



## 9/11: A 20-YEAR RETROSPECTIVE OF THE CENTRAL BACKSTORY

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As we commemorate the 20th anniversary of the terrorist attacks of September 11th 2001, it is an opportune time to reflect on one of the most horrific days in US history and to assess where we are today regarding the ongoing threat of terrorism.

Almost 3,000 people were killed in the attacks, and many first responders who worked at the crash sites subsequently lost their lives to illnesses caused by the toxins to which they were exposed. How could such devastating attacks take place on US soil? As a nation, the US was complacent. The threat of terrorism was of little concern to the American homeland at the time. With a false sense of national security, the US government considered counter-terrorism a low priority. Consequently, there was:

- a lack of dedicated government resources
- a lack of adequate human intelligence
- minimal and inconsistent terrorist financing investigations
- ineffective sanctions

These shortcomings were exacerbated by a lack of information sharing between US law enforcement and intelligence agencies. From a financial intelligence perspective, there was a need for more robust Bank Secrecy Act (BSA) regulations and reporting to support law enforcement investigations.

What we underestimated was that Islamist jihadists, such as Osama bin Laden and Khalid Sheikh Mohammed (KSM), harboured deep-rooted hatred towards the US. Few realised they had the

determination, dedication and means to plan and execute an attack on US soil. Due to complacency and a belief the homeland was beyond the reach of Islamist terrorists, the US demonstrated little resolve to defend against such an action.

### The Central Backstory

The central backstory regarding 9/11 is financing. Generally, backstories do not garner a great deal of visibility. When the backstory centres on finance, it tends to be even less visible. That said, without money, the 9/11 terrorist attacks would not have happened. Tragically, the terrorists responsible for planning and executing 9/11 had ample funds to support their operation. Conversely, after the attacks, “following the money” quickly led investigators back to al-Qaeda as the funding source and responsible terrorist organisation for the attacks.

**WITHOUT MONEY, THE 9/11 TERRORIST ATTACKS WOULD NOT HAVE HAPPENED. TRAGICALLY, THE TERRORISTS RESPONSIBLE FOR PLANNING AND EXECUTING 9/11 HAD AMPLE FUNDS TO SUPPORT THEIR OPERATION.**

Prior to 9/11, terrorist financing was not an investigative or intelligence priority. Following 9/11, that changed drastically. As stated in the first paragraph of the 2004 *Monograph on Terrorist Financing* prepared by the National Commission on Terrorist Attacks Upon the United States (hereafter, the 9/11 Commission)<sup>1</sup>,

*After the September 11 attacks, the highest-level U.S. government officials publicly declared that the fight against al Qaeda financing was as critical as the fight against al Qaeda itself. It has been presented as one of the keys to success in the fight against terrorism: if we choke off the terrorists' money, we limit their ability to conduct mass casualty attacks. In reality, completely choking off the money to al Qaeda and affiliated terrorist groups has been essentially*



*impossible. At the same time, tracking al Qaeda financing has proven a very effective way to locate terrorist operatives and supporters and to disrupt terrorist plots.*

### The Origin and Planning

The actual plan for the 9/11 terrorist attacks was conceived at a meeting between bin Laden, al-Qaeda's leader, Mohammad Atef, al-Qaeda's military chief and top advisor to bin Laden, and KSM. The meeting took place in Kandahar, Afghanistan in either March or April 1999. The 9/11 attack occurred about two years and nine months later. Two facts are critically and equally important. First, the preparation for 9/11 was meticulous and went undetected for the better part of three years. Second, the necessary financing to support the preparation and execution of the attacks was readily available and accessible.

The seed for the aspiration for the 9/11 plot was planted in KSM's mind with the first World Trade Center bombing in February 1993. Bin Laden's hate and aspiration to kill Americans was articulated in two *fatwas* he issued in 1996 and 1998, respectively. A *fatwa* is a formal ruling or interpretation of Islamic law. The first *fatwa* called for Muslims to kill US soldiers. The second called to kill Americans.

