



Terrorism Finance in Turkey: A Growing Concern

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I. Introduction

The Financial Action Task Force, or FATF, the international body for setting the global standards to combat terrorist financing, held its plenary session in Paris in mid-February 2014. In the days before the meeting, Bloomberg reported that the Turkish lira weakened and stocks dropped resulting from concerns over a possible blacklisting.¹ Realistically, Turkey was in little danger of joining the short FATF list of countries requiring “counter-measures” (Iran and North Korea). But the markets were jittery because of an ongoing corruption scandal in Turkey, which erupted on December 17, 2013.

¹ Selcuk Gokoluk, “Lira Weakens as Investors Consider Turkey Terror Blacklisting,” Bloomberg, February 10, 2014, www.bloomberg.com/news/2014-02-10/lira-weakens-as-investors-consider-turkey-terror-blacklisting.html

In the end, the corruption charges had no impact on FATF’s ruling. Ankara was merely grey-listed by FATF, as it has been since 2007, due to deficiencies based on technical and legislative criteria. But the market’s outsized anxiety underscored the fact that, amidst the corruption scandal, a troubling picture has come into focus.

With the Syrian civil war raging just across Turkey’s eastern border, reports continue to circulate that Turkey has turned a blind eye to the flow of money and weaponry to dangerous jihadi groups, including al-Qaeda. And while Ankara has been struggling to weaken Syrian president Bashar al-Assad, a client of the Islamic Republic of Iran, Turkey was involved in a massive sanctions-busting scheme with Tehran. Now known as “gas-for-gold,” the scheme helped the Iranian regime gain some \$13 billion, even as Turkey’s NATO allies sought to punish Tehran for its illicit nuclear program. Meanwhile, leaders of the Palestinian terrorist group Hamas have been meeting with Prime Minister Recep Tayyip Erdoğan in Ankara. In fact, one senior Hamas leader, Saleh Aruri, reportedly resides in Turkey, where he has been allegedly involved in the financing and logistics of Hamas operations. On top of this, in September 2013, Turkey surprised the West by entering into a controversial missile deal with a Chinese defense firm that was blacklisted for selling Iran items for its nuclear program.

Many of these reports intersect with the recent corruption scandal. The ruling Justice and Development Party (AKP) has rejected most of the allegations, blaming outsiders (notably Israel and followers of the Pennsylvania-based Islamist leader

Fethullah Gülen) for a “treacherous plot.”² Rather than addressing the charges, the AKP has purged the investigators, prosecutors, and journalists involved, threatening the rule of law in Turkey. Washington, for its part, has remained on the sidelines, expressing relatively mild concern about the crackdowns on law enforcement officials and the jailing of journalists, while electing not to mention terrorism finance issues publicly.

Washington’s silence stems from fears of a fall-out with Turkey, which has been a crucial ally over the years, and is situated strategically at the intersection of Europe and the Middle East. But Turkey’s actions constitute a direct challenge to Washington’s sanctions regime. Built under two presidents, this layered and intricate sanctions infrastructure has become a crucial tool to combating illicit finance the world over. Moreover, with Iran, Hamas, and al-Qaeda in the picture, how long before elements within the U.S. government—whether the Treasury, State Department, or Congress—feel compelled to issue designations of individuals or institutions tied to terrorism in Turkey? How long before Turkey runs the risk of being viewed as a possible State Sponsor of Terrorism?

Such steps seem drastic. But should these problems continue to mount, Washington will have a more difficult time maintaining this important alliance, both because of legal obligations and public perceptions. The window to address these problems is now.

² Tulay Karadeniz, “Erdoğan Tells Turkish Ambassadors to Spread Word of ‘Treacherous’ Plot,” Reuters, January 15, 2014, www.reuters.com/article/2014/01/15/us-turkey-corruption-idUSBREA0E15F20140115



II. Iran Gas-for-Gold

“Turkey Swaps Gold for Iranian Gas,” read a headline from the *Wall Street Journal* on November 23, 2012.³ The scheme was a bit more complicated than that, but not by much. Amidst global financial pressure to convince Iran’s leadership to dismantle its illicit nuclear program, Turkey’s state-owned bank, Halkbank, was executing “gas-for-gold” transactions with Iran, and helping Tehran circumvent sanctions.

