



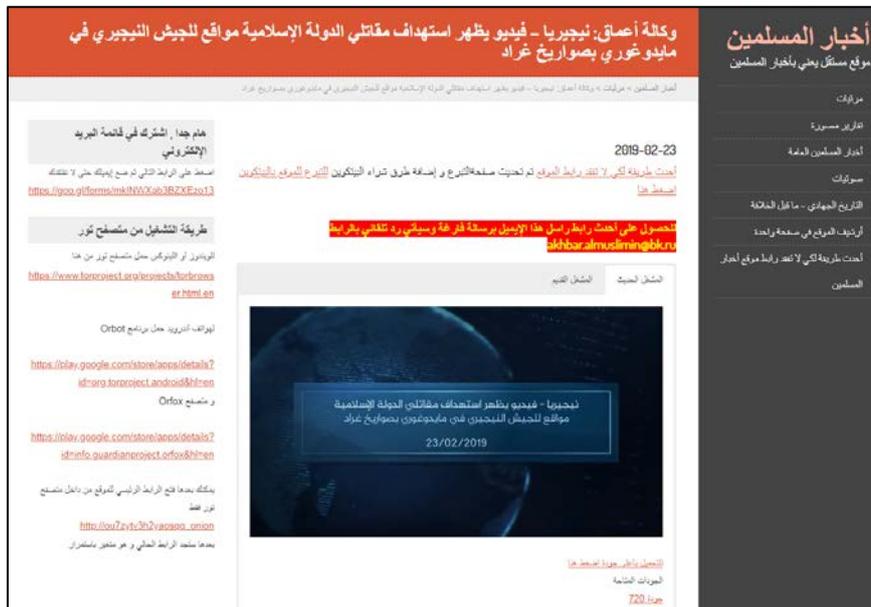
## Funding Terrorism: ISIS raises funds through an affiliated website, using bitcoins

March 7, 2019

### Overview

ISIS continues to solicit money to fund its activities by means of a campaign on an affiliated website. On March 6, 2019, the ISIS-affiliated website Akhbar al-Muslimin (a mirror website apparently used because the original site was closed) issued an appeal for donations to what was referred to as "the activities of the website." **Donors were again asked to use bitcoins, and the website gave the address of a virtual wallet for depositing donations.** The site referred potential donors to **a virtual currency money trading company called LocalBitcoins, located in Helsinki, Finland.**

- ▶ Apparently because of the frequent closing of the Akhbar al-Muslimin website, the first window contains instructions for finding the site's most updated links. The surfer sends an empty email to the address given and it is automatically answered with an updated link to the site (the link is akhbar.muslimin@bk.ru).



**The web page with an explanation about donating bitcoins (Akhbar.almuslimin, March 6, 2019; the page is dated February 23, 2019).**

- ▶ Once the site has been accessed, almost every page contains a request for a donation for "the activities of the website." Clicking on "Click here for bitcoin donations" leads to the

address of a virtual wallet for depositing the funds. **The link sends potential donors to the site of LocalBitcoins, a company in Helsinki, Finland, that trades virtual currencies.**



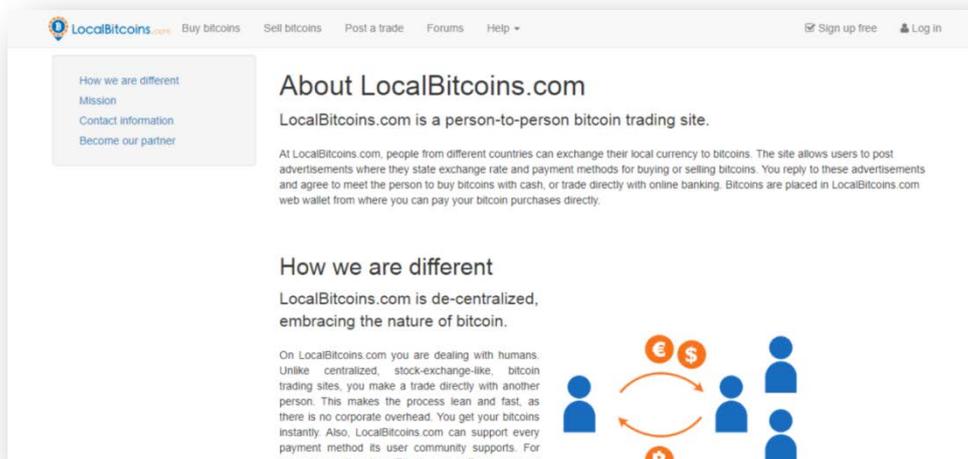
**Link to the site for donors.**

**The above is another aspect of the ongoing campaign for soliciting virtual funds carried out by ISIS's website Akhbar al-Muslimin.<sup>1</sup>** Despite the fact that the site claims the funds are used for its "activities," it is reasonable to assume that they are also used to fund ISIS's other activities, including those linked to terrorism.

► The anonymity provided by trading in bitcoins, its availability and the possibility of carrying out global transfers without exposure enable ISIS (and other terrorist organizations) to continue raising funds without established bank regulation of the donors or recipients. Thus ISIS can circumvent the sanctions imposed on it when it was outlawed by many countries, and avoid the international regulations against money laundering.

<sup>1</sup> For further information, see the February 12, 2019 bulletin, "Drive for donations using Bitcoin on an ISIS-affiliated website;" and the December 6, 2017 bulletin, "Drive for Bitcoin donations on an ISIS-affiliated website."

## LocalBitcoins.com



### The "About Us" LocalBitcoins page

► LocalBitcoins is a virtual money trading company founded as a startup in June 2012 and is located in Helsinki, Finland. It is managed by two brothers, Jeremias Kangas, and his younger brother Nikolaus Kangas, who is the company CEO. The company also has 15 employees. According to the website, what makes LocalBitcoins unique is that you "deal with humans," not a website. The company supports a wide range of world payment methods (LocalBitcoins.com).



### The Twitter account of the company CEO.

► According to company directors, as of September 2017 LocalBitcoins had 350,000 active customers around the globe and facilitated trades of about \$72 million a week. Many of the customers are unknown to the directors, and providing identification is voluntary. Nikolaus Kangas said about 70% of active clients provide ID details; the rest give only a username and

email address<sup>2</sup> (Reuters, September 29, 2017). According to its website, LocalBitcoins says people from different countries can exchange their local currency to bitcoins in a few minutes (LocalBitcoins.com).

► In 2014 the German Federal Financial Supervisory stated that "Bitcoins are neither currency or legal tender nor e-money in the meaning of the German Payment Services Supervision Act."<sup>3</sup> In 2015 Americans were convicted of breaking banking laws after they traded with the company. In September 2016 access to the site was blocked in Russia. In January 2019 hackers stole \$28,200 from LocalBitcoins users (Wikipedia).

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<sup>2</sup> Former U.S. federal prosecutor **Kathryn Haun** said LocalBitcoins' policy of not requiring its users to provide identification can cause problems for law enforcement. She was quoted as saying that "It becomes really difficult to track the identities of those people, absent physical surveillance" (Reuters, September 29, 2017).

<sup>3</sup><https://bitcoinmagazine.com/articles/regulation-bitcoins-germany-first-comprehensive-statement-bitcoins-german-federal-financial-supervisory-authority-bafin-1391637959/>