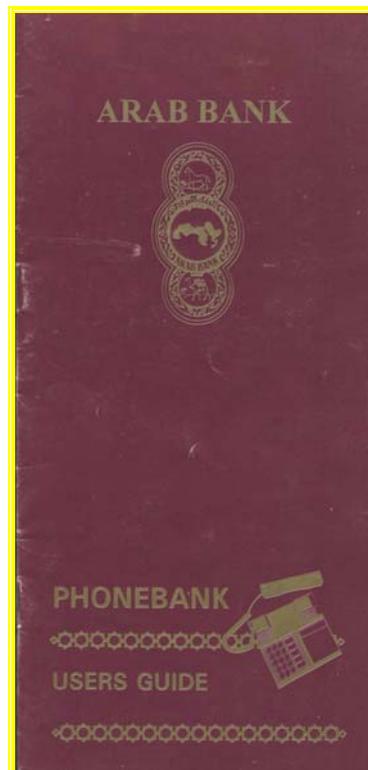




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Palestinian Terrorist Organizations Use The Arab Bank to Channel Money into Terrorism



Introduction

■ **The Arab Bank** is a private banking institution with head offices in Jordan. It is one of the largest banks in the Arab world and has many branches in the Palestinian Authority (PA)- administered territories. It is the **preferred channel of many Palestinian terrorist organizations**, particularly **Hamas** and the **Palestinian Islamic Jihad, for the transfer of money from external sources into the PA-administered territories.**

■ Documents captured by the Israeli army clearly illustrate the **bank's important role as a the Palestinian terrorist organization conduit for the transfer of funds to the infrastructure supporting their activities** (payments to the families of terrorists who die while perpetrating attacks, and to terrorists who are wounded, imprisoned or wanted by the Israeli police).

■ In addition, funds move through the bank to finance their **military activities** and **civilian infrastructure** (*da'wah*). It is reasonable to assume that members of the bank's directorate, and certainly officials of the Palestinian Authority and its security services, are aware of the services the bank provides to the terrorist organizations; despite that, they have never taken effective steps to stop them.

Background

■ The **Arab Bank** is one of the largest financial institutions in the Arab world. It has 190 branches in 28 countries and operates in every Arab country (including 87 branches in Jordan, 15 in the PA-administered territories, 12 in Lebanon, 11 in Morocco, 9 in Yemen, 8 in Oman, 8 in the United Arab Emirates, 7 in Egypt, 5 in Bahrain, 4 in Qatar and 3 in Algeria). They also have branches in the United States, the United Kingdom, Europe, Asia and Australia. The head office is located in **Jordan**, where it is considered the **largest and most important institution** of its kind. In the past, its annual turnover was estimated at \$26 billion. Founded in 1930 in Jerusalem by '**Abd al-Hamid Shuman**, a Palestinian immigrant from the United States, it expanded to the Arab countries and abroad, and now focuses on serving the Arab population.

■ The **Arab Bank** is a private institution controlled by the **Shuman family**, which holds 40% of the stock. According to its financial report of December 31, 2001, its assets are \$21.5 billion and debits are \$19.5 billion, primarily in deposit accounts. It employs 6,000 workers, a large percentage of whom are **Jordanian**, including the **Board of Directors**. During the first half of 2001 it earned \$208 million, compared with \$184 million during the same period of the previous year, on which it paid \$41 million in taxes.

How the Palestinian terrorist organizations use the bank's "good services"

■ On February 25, 2004, the Israeli security forces seized **Arab Bank** funds in an operation designed to confiscate money on deposit for terrorist organizations in banks in the PA-administered territories. The branches were chosen on the basis of intelligence information supported by captured documents. The information **showed that Hamas and the Palestinian Islamic Jihad had a clear preference for both depositing their money and moving through the Arab Bank.** (The names of the organizations whose funds were confiscated can be found in **Appendix F.**)

■ The **Arab Bank** is the Palestinian **terrorist organizations' favorite bank** because it has **many branches** throughout the PA-administered territories and elsewhere and is therefore more **convenient** than any other bank. It can be assumed that various bank officials are aware that the deposits originate with terrorist organizations and are used for **terrorist activities** or for the **infrastructure supporting them** (See below), but choose to turn a blind eye.