It is no secret that the two countries have long-term contracts and mutual infrastructure that ensure Iran’s ability to provide approximately 44 percent of Turkey’s oil and 22 percent of its natural gas.⁴ What did not make sense, however, was Turkey’s willingness to go out of its way to help Iran, a state sponsor of terrorism, evade sanctions. Ankara had already gone on record as being steadfastly opposed to Iran obtaining nuclear weapons. And after initially defending

³ Joe Parkinson and Emre Peker, “Turkey Swaps Gold for Iranian Gas,” *Wall Street Journal*, November 23, 2012, <http://online.wsj.com/news/articles/SB10001424127887324352004578136973602198776>

⁴ Olgu Okumuş, “U.S. Complicates Turkey’s Energy Interests in Iraq, Iran,” *Al-Monitor*, May 7, 2013, www.al-monitor.com/pulse/originals/2013/05/iran-iraq-turkey-energy-oil-us-alliance.html

Iran at the United Nations in 2010,⁵ Turkey agreed in September 2011 to host an American early warning radar system, which elicited a public protest from Tehran.⁶ Moreover, Ankara and Tehran backed opposing forces in the bitterly fought war in Syria.

Yet, it soon became clear that Turkey was purchasing Iranian natural gas in Turkish lira, and transferring the proceeds to Halkbank accounts that Iranian gold traders used to buy gold in Turkey, which was subsequently shipped off to Dubai and then Iran.⁷ At the time, Turkey's Deputy Prime Minister Ali Babacan unabashedly admitted, Turkey's "gold exports [to Iran] end up like payments for our natural gas purchases."⁸

From Turkey's perspective, there was no reason to hide it. The sale of gold may have been technically legal because the gold was going to individuals, not the government of Iran. And trade with individuals was not at the time in violation of sanctions. But one did not need to know chapter and verse of the sanctions legislation to know that the Turks were violating

the spirit of the sanctions regime. When the scheme was discovered, 47 members of Congress demanded an explanation from Secretary of State John Kerry and Secretary of the Treasury Jack Lew (see Appendix 1). The Obama administration and Congress adopted new legislation in January 2013 that imposed a blanket prohibition on all gold sales to Iran.

Inexplicably, however, the administration did not make the prohibition effective immediately. The sanctions only became effective six months later, on July 1, 2013. By forestalling the imposition of the sanctions, the White House granted Turkey and Iran additional months of trading opportunities. According to a report by the Foundation for Defense of Democracies and Roubini Global Economics, "Iran's golden loophole" allowed Iran to receive over \$13 billion before gas-for-gold slowed to a trickle.⁹

Questions remain as to whether Halkbank has also helped Iran evade sanctions by other means. In February 2012, for example, the *Wall Street Journal* reported that Halkbank was one of the only Turkish banks still doing business with Iran, processing "payments from third parties for Iranian goods." Among other things, Halkbank "processed payments for Indian refiners unable to pay Tehran for imported oil through their own banking system for fear of retribution from Washington."¹⁰ In December 2013, Iran's

⁵ Kiri Radia, "UN Security Council Passes New Nuclear Sanctions Against Iran," ABC News, June 9, 2010, <http://abcnews.go.com/Politics/Media/security-council-passes-nuclear-sanctions-iran/story?id=10866778>

⁶ "Part of NATO missile defense system goes live in Turkey," CNN, January 16, 2012, www.cnn.com/2012/01/16/world/europe/turkey-radar-station/

⁷ Asli Kandemir, "Exclusive: Turkey to Iran Gold Trade Wiped Out By New U.S. Sanction," Reuters, February 15, 2013, www.reuters.com/article/2013/02/15/us-iran-turkey-sanctions-idUSBRE91E0IN20130215

⁸ Joe Parkinson and Emre Peker, "Turkey Swaps Gold for Iranian Gas," *Wall Street Journal*, November 23, 2012, <http://online.wsj.com/news/articles/SB10001424127887324352004578136973602198776>

⁹ Gary Clark, Rachel Ziemba and Mark Dubowitz, "Iran's Golden Loophole," Foundation for Defense of Democracies and Roubini Global Economics, May 13, 2013, www.defenddemocracy.org/stuff/uploads/documents/FDD_RGE_Iran_Gol_Report_May_2013_FINAL_2.pdf