Prior to the 1999 meeting where the 9/11 plot was approved, KSM met with bin Laden and Atef in 1996 in Tora Bora, Afghanistan. KSM proposed an operation to crash planes into buildings in the US. The proposal was to hijack ten planes in the US and crash them into targets on both the East and West Coasts. Bin Laden considered the plot to be too grandiose and turned it down which briefly led KSM to doubt bin Laden's conviction to attack the US. However, KSM changed his mind and realised bin Laden was serious about attacking the US following the al-Qaeda bombings of two US embassies in East Africa in 1998.

**TWO FACTS ARE CRITICALLY AND EQUALLY IMPORTANT: FIRST, THE PREPARATION FOR 9/11 WAS METICULOUS AND WENT UNDETECTED FOR THE BETTER PART OF THREE YEARS. SECOND, THE NECESSARY FINANCING TO SUPPORT THE PREPARATION AND EXECUTION OF THE ATTACKS WAS READILY AVAILABLE AND ACCESSIBLE.**

**DURING THE PLANNING AND PREPARATION PHASE OF THE PLANES OPERATION, AL-QAEDA'S FINANCIAL INFRASTRUCTURE WAS ROBUST, SAFE AND SECURE. FUNDS WERE RAISED THROUGH MANY SOURCES, INCLUDING WEALTHY DONORS.**

At the Kandahar meeting in early 1999, bin Laden approved KSM's plan to hijack large commercial planes and use them as missiles to attack targets in the US. At this point, planning for the 9/11 plot, referred to as the "planes operation", began in earnest. Bin Laden, Atef and KSM then held a series of meetings to develop the plot. This included potential target selection. As preparation progressed, the plan was modified a few times to address emerging challenges. This demonstrated the commitment and adaptability of those involved in the planes operation.

The attack on the US Cole in Yemen, in 2000, further demonstrated bin Laden's resolve to target the US. A little known fact is that most of al-Qaeda's leadership was opposed to attacking the US because of concerns about retribution. Thus, once bin Laden approved the planes operation plan, the conspiracy was highly compartmentalised. Other than the actual participants, few members of al-Qaeda knew about the plan until the attack occurred.

### The Funding and Execution

Terrorist financing, from an organisational perspective, requires the group to raise, move, store and spend money to cover expenses in order to sustain their organisations and operations. During the planning and preparation phase of the planes operation, al-Qaeda's financial infrastructure was robust, safe and secure. Funds were raised through many sources, including wealthy donors. The cost for 9/11 was between USD400,000 and USD500,000. Approximately USD328,000 passed through financial institutions. Bin Laden provided most of the funding for the 9/11 plot to KSM, who then provided the money directly to the hijackers or indirectly through three facilitators. The actual source of the funds is unknown. What is known is that bin Laden provided funds to KSM and KSM distributed the money from there.



The core participants in the 9/11 plot fall into three general roles: the leaders, the facilitators and the 19 hijackers. To execute the plan, bin Laden, Atef and KSM (the leaders) began selecting the facilitators and hijackers in spring 1999. Two hijackers were sent to the US in January 2000 for pilot training but they had trouble acclimating to western culture. In spring 2000, four better-prepared hijackers were dispatched to the US to be pilots. They spent the coming year in flight training and surveilling cross-country flights. By the spring and summer of 2001, the remaining hijackers entered the US. The pilots continued flight training and surveillance activity, while all hijackers, including the two sent in January 2000, participated in training in gyms and final preparation. The lead hijacker was responsible for ultimate target selection.

The money that flowed from KSM to the facilitators and on to the hijackers was sent in smaller increments to avoid detection. Money for the 9/11 plot flowed through mechanisms that included: bulk cash, travellers cheques, banks, money services businesses (MSBs), wire transfers, correspondent banks, debit cards and credit cards. Each of the 19 hijackers opened bank accounts in the US to deposit and withdraw money to support them in furtherance of the plot. Foreign bank accounts were also used, as well as MSBs and foreign exchanges. Approximately 20 wire transfers were sent between the facilitators and the hijackers, which included unused funds the hijackers wired back to facilitators.