■ Palestinian terrorist organizations, particularly **Hamas** and the **Palestinian Islamic Jihad**, exploit the situation to the fullest and every year transfer **millions of dollars** from external sources to the PA-administered territories through the **Arab Bank**. The money is spent on running the organizations and aiding the civilian infrastructure supporting terrorist activities, i.e., payments to the families of terrorists who die while perpetrating attacks against Israel, and to terrorists who are wounded, imprisoned or wanted by the Israeli police, and **paying the costs involved in perpetrating terrorist acts themselves.** Payments are made directly by bank transfer from abroad to the accounts of the families of Hamas activists through the **Arab Bank** (For examples see the

documents in **Appendix E**). In addition, the bank is used to transfer funds which support the activities of the various “charitable societies” belonging to the radical Islamic terrorist organizations (the **Palestinian Islamic Jihad** and **Hamas**), most of which Israel has declared illegal (See **Appendix F**).

■ Following is summary of information about the Palestinian terrorist organizations which **use the services of the Arab Bank**:

✿ **Hamas**

➤ **The Hamas leadership (which is based in Syria)** routinely transfers money to the PA-administered territories through branches of the **Arab Bank**. The money is paid to the families of those killed, wounded, imprisoned and wanted by the Israeli authorities, and to fund **terrorist activities**. Some of the terrorist operatives are also involved in Hamas’s civilian activities, for instance, **Jamal Tawil**, who founded the Al-Islah Charitable Society Association in Ramallah.¹

➤ Many of the “charitable societies” openly identified with Hamas (such as the Al-Islah Charitable Society Association) have **Arab Bank** accounts. The accounts are in the societies’ names and their identification with Hamas is, it is assumed, well-known to **Arab Bank** officials and employees, if only because in the past, both Israel and the Palestinian Authority worked against them; Israel continues to do so at present.

¹ **Jamal Tawil** was involved in the suicide bombing attack at the Ben Yehuda mall in Jerusalem in December 2001, in which 11 Israelis were killed and 170 wounded. Under interrogation he stated that he decided to open a branch of the Al-Islah society in Ramallah to provide a legal cover for Hamas activities there.

✿ **The Palestinian Islamic Jihad leadership**

➤ The Palestinian Islamic Jihad leadership is based in Damascus and also transfers funds to Palestinian terrorists in the PA-administered territories through the **Arab Bank**. The money is used for its terrorist activities and given to the families of Palestinian Islamic Jihad members killed, wounded, imprisoned or wanted by Israeli authorities. According to documents captured, Palestinian Islamic Jihad activists in the PA-administered territories **were required to open accounts only at branches of the Arab Bank, because that was the bank the organization most often used.**

➤ Captured documents, including those belonging to the Elehssan “charitable society” in Tulkarm, **illustrate the central – if not exclusive – role played by the bank in the transfer of money to the families of *shaheeds* (martyrs for the sake of Allah) and to fund the civilian infrastructure supporting terrorist activities of the Palestinian Islamic Jihad (payments to the families of wounded, imprisoned and wanted Palestinian Islamic Jihad members)** (See Appendices B and C).

✿ **Fatah/Al-Aqsa Martyrs’ Brigades**

➤ Since Operation Defensive Shield (April 2002), Fatah has received ever-increasingly large amounts of **money from Iran**. The funds are transferred from **Iran through Lebanon** and into the accounts of senior Fatah operators in the PA-administered territories (such as Nasser ‘Uweis before his arrest). **In these**

instances as well, the accounts had to be opened only at the Arab Bank.

● **The Popular Front for the Liberation of Palestine – General Command (Ahmad Jibril) and other organizations**

➤ The PFLP – GC and other factions of the popular front, also use the Arab Bank to receive money from their headquarters outside the PA-administered territories.

