

AFRICA | UNDERWRITING JIHAD

# Paying Ransoms, Europe Bankrolls Qaeda Terror

By **RUKMINI CALLIMACHI** JULY 29, 2014

BAMAOKO, Mali — The cash filled three suitcases: 5 million euros.

The German official charged with delivering this cargo arrived here aboard a nearly empty military plane and was whisked away to a secret meeting with the president of Mali, who had offered Europe a face-saving solution to a vexing problem.

Officially, Germany had budgeted the money as humanitarian aid for the poor, landlocked nation of Mali.

In truth, all sides understood that the cash was bound for an obscure group of Islamic extremists who were holding 32 European hostages, according to six senior diplomats directly involved in the exchange.

The suitcases were loaded onto pickup trucks and driven hundreds of miles north into the Sahara, where the bearded fighters, who would soon become an official arm of Al Qaeda, counted the money on a blanket thrown on the sand. The 2003 episode was a learning experience for both sides. Eleven years later, the handoff in Bamako has become a well-rehearsed ritual, one of dozens of such transactions repeated all over the world.

Kidnapping Europeans for ransom has become a global business for Al Qaeda, bankrolling its operations across the globe.

While European governments deny paying ransoms, an investigation by The New York Times found that Al Qaeda and its direct affiliates have taken in at least \$125 million in revenue from kidnappings since 2008, of which \$66

million was paid just last year.

In news releases and statements, the United States Treasury Department has cited ransom amounts that, taken together, total around \$165 million over the same period.

These payments were made almost exclusively by European governments, which funneled the money through a network of proxies, sometimes masking it as development aid, according to interviews conducted for this article with former hostages, negotiators, diplomats and government officials in 10 countries in Europe, Africa and the Middle East. The inner workings of the kidnapping business were also revealed in thousands of pages of internal Qaeda documents found by this reporter while on assignment for The Associated Press in northern Mali last year.

In its early years, Al Qaeda received most of its money from deep-pocketed donors, but counterterrorism officials now believe the group finances the bulk of its recruitment, training and arms purchases from ransoms paid to free Europeans.

Put more bluntly, Europe has become an inadvertent underwriter of Al Qaeda.

The foreign ministries of Austria, France, Germany, Italy and Switzerland denied in emails or telephone interviews that they had paid the terrorists. “The French authorities have repeatedly stated that France does not pay ransoms,” said Vincent Floreani, deputy director of communication for France’s Ministry of Foreign Affairs.

Several senior diplomats described the decision to pay ransom for their countries’ citizens as an agonizing calculation: Accede to the terrorists’ demands, or see people to be killed, often in a gruesome, public way?

Yet the fact that Europe and its intermediaries continue to pay has set off a vicious cycle.

“Kidnapping for ransom has become today’s most significant source of terrorist financing,” said David S. Cohen, the Treasury Department’s under secretary for terrorism and financial intelligence, in a 2012 speech. “Each

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transaction encourages another transaction.”

And business is booming: While in 2003 the kidnapers received around \$200,000 per hostage, now they are netting up to \$10 million, money that the second in command of Al Qaeda’s central leadership recently described as accounting for as much as half of his operating revenue.

“Kidnapping hostages is an easy spoil,” wrote Nasser al-Wuhayshi, the leader of Al Qaeda in the Arabian Peninsula, “which I may describe as a profitable trade and a precious treasure.”

The stream of income generated is so significant that internal documents show that as long as five years ago, Al Qaeda’s central command in Pakistan was overseeing negotiations for hostages grabbed as far afield as Africa. Moreover, the accounts of survivors held thousands of miles apart show that the three main affiliates of the terrorist group — Al Qaeda in the Islamic Maghreb, in northern Africa; Al Qaeda in the Arabian Peninsula, in Yemen; and the Shabab, in Somalia — are coordinating their efforts and abiding by a common kidnapping protocol.

To minimize the risk to their fighters, the terror affiliates have outsourced the seizing of hostages to criminal groups that work on commission. Negotiators take a reported 10 percent of the ransom, creating an incentive on both sides of the Mediterranean to increase the overall payout, according to former hostages and senior counterterrorism officials.

Their business plan includes a step-by-step process for negotiating, starting with long periods of silence aimed at creating panic back home. Hostages are then shown on videos begging their government to negotiate.