### The Response

What became immediately apparent to the world after the attacks was that the US was not immune from a terrorist attack to the homeland. Any sense of complacency or immunity from terrorism dissipated immediately. To fuse the existing systemic failures exposed by the terrorist attacks, the US government launched an urgent and massive response to 9/11 which included:

- a military response
- an intelligence and investigative response
- a regulatory and sanctions response
- a diplomatic response
- the development of sustainable public-public and public-private partnerships

### MONEY FOR THE 9/11 PLOT FLOWED THROUGH MECHANISMS THAT INCLUDED: BULK CASH, TRAVELLERS CHEQUES, BANKS, MSBS, WIRE TRANSFERS, CORRESPONDENT BANKS, DEBIT CARDS AND CREDIT CARDS.

Further, the international community, including the United Nations (UN), rallied to support the US and broadly took measures to criminalise terrorism and terrorist financing.

Notable countermeasures were established in the aftermath of 9/11 on many levels. They have been built upon and enhanced in the years since, with the objective to minimise the risk of future 9/11-like attacks. In addition to the formation of the 9/11 Commission, in October 2001, the US Congress passed the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT)

Act, strengthening legal provisions to deal with the threat of terrorism. The financial provisions of the USA PATRIOT Act greatly enhanced BSA requirements. The Financial Action Task Force (FATF) held a special plenary session on terrorist financing in Washington, DC in October 2001, where they implemented the Special Recommendations on Terrorist Financing. In October

2002, the FATF issued typologies and guidance regarding terrorist financing. Since that time, the FATF has continued to provide periodic guidance regarding terrorist financing.

The 9/11 Commission report was the most authoritative, comprehensive, objective and reliable account addressing 9/11. The report set forth how al-Qaeda planned – and successfully executed – the attack by identifying vulnerabilities, shortcomings and failures of the US government that the terrorist organisation was able to exploit. The report then examined the countermeasures taken by the US in response. Importantly, the report provided 41 recommendations for the government to adopt as a blueprint to establish best practices for information sharing, collaboration and to minimise future threats.

### The Terrorist Financing Backstory

In the immediate aftermath to the attacks, the Central Intelligence Agency (CIA) formed a counter-terrorism Financial Operations Group (CTC FINO) and the Federal Bureau of Investigation (FBI) counter-terrorism section formed the Financial Review Group, which quickly morphed into the Terrorist Financing Operations Section (TFOS). These entities were at the heart of the response



to terrorist financing both with respect to 9/11 and in dealing with the broader threat posed by terrorist financing going forward. CTC FINO and TFOS formed a partnership to collaborate and share information. It was a government-wide model for public-public partnering. Likewise, with the passage of the USA PATRIOT Act, programs administered by the Office of Foreign Assets Control (OFAC) had significant impact with the designation and freezing of terrorist assets.

As successful as CTC FINO, TFOS and OFAC were in identifying and disrupting al-Qaeda financing, the greatest measure of success against terrorist financing after 9/11 came through the US government's interagency Policy Coordinating Committee (PCC) on Terrorist Financing. The PCC brought together US-government agencies with a nexus to terrorist financing. Terrorist financing is a component of terrorism. What the PCC understood was that by harnessing interagency resources and better coordinating and prioritising the financial response to terrorism, the PCC quietly supported the overall military, intelligence and investigative, regulatory and sanctions, and the diplomatic responses to disrupt and prevent the threat of terrorism.

As the lead investigative agency responsible for counter-terrorism, the FBI, through TFOS, built on traditional relationships with the financial services industry to develop five distinctive working groups to leverage financial intelligence more proactively. These public-private partnerships included all segments of the financial services industry including banks, MSBs, credit card companies, third party payment processors, vendors and other resources. These partnerships were extremely productive and important to the fight against terrorism as the *Monograph on Terrorist Financing* observes<sup>2</sup>:

*The US financial community and some international financial institutions have generally provided law enforcement and intelligence agencies with extraordinary cooperation, particularly in furnishing information to support quickly developing investigations.*

The 9/11 Commission issued a report card regarding the progress being made by the US government responding to terrorism. The highest grade was for the response to terrorist financing: A-. An underlying reason for this was the level of co-operation and partnership the interagency community developed in the form of the PCC on Terrorist Financing, as well as through the "extraordinary co-operation" the government received from the financial community.