¹⁰ Joe Parkinson, "Turkish Bank in Spotlight for Iran Deals as Sanctions Tighten," *Wall Street Journal*, February 17, 2012, <http://online.wsj.com/article/SB10001424052970204059804577227522616426372.html>

ambassador to Turkey praised Halkbank for its “cooperation with Iran,” noting that the gold trade was set to resume upon the implementation of the Joint Plan of Action signed by Iran and the P5+1 in Geneva in late November.¹¹ In January 2014, Turkish officials indicated that Halkbank would continue processing payments for Turkey’s oil and gas imports from Iran,¹² and the bank’s website indicated that it still maintains a representative office in Tehran.¹³

Turkey also continues to allow Bank Mellat,¹⁴ an Iranian bank sanctioned by the U.S. and EU, to operate on its soil, claiming that it is legal because the United Nations has yet to designate it.¹⁵ According to *Today’s Zaman*, as recently as April 2012, other Iranian banks have also applied to operate in Turkey.¹⁶ It is unclear whether any of them are designated under U.S. or other international sanctions.

¹¹ “Halkbank’s ‘Smart Management Decisions’ Praised by Iranian Ambassador Bikdeli,” *Today’s Zaman*, December 20, 2013, www.todayszaman.com/newsDetail_getNewsById.action?newsId=334567

¹² “Halkbank To Keep Processing Iran Energy Payments for Turkey - Babacan,” Reuters, January 8, 2014, www.reuters.com/article/2014/01/08/turkey-halkbank-idUSL6N0KI0Z920140108

¹³ “Global Presence,” Halkbank Website, www.halkbank.com.tr/channels/10.asp?id=390

¹⁴ “Istanbul Main Branch,” Bank Mellat Website, https://www.mellatbank.com/tr/sube_istanbul.php; “Ankara Branch,” Bank Mellat Website, https://www.mellatbank.com/tr/sube_ankara.php; “Izmir Branch,” Bank Mellat Website, https://www.mellatbank.com/tr/sube_izmir.php

¹⁵ “Turkey Rebuffs U.S. Pressure Against Iranian Bank,” *Tehran Times*, April 30, 2011, http://web.archive.org/web/20110501120355/http://www.tehrantimes.com/index_View.asp?code=239679

¹⁶ Ercan Baysal, “Sanction-Hit Iranian Banks Line Up To Enter Turkish Financial Market,” *Today’s Zaman*, April 25, 2012, www.todayszaman.com/news-278605-sanction-hit-iranian-banks-line-up-to-enter-turkish-financial-market.html

There are also currently over 2,000 Iranian companies registered in Turkey, according to Turkish media.¹⁷ While it is not known how many of these companies have ties to the Iranian government or help Tehran procure dual-use materials, some certainly do. In 2011, for example, an Iranian businessman was identified as working with two Turkish firms procuring parts for Iran’s missile program.¹⁸ The following year, a German procurement network was discovered to be using a Turkish front company to transfer material to Iran’s Arak heavy water reactor.¹⁹ More recently, in March 2013, another Iranian procurement network was discovered in Germany with fronts in Turkey.²⁰ To be clear, Turkey was not responsible for disrupting these networks. Indeed, Turkey appears to lack a vetting mechanism for the Iranian companies operating there.

But Turkey’s problems with Iran stem from more than just a lack of proper oversight. On December 17, 2013, Turkey’s massive corruption probe alleged multiple links between the Turkish

¹⁷ “Iranian-Funded Companies Top List for 10th Month,” *Today’s Zaman*, November 16, 2012, www.todayszaman.com/newsDetail_getNewsById.action?newsId=298379

¹⁸ Andrea Stricker, “United States Indicts Man behind Alleged Multi-Million Dollar Iranian Smuggling Network,” Institute for Science and International Security, February 11, 2011, http://isis-online.org/uploads/isis-reports/documents/Jafari_10Feb2011.pdf

¹⁹ Cathrin Gilbert, Holger Stark and Andreas Ulrich, “Nuclear Technology for Iran: German Investigators Uncover Illegal Exports,” *Der Spiegel*, October 1, 2012, www.spiegel.de/international/world/nuclear-technology-for-iran-german-investigators-uncover-illegal-exports-a-858893-druck.html