Although the kidnapers threaten to kill their victims, a review of the known cases revealed that only a small percentage of hostages held by Qaeda affiliates have been executed in the past five years, a marked turnaround from a decade ago, when videos showing beheadings of foreigners held by the group’s franchise in Iraq would regularly turn up online. Now the group has realized that it can advance the cause of jihad by keeping hostages alive and trading them for prisoners and suitcases of cash.

Only a handful of countries have resisted paying, led by the United States

and Britain. Although both of these countries have negotiated with extremist groups — evidenced most recently by the United States' trade of Taliban prisoners for Sgt. Bowe Bergdahl — they have drawn the line when it comes to ransoms.

It is a decision that has had dire consequences. While dozens of Europeans have been released unharmed, few American or British nationals have gotten out alive. A lucky few ran away or were rescued by special forces. The rest were executed or are being held indefinitely.

“The Europeans have a lot to answer for,” said Vicki Huddleston, the former United States deputy assistant secretary of defense for African affairs, who was the ambassador to Mali in 2003 when Germany paid the first ransom. “It’s a completely two-faced policy. They pay ransoms and then deny any was paid.” She added, “The danger of this is not just that it grows the terrorist movement, but it makes all of our citizens vulnerable.”

### **A Letter Under a Rock**

On Feb. 23, 2003, a group of four Swiss tourists, including two 19-year-old women, woke up in their sleeping bags in southern Algeria to the shouts of armed men. The men told the young women to cover their hair with towels, then commandeered their camper van and took off with them.

Over the coming weeks, seven more tour groups traveling in the same corner of the desert vanished. European governments scrambled to find their missing citizens.

Weeks passed before a German reconnaissance plane sent to scan the desert floor returned with images of their abandoned vehicles. More weeks passed before a scout sent on foot spotted something white through his binoculars.

It was a letter left under a rock.

In messy handwriting, it laid out the demands of a little-known jihadist group calling itself the Salafist Group for Preaching and Combat.

Armed with a few hunting rifles and old AK-47s, the kidnapers succeeded in sweeping up dozens of tourists over several consecutive weeks, mostly from Germany, but also from Austria, the Netherlands, Sweden and

Switzerland. Though they planned the first few ambushes, they appear to have grabbed others by chance, like a pair of hapless 26-year-olds from Innsbruck, Austria, who were spotted because of the campfire they had lit to cook spaghetti.

Beyond the initial grab, the kidnappers did not seem to have a plan. The only food they had was the canned goods the tourists had brought with them. The only fuel was what was in each gas tank. They abandoned the cars one by one as they ran out of fuel, forcing their hostages to continue on foot.

A 47-year-old Swedish hostage, Harald Ickler, remembers being so hungry that when he found a few leftover Danish butter cookie crumbs, he carefully scooped them into the palm of his hand and then let them melt in his mouth.

“Once they had us, they didn’t seem to know what to do with us,” said Reto Walther of Untersiggenthal, Switzerland, who was in one of the first groups to be grabbed. “They were improvising.”

Despite the operation’s amateur nature, the jihadists had hit a soft spot. Almost none of the hostages had resisted, simply putting up their hands when they saw the gunmen. And although the Europeans outnumbered their captors, the hostages never tried to run away during what turned into a six-month captivity for some of them, and described the foreboding desert surrounding them as an “open-air prison.”

Crucially, although the European nations had firepower superior to that of the scrappy mujahedeen, they deemed a rescue mission too dangerous.

The jihadists asked for weapons. Then for impossible-to-meet political demands, like the removal of the Algerian government. When a 45-year-old German woman died of dehydration, panicked European officials began considering a ransom concealed as an aid payment as the least-bad option.

“The Americans told us over and over not to pay a ransom. And we said to them: ‘We don’t want to pay. But we can’t lose our people,’ ” said a European ambassador posted in Algeria at the time, who was one of six senior Western officials with direct knowledge of the 2003 kidnapping who confirmed details for this article. All spoke on the condition of anonymity because the

information remains classified.

“It was a very difficult situation,” he said, “but in the end we are talking about human life.”

### **‘Not Just Normal Criminals’**

The exploits of the band of fighters in the Sahara did not go unnoticed.