Awareness of the Arab Bank's officials and employees of the services provided to the Palestinian terrorist organizations

■ It can be assumed that officials at the Arab Bank are aware of the nature of the transactions involving the Palestinian terrorist organizations because they have been carried out continuously for many years. Even if, hypothetically, the bank's officials do not actively collaborate with Hamas and the Palestinian Islamic Jihad, they certainly have to be aware at least of the existence of the accounts and of the fact that they belong to these organizations (regarded in the United States and Europe as terrorist organizations). That is because most of the accounts of the societies are in their own names (and their identification with the terrorist organizations is common knowledge) and because of the overt actions taken against those Arab Bank accounts in the past by Israel and the Palestinian Authority.

■ In addition, in the past Hamas openly revealed the use it made of the Arab Bank by soliciting donations and posting account numbers on its Internet site; the bank's officials and employees can be assumed to have been

aware of the posting. Moreover, in December 2001 and August 2003, the Palestinian Authority froze the **Arab Bank** accounts of “charitable societies” identified with terrorist organizations and the officials and employees can be assumed to have been **aware of that as well**.

The Arab Bank’s connections with the Palestinian Authority and its security services and the Authority’s awareness of the services the Bank provides to the Palestinian terrorist organizations

■ The **Arab Bank** has close connections with the Palestinian Authority and its security services.² The bank is important, in Palestinian Authority eyes, primarily because of the lack of a Palestinian currency, **which forces the Authority conduct its business in a currency over which it does not have full control**. That problem is exacerbated by two structural problems of the Palestinian economy:

- ☀ **The weakness of the Palestinian Monetary Authority**, whose function can be summed up as partial inspection of the banking system in the PA-administered territories with no real tools for enforcing laws.

- ☀ **The broad use made by Palestinian householders and the private sector in general of Israeli shekels**. The historical connections between the Palestinian and Israeli economies led to a situation in which the prices of goods sold in the Palestinian Authority

² According to captured documents, the Palestinian security service has accounts at the **Arab Bank** and its heads are in close communication with the bank’s officials.

are in marked shekels and most salaries are paid in the Israeli currency as well.

- Despite the strong protests of senior officials in the Palestinian Authority in the wake of the confiscation of funds from the **Arab Bank** in Ramallah, **there can be no doubt that the Palestinian Authority and its security services are well aware of the assistance provided by the bank to the Palestinian terrorist organizations.**

- In the past, that was expressed when the Authority even **took temporary steps against them**, although they were ineffective and short-lived. In addition, captured documents reveal that in the past (before the outbreak of the current ongoing violent confrontation which began in September 2000) **the various Palestinian Authority services (Preventive Security and General Intelligence) identified the Arab Bank as the main conduit for transferring funds from abroad (including Syria) to the terrorist organizations and operatives, and also monitored the flow of money through the Arab Bank to the families of Hamas and Palestinian Islamic Jihad members who were killed, wounded, imprisoned or wanted by Israel (See Appendices A and E).**

Lebanon, the center for the transfer of funds to the PA-administered territories

- Lebanon is the center through which massive amounts of funds pass on their way to the **Arab Bank** in the PA-administered territories. Terrorist organization headquarters in Damascus frequently use Lebanon as a relay station. The reasons would appear to be a mixture of **politics and convenience**: Damascus does not want to incriminate itself by leaving a paper

trail to its door; Lebanon has a well-developed banking system; there are problems and difficulties in transferring money through Jordan (especially after 1999).

■ **During the past few years millions of dollars have probably passed through Lebanon** to Hamas and Palestinian Islamic Jihad activists in the PA-administered territories.

Transferring funds to the PA-administered territories through the Arab Bank from charity funds in the Western world connected to Hamas

14. In May 1997 Israel designated four funds as illegal: the **Holy Land Foundation (HLF)** in the United States, the **Interpal** fund in Great Britain, the **Al-Aqsa Foundation** in Germany and the **CBSP** (Committee for Palestinian Charity and Aid) in France. Nevertheless, the funds have continued transferring money through the **Arab Bank** to bodies identified with Palestinian terrorist organizations in the PA-administered territories.

Note: The Appendices of this document will appear in the near future.