### Avoiding the Slide Back to Complacency

In looking back to September 11th 2001, complacency in missing or disregarding the warning signs and a sense of false national security contributed to al-Qaeda doing the unthinkable, successfully carrying out a terrorist attack in the US. In the 20 years since 9/11, the primary terrorist threat has evolved from being organisation-centric to threats emanating with lone actors or groups of individuals. Al-Qaeda, the Islamic State and like-minded Islamist jihadist organisations still aspire to carry out catastrophic 9/11-like attacks. However, due to US counter-terrorism efforts, they currently lack the capacity to succeed in such attacks.

With their ability to recruit and radicalise extremists through the internet, al-Qaeda and the Islamic State began to transform the threat from organisations to individuals in the form of homegrown violent extremists (HVEs). HVEs are

inspired by the ideology of foreign Islamist terrorist groups. Along with the HVE threat, beginning in 2019, the threat of domestic violent extremists (DVEs) became more prevalent. DVEs are individuals who commit violent acts in furtherance of ideological goals stemming from domestic influences, such as racial bias and anti-government sentiment. The top threat from DVEs stems from those identified as racially- or ethnically-motivated violent extremists (RMVEs).

In 2021, the most significant terrorist threats emanated from HVEs and DVEs. The significance of the DVE threat shockingly manifested itself with the January 6th 2021 riot. Much like 9/11, there was a sense of complacency regarding the warning

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signs for potential trouble at the US Capitol. As the US and like-minded countries prioritise the threats posed by HVEs and DVEs, they cannot lose sight of the threat posed by foreign terrorist organisations. This resonates more so with the Taliban taking control of Afghanistan in August 2021 and the prospect that a group like al-Qaeda could re-emerge using Afghanistan as a safe haven.

Troublingly, from a terrorist financing perspective, the CIA and FBI no longer have CTC FINO and TFOS. Those entities were disbanded and some of their functions were absorbed into the overall counter-terrorism missions of the CIA and FBI. This runs counter to the findings of the 9/11 Commission and is a sign of complacency. At least with respect to the FBI, their capacity to address terrorist financing has been seriously impeded. When in operation, TFOS provided guidance and shared intelligence through their Bank Security Alliance Consortium (BSAC) and other information sharing channels. Much of the outreach, partnering and information sharing that TFOS provided to the financial sector is now reduced.

Identifying and disrupting terrorist financing is more challenging today than it was 20 years ago in tracing funds to al-Qaeda. The shift from an organisational to individual-centric threat environment, one that is more decentralised and leaderless, means that financing is more localised. Thus, funding is less likely to flow from organisations to operatives as it did for 9/11. Funding is more likely to be self-generated and originate from local sources. Whether they are perpetrated by HVEs or DVEs, lone-actor attacks require minimal funding. They tend to be cheaper, less sophisticated, of a smaller scale and more likely to succeed.

Meanwhile, the current situation in Afghanistan is complex. With the Taliban taking control, they will require considerable funding. Should terrorist organisations like al-Qaeda look to establish or enhance bases of operation, they may expand into Afghanistan and provide some of that funding. Financial institutions with touch points in the region would benefit greatly from intelligence that could be used to identify transactions possibly linked to terrorist financing.

9/11 taught us many lessons. It taught us that we are vulnerable to extremism and must not be complacent in dealing with the ongoing and evolving threat of terrorism. A significant lesson

learned was the importance and effectiveness of counter-terrorist financing measures. Now, more than ever, is not the time to become complacent and minimise the importance of terrorist financing. Now is the time, through the BSAC and other public-private partnerships, to replicate the post-9/11 collaboration model to maximise the investigative value of financial intelligence.



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<sup>2</sup> *Ibid.*

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