A year later, in 2004, a Qaeda operative, Abdelaziz al-Muqrin, published a how-to guide to kidnapping, in which he highlighted the successful ransom negotiation of “our brothers in Algeria.” Yet at the same time, he also praised the execution of Daniel Pearl, the Wall Street Journal reporter who was grabbed in Pakistan in 2002 and beheaded nine days later by Khalid Shaikh Mohammed, a senior Qaeda member believed to be one of the architects of the Sept. 11 attacks.

Within a few years, there was a split within Al Qaeda, with the group’s affiliate in Iraq grabbing foreigners specifically to kill them.

In Algeria, the kidnapers of the European tourists followed a different path.

They used the €5 million, about \$6.2 million in today’s dollars, as the seed money for their movement, recruiting and training fighters who staged a series of devastating attacks. They grew into a regional force and were accepted as an official branch of the Qaeda network, which baptized them Al Qaeda in the Islamic Maghreb. As kidnapping revenue became their main lifeline, they honed and perfected the process.

By Feb. 2, 2011, when their lookouts in southern Algeria spotted a 53-year-old Italian tourist, Mariasandra Mariani, admiring the rolling dunes through a pair of binoculars, they were running a sleek operation.

Her tour guide was the first to spot them, and screamed at her to run. As their cars sped toward her, she sprinted to her nearby desert bungalow and locked herself inside. She could do nothing but sit frozen on the mattress as they broke down the door. They threw her in a waiting car, handcuffing her to the dashboard. Before they sped off, they made sure to place a rolled-up blanket next to her, so that the jihadist sitting next to her would not accidentally make contact with a woman.

“Who are you?” she asked them.

“We are Al Qaeda,” they replied.

If previous kidnapping missions did not seem to have a thought-out plan, the gunmen who seized Ms. Mariani drove for days on what appeared to be a clearly delineated route. Whenever they were low on fuel, they would make their way to a spot that to her looked no different in the otherwise identical lunar landscape.

Under a thorn bush, they would find a drum full of gasoline. Or a stack of tires to replace a punctured one. They never ran out of food.

Ms. Mariani would later learn they had an infrastructure of supplies buried in the sand and marked with GPS coordinates.

One afternoon they stopped just above the lip of a dune. The fighters got down and unfastened a shovel. Then she heard the sound of a car engine. Suddenly a pickup truck roared out. They had buried an entire vehicle in the mountain of sand.

“It was then that I realized, these aren’t just normal criminals,” Ms. Mariani said.

### **The Sounds of Silence**

Weeks passed before Ms. Mariani’s captors announced that they were going to allow her to make a phone call. They drove for hours until they reached a plateau, a flat white pan of dirt.

Years earlier, their strategy for broadcasting their demands had been to leave a letter under a rock. Now they had satellite phones and a list of numbers. They handed her a script and dialed the number for Al Jazeera.

“My name is Mariasandra Mariani. I am the Italian who was kidnapped,” she said. “I am still being detained by Al Qaeda in the Islamic Maghreb.”

The Italian government scrambled to create a crisis unit, including a 24-hour hotline for the kidnappers.

During her 14-month captivity, whenever the kidnappers felt that attention had flagged, they erected a tent in the desert and forced Ms. Mariani to record a video message, showing her surrounded by her armed captors.

Eleven former hostages grabbed by Qaeda units in Algeria, Mali, Niger,

Syria and Yemen who agreed to be interviewed for this article reported a similar set of steps in the negotiations, beginning with an imposed period of silence. Video messages and telephone calls were infrequent, often months apart. The silence appeared purposeful, intended to terrorize the families of the captives, who in turn pressured their respective governments.

In the Italian village of San Casciano in Val di Pesa, Ms. Mariani's 80-year-old mother stopped sleeping in her bedroom, moving permanently to the couch in front of the television. Her aging father would burst into tears for no reason. In France, the frantic brother of a hostage held for a year in Syria developed an ulcer.

All over Europe, families rallied, pressuring governments to pay. Ms. Mariani was ultimately released, along with two Spanish hostages, for a ransom that a negotiator involved in her case said was close to €8 million.

### **Qaeda Supervision**

The bulk of the kidnappings-for-ransom carried out in Al Qaeda's name have occurred in Africa, and more recently in Syria and Yemen. These regions are thousands of miles from the terror network's central command in Pakistan.

Yet audio messages released by the group, as well as confidential letters between commanders, indicate that the organization's senior leaders are directly involved in the negotiations.