²⁰ “Covert Iranian Nuclear Dealings Via Turkey Revealed,” *Today’s Zaman*, March 12, 2013, www.todayszaman.com/news-309539-covert-iranian-nuclear-dealings-via-turkey-revealed.html

political elite and Iran.²¹ For example, Reza Zarrab, an Iranian-Azeri businessman, was “accused of being involved in irregular money transactions, mostly from Iran, that total some 87 billion euros,” *Today’s Zaman* reported.²² According to Bloomberg, using his connections in Iran and Turkey, Zerrab moved “almost a metric ton of gold to Iran every day for 1 1/2 years,” which amounted to more than \$28 billion.²³ As *Hurriyet* notes, Zerrab “allegedly transferred gold to Iran...with the help of his relations with a number of top politicians.”²⁴ Specifically, according to Bloomberg, Zerrab gave ministers and their families “millions of dollars in cash and gifts, including a \$37,000 piano and a watch costing at least \$350,000 for one minister, and sped around Istanbul with a police escort arranged by another.”²⁵

As *Today’s Zaman* reported, Erdoğan had been made aware of the “suspicious relationships between some Turkish ministers and Reza Zarrab” almost a year earlier.²⁶ Yet, Erdoğan publicly came to the defense of Zarrab as the probe unfolded.²⁷

Iranian billionaire Babak Zanjani is another Iranian figure whose name has appeared in the headlines. The U.S. and EU sanctioned Zanjani for helping Iran evade sanctions. In late December 2013, Iranian authorities arrested Zanjani, accusing him of failing to return \$2 billion to the regime. Zanjani chairs the Sorinet Group, a holding company that includes a large cosmetics business in Turkey, among other global interests.²⁸ Why authorities in Ankara allowed him to operate a business in Turkey is still unclear. He had been very clearly identified as a key figure in Iran’s sanctions-busting schemes.²⁹

It was equally unclear in January 2014 why Turkey was prepared to allow for the “re-export of two large, used U.S.-built commercial jet engines to Iran.” As Reuters reported, the U.S. Commerce Department “issued a rare emergency order aimed

²¹ Benjamin Harvey, Selcan Hacaoglu and Taylan Bilgic, “Turkey Graft Probe Ensnarers Erdoğan’s Cabinet, State Bank,” *Bloomberg*, December 17, 2013,

www.bloomberg.com/news/2013-12-17/halkbank-ceo-turkey-minister-s-son-said-detained-in-graft-probe.html

²² “87 Billion Euros in Suspicious Transfers From Iran,” *Today’s Zaman*, December 17, 2013,

www.todayszaman.com/news-334277-87-billion-euros-in-suspicious-transfers-from-iran.html

²³ Mehul Srivastava, “Turkey Crisis Puts Jailed Millionaire at Heart of Gold-Smuggling Ring,” *Bloomberg*, January 29, 2014, www.bloomberg.com/news/2014-01-29/turkey-scandal-places-jailed-millionaire-at-center-of-gold-trail.html

²⁴ “Details Revealed About Turkey’s Ongoing Graft Probe,” *Hurriyet Daily News*, December 18, 2013,

www.hurriyetdailynews.com/details-revealed-about-turkeys-ongoing-graft-probe.aspx?pageID=238&nID=59792&NewsCatID=341

²⁵ Mehul Srivastava, “Turkey Crisis Puts Jailed Millionaire at Heart of Gold-Smuggling Ring,” *Bloomberg*, January 29, 2014, www.bloomberg.com/news/2014-01-29/turkey-scandal-places-jailed-millionaire-at-center-of-gold-trail.html

²⁶ “MIT Warned PM About Relationship Between Zarrab, Ministers,” *Today’s Zaman*, January 6, 2014,

www.todayszaman.com/newsDetail_getNewsById.action?newsId=335889

²⁷ “PM Praises Chief Suspect Zarrab for Contribution to Turkish Economy,” *Today’s Zaman*, December 25, 2013,

www.todayszaman.com/newsDetail_getNewsById.action?newsId=334929

²⁸ Emanuele Ottolenghi, “Babak Zanjani: An Iranian in the Eye of Turkey’s Storm,” FDD Policy