, Hamas, PIJ and Saddam Hussein. Kurtzer was still angry even though Arditi and Uri could prove all of the funds seized were related to terror. PA Finance Minister Salaam Fayyad left them no choice. Ahmed Qureia said 'it's like the Mafia, a kind of Mafia War.' Saeb Erekat said, "This is destructive to the Palestinian economy and people are really worried." Palestinian security had confirmed that Iranian money had paid for the last two suicide bus bombings in Jerusalem.

Dagan and his U2s felt they had the goods. They violated Mossad protocol and gave a series of briefings in the EU and US trying to enlist support to stop the flow of funds but were rebuked with the explanation it would destroy the Palestinian banking system and economy without the remittances and transfers from abroad.

Six years later, in 2010, the audacity of the Operation Green Lantern was exonerated in a US Supreme Court ruling, "Holder v Humanitarian Law Project in 2010." The court determined that any services including wire transfers on behalf of terrorist groups would make banks and financial institutions liable for criminal and civil penalties.

Problem was Mossad and Harpoon had all this intelligence yet there was no basis to file legal actions in Israel. Dagan was prone to say, "intelligence that isn't used is useless."



## The Arab Bank US Litigation

The lending institution at the center of Palestinian terror financing was the Arab Bank headquartered in Amman, Jordan, with branches throughout the West Bank, the Middle East and even in New York with net assets of over \$35 billion. US litigation was first brought under the 1992 Anti-Terrorism Act (ATA) by an Israel NGO the Shurat HaDin (Israel Law Center) headed by one of the co-authors, Nitsana Darshan Leitner and a battery of supporting US counsel. She had filed cases against Syria, Iran, and North Korea—all who supported Palestinian terror attacks killing Israeli civilians. The ATA established long arm extraterritoriality for bringing cases before US Federal Courts on behalf of American victims, their estates, heirs and survivors of terrorist acts committed abroad. Under Section 2331 of the ATA, damage compensation to victims would be based on triple the awards and coverage of fees and expenses for bringing such actions. The companion 1986 US Foreign Sovereign Immunities Act (FISA), extended the broad reach to several identified rogue countries, including Iran, Algeria, Libya, Syria, and North Korea that harbored or supported terrorist groups.

Leitner received a call in 2004 from the Harpoon U2s to hold a meeting to discuss some of the litigation that she had brought under the US ATA and FISA. That was the defining moment, as one Harpoon team member said, "A ruling in a U.S. courtroom could be more lethal than a squadron of Israel air fierce F-16 fighter bombers."

One of the U2s noted:

We had known about Nitsana and we wanted to speak with someone who understood terrorism and the Law. And of all the attorneys out there who did this sort of thing, we felt comfortable working with someone imaginative whose long-term philosophy was similar to ours.

Nitsana, her husband Aviel, and Mordechai Heller founded the Israel Law Center Shurat Ha Din, modeled on the Southern Poverty Law Center of Montgomery, Alabama.

The U2s were Harpoon liaison to Shurat HaDin, conveying some of the Green Lantern intelligence. However, Leitner noted "Harpoon never directed us."

July 2004, New York attorney Gary Osen, representing 297 plaintiffs, filed an action against Arab Bank in the Eastern District Federal Court in Brooklyn, "Linde v Arab Bank." In 2005, the US Treasury fined Arab Bank \$24 million that New York Branch failed to adequately guard against risks of money laundering and terror financing.

Ten years later in September 2014, a decision was handed down

in the Arab Bank case in the Eastern District Federal Court in Brooklyn that found it liable for supporting Palestinian terrorism. Gary Osen counsel said: "Terrorist organizations are dependent on the financial system to operate. They've been able to thrive largely because folks like the Arab bank and others have turned a blind eye."

In 2015, counsel for the Arab Bank and counsel for the plaintiffs entered into settlement discussions that was placed under review by the Second Circuit Court of Appeals in May 2017. A resolution is expected shortly.

Then more news came in another matter pending before the New York Federal Courts. February 23, 2015, the PLO and Palestinian Authority were found guilty for supporting, and financing terrorists attacks killing 33 people wounding 500 including US citizens over period from 2001 to 2004 by Fatah Al Aqsa Brigade, Hamas and Palestinian Islamic Jihad. A 20-person jury found the plaintiffs guilty on all 24 counts of terrorism. Damages assessed were \$218.5 million to be awarded to ten US families and trebled under the 1992 ATT to \$655.5 million. Nitsana Darshan Leitner commented, "Now the PLO and PA know here is a price for supporting terrorism."

## The Lebanese Canadian Bank Litigation in US Courts

Now it was the turn of the Lebanese Canadian Bank, subsidiary of the Royal Bank of Canada Middle East operations. It had 35 branches in Lebanon, Headquarters in Montreal and assets of \$5 billion.

To start compiling evidence on money laundering for Hezbollah, Harpoon utilized "Gauss" malware developed from the joint



Mossad US NSA Stuxnet and FLAME projects. It had the capability to target Lebanese banks infecting over 2,500 computers. Gauss collected information on accounts, withdrawals and transfers.

Enter a mole, Munir Z, a Lebanese Christian at the LCB, a high ranking auditor in LCB in Beirut in charge of fraud detection. He uncovered a paper trail linking charities to front groups, one of whom was the Islamic Resistance Support Organization (IRSO) that solicited donations from the world Shia community. Munir Z's information exposed LCB as the main conduit for funds from illegal drug dealing and criminal enterprise in US, EU, South America and West Africa, dispensing funds to Hezbollah commanders and Palestinian terror groups. Munir was subsequently discovered, tortured and murdered. Mossad extracted his family to Israel.