As early as 2008, a commander holding two Canadian diplomats angered his leaders by negotiating a ransom on his own.

In a letter discovered by this reporter in buildings abandoned by the jihadists in Mali last year, Al Qaeda in the Islamic Maghreb blamed the commander, Mokhtar Belmokhtar, for securing only the "meager sum" of €700,000 — around \$1 million — saying the low amount was a result of his unwillingness to follow the instructions of the group's leadership in Pakistan.

In his last broadcast before his death in 2011, Osama bin Laden spoke at length about the case of four French citizens held by Al Qaeda in Mali, making clear that he was keeping close tabs on individual kidnappings.

Hostages held as recently as last year in Yemen say it was clear the

negotiations were being handled by a distant leadership.

Atte and Leila Kaleva, a Finnish couple held for five months by Al Qaeda in the Arabian Peninsula in 2013, deduced this from the voluminous correspondence they saw being delivered to their captors.

“There were lots of letters back and forth,” Mr. Kaleva said. “It was clear that they had a hierarchy, and they were consulting their leaders about what to do with us.”

### **A Valuable Commodity**

In the dozens of kidnappings that Al Qaeda has carried out, the threat of execution has hung over each hostage, reinforced in videos showing the victim next to armed and menacing jihadist guards.

In fact, only a minority of hostages — 15 percent, according to an analysis by The Times — have been executed or have died since 2008, several of them in botched rescue operations.

The potential income hostages represent has made them too valuable to the movement. In a 2012 letter to his fellow jihadists in Africa, the man who was once Bin Laden’s personal secretary, and who is now the second in command of Al Qaeda, wrote that at least half of his budget in Yemen was funded by ransoms.

“Thanks to Allah, most of the battle costs, if not all, were paid from through the spoils,” wrote Nasser al-Wuhayshi, the leader of Al Qaeda in the Arabian Peninsula. “Almost half the spoils came from hostages.”

Mr. Kaleva realized that his captors did not intend to kill him when he became ill with what he feared was a giardia infection, and his worried kidnappers immediately brought him medicine.

When Ms. Mariani fell ill from violent dysentery in the burning sands of the Malian desert, a jihadist doctor hooked her up to an IV, nursing her back to health.

Elsewhere in the Sahara, the jihadists trucked in specialized medication for a 62-year-old Frenchwoman who had breast cancer.

“It was clear to us,” Mr. Kaleva said, “that we are more valuable to them alive than dead.”

But hostages from countries that do not pay ransoms face a harsh fate.

In 2009, four tourists were returning to Niger from a music festival in Mali when kidnappers overtook their cars, shooting out their tires. The hostages included a German woman, a Swiss couple and a British man, Edwin Dyer, 61.

From the start of the negotiations, the British government made clear that it would not pay for Mr. Dyer's release. Al Qaeda's North African branch issued a deadline, then a 15-day extension.

"The British wanted me to send a message saying one last time that they wouldn't pay," said a negotiator in Burkina Faso, who acted as the go-between. "I warned them, 'Don't do this.' They sent the message anyway."

Sometime after, the public information office of Al Qaeda in the Islamic Maghreb published a communiqué: "On Sunday, May 31, 2009, at half past seven p.m. local time, the British captive, Edwin Dyer, was killed," it said. "It seems Britain gives little importance to its citizens."

The Swiss and German nationals held alongside Mr. Dyer were released after a reported ransom of €8 million was paid, according to one of the Swiss negotiators who helped win their release. The same year, lawmakers in Bern, the Swiss capital, voted on a national budget that "suddenly had an extra line for humanitarian aid for Mali," the official said.

Mr. Dyer was a British citizen, but he had spent the last four decades of his life in Austria, a country that pays ransoms. In his early 20s, he settled in the mountain village of Attnang-Puchheim, a one-hour drive from the home of an Austrian couple who were released in Mali a few months before Mr. Dyer was killed. Austria paid €2 million to the couple's Qaeda captors, according to Ibrahim Ag Assaleh, a Malian parliamentarian who negotiated their release.

In England, Mr. Dyer's grieving brother, Hans, said his brother's citizenship had cost him his life.

"A U.K. passport is essentially a death certificate," he said.

### **Europe's Outsize Role**

Negotiators believe that the Qaeda branches have now determined which governments pay.

Of the 53 hostages known to have been taken by Qaeda's official branches in the past five years, a third were French. And small nations like Austria, Spain and Switzerland, which do not have large expatriate communities in the countries where the kidnappings occur, account for over 20 percent of the victims.

By contrast, only three Americans are known to have been kidnapped by Al Qaeda or its direct affiliates, representing just 5 percent of the total.

"For me, it's obvious that Al Qaeda is targeting them by nationality," said Jean-Paul Rouiller, the director of the Geneva Center for Training and Analysis of Terrorism, who helped set up Switzerland's counterterrorism program. "Hostages are an investment, and you are not going to invest unless you are pretty sure of a payout."

Mr. Cohen, the United States under secretary for terrorism and financial intelligence, said information gathered by the Treasury Department suggested that Al Qaeda may no longer want to kidnap Americans, a tectonic shift from a decade ago.

"We know that hostage takers looking for ransoms distinguish between those governments that pay ransoms and those that do not, and make a point of not taking hostages from those countries that do not pay," he said in a 2012 speech to the Chatham House think tank in London. "And recent kidnapping-for-ransom trends appear to indicate that hostage takers prefer not to take U.S. or U.K. hostages, almost certainly because they understand that they will not receive ransoms."

Western countries have signed numerous agreements calling for an end to ransom paying, including as recently as last year at a Group of 8 summit, where some of the biggest ransom payers in Europe signed a declaration agreeing to stamp out the practice. Yet according to hostages released this year and veteran negotiators, governments in Europe — especially France, Spain and Switzerland — continue to be responsible for some of the largest payments, including a ransom of €30 million — about \$40 million — paid last fall to free four Frenchmen held in Mali.

A presidential adviser in Burkina Faso who has helped secure the release

of several of the Westerners held in the Sahara said he routinely dealt with aggressive Western diplomats who demanded the release of Qaeda fighters held in local prisons in an effort to win the release of their hostages, often one of the additional demands kidnappers make.

“You would not believe the pressure that the West brings to bear on African countries,” he said. “It’s you, the West, who is their lifeblood. It’s you who finances them.”

The suitcases of cash are now no longer dropped off in the capital of the respective country, he said.

The official, who spoke on the condition of anonymity for security reasons, went on to describe how the money was transferred. European governments send an escort, he said, who travels with the money several hundred miles into the desert until the last safe outpost, usually leaving from Ouagadougou, the capital of Burkina Faso, or Niamey in Niger. The negotiator and his driver then continue driving all day, and sometimes all night, traversing a roller coaster of undulating dunes.

Once the negotiator arrives at the meeting point, he waits until his satellite phone beeps with a text message. In the message is a pair of GPS coordinates.

He drives five to six more hours until he reaches the new address in the sand and waits for the next text, containing another set of coordinates. The process is repeated a minimum of three times before the jihadists finally show themselves.

The money is counted on a blanket on which the fighters sit cross-legged, their guns at their sides, the official said. The millions are then divided into stashes, wrapped in plastic and buried in holes hundreds of miles apart, a detail he was able to glean after repeated meetings with the terrorist cell. They mark the location on their GPS, keeping track of it just as they track their buried cars and fuel drums.

The money is written off by European governments as an aid payment, or else delivered through intermediaries, like the French nuclear giant Areva, a state-controlled company that a senior negotiator said paid €12.5 million in

2011 and €30 million in 2013 to free five French citizens. (A spokesman for Areva denied in an email that a ransom had been paid.)

In Yemen, the intermediaries are Oman and Qatar, which pay the ransoms on behalf of European governments, including more than \$20 million for two groups of hostages released in the past year, according to European and Yemeni officials.

Almost a year into her captivity in 2012, Mariasandra Mariani thought she could not take it anymore. Her captors were holding her in a landscape of black granite in northern Mali, which amplified the suffocating heat. When the wind blew, it felt as if someone were holding a blow dryer inches from her skin. She spent all day next to a bucket of water, sponging herself to try to keep cool.

She told her guard that her modest family, which grows olives in the hills above Florence, did not have the money, and that her government refused to pay ransoms. Her captor reassured her.

“Your governments always say they don’t pay,” he told Ms. Mariani. “When you go back, I want you to tell your people that your government does pay. They always pay.”

Robert F. Worth and Eric Schmitt contributed reporting from Washington. Sheelagh McNeill contributed research from New York.

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