Based on the Harpoon intelligence US Treasury's Undersecretary for Terrorism and Financial Intelligence, Stuart Levey, added IRSO after the Second Lebanon war in August 2006 to the Treasury Office of Foreign Asset Control blacklist.

LCB was the main target in 2007 and 2008 of US Treasury Harpoon discussions. There was a battle with the US State Department and Pentagon versus CIA, DEA and Treasury about attacking LCB. State and DoD wanted to maintain stability of Lebanon and transfer of weapons to Lebanese Armed Forces. Because of the impasse, Dagan reached out to the lawyers at Shurat HaDin (SHD).

In 2009, SHD was contacted by the Harpoon U2's about a case against LCB in the US. The correspondent bank was American Express Bank, a subsidiary of American Express. SHD filed cases against LCB, North Korea and Iran, both had supplied

rockets and missiles used during 2006 Lebanon War. SHD gathered information from American and Israeli victims hit by rockets and missiles. There were two groups of clients. American victims covered under the ATA, while Israeli citizens—Druze, Christians, Bedouin and Jews—were filed in New York State courts asserting common law claims under Israel law for wrongful death, intentional emotional distress, and assault and battery. The connection was LCB's correspondent banks in New York. LCB was also accused of providing financial services to the Hezbollah Yousser Exchange Company used to purchase rockets and missiles, pay troops and make payments to martyrs' families.

Subsequently, the action filed in New York State court was then moved by LCB and American Express Bank to the New York US Southern District, in re: "Lici v AMEX Bank." Harpoon's U2's "Shai" provided an affidavit on the wire transfer of several million in funds over the period 2004 to 2006, proving that AMEX Bank knew it was on behalf of Hezbollah.

The New York Southern District Court decided in favor of LCB and AMEXBank. The matter was appealed to the New York Federal Second Circuit Court. On November 20, 2012, the Second Circuit Court of Appeals ruled in favor of the plaintiffs that maintenance and use of a correspondent banking arrangement in New York was sufficient to confer jurisdiction and that the long arm statute enabled the right to reach LCB in Lebanon.

The demise of the LCB began in 2007 and 2008 in the joint Harpoon US Drug Enforcement Agency (DEA) Operation Pegasus investigation of Hezbollah transnational drug profiteering.

The DEA effort had two objectives—indict and convict those guilty of crimes and dismantle and crush LCB's ability to

launder proceeds of Hezbollah drug smuggling operations.

That began with DEA Operation Titan in 2006-2007, a joint US Colombian project targeting cocaine and money laundering.

Lebanese Chekry Harb, a drug kingpin known as "El Taliban," was involved in laundering hundreds of millions of dollars through shell companies and banks from Panama to Hong Kong. Harb's 12 percent commission went back to South Beirut as profits to finance Hezbollah.

October 3, 2008: Harb and two Hezbollah operatives were arrested. DEA and Colombian authorities raided locations and arrested 130 people, over \$23 million in cash was seized.

These episodes spotlighted the South American West African drug connection that Harpoon and DEA discovered.

Ayman Joumaa, a US Department of Justice designated Significant Foreign Narcotics Trafficker, connected Hezbollah with Mexican drug cartels, Los Zetas and Sinaloa. He was alleged to have laundered \$200 million in narcotics proceeds per month. Profits channeled through Beirut exchange Houses Hassan Ayash and Ellissa. Money sent from LCB was to buy used cars in US shipped to West Africa for resale. A portion of the laundered drug profits were shared with Iranian intelligence, and Revolutionary Guards in Tehran.

February 10, 2011: US Department of Treasury Financial Crimes Enforcement Network identified LCB as a money laundering institution. LCB could no longer send money to US banks.

November 23, 2011: Ayman Joumaa was indicted in the Eastern District Virginia Federal Court on conspiracy to distribute narcotics and launder money with Mexican and Colombian cartels. He has yet to be brought to justice, allegedly well protected in Lebanon.

December 2011: Two years after SHD helped to sue LCB, Preet Bahara, US Attorney for Manhattan South Federal District, unsealed \$483 million forfeiture action against LCB under the International Economic Powers Act. LCB ceased operations in 2012 and its assets were purchased by Societe Generale de Banque au Liban that settled a penalty payment of \$102 million. The Hassan Ayash Exchange Company forfeited \$720,000.

## Conclusion

One of the late Meir Dagan's enduring legacies from his illustrious but controversial nine-year term as Director of Mossad is Harpoon. Its US counterparts are the CIA Financial Intelligence Operations unit (FINO) and the Treasury *Terrorist Finance Tracking Program* (TFTP). The TFTP seeks to identify terrorist groups and funding transactions under a confidential agreement with the Society for Worldwide Interbank Financial Data Communications (SWIFT). Then there is the burgeoning US case law under the 1992 ATA that Nitsana Darshan Leitner and colleagues at Shurat HaDin in Israel and US co-counsel have helped establish. That will enable other worthy counsel to convict and bring to justice financial institutions funding and laundering proceeds from criminal activities of terrorist perpetrators and potentially compensating victims. As Dagan said, "follow the money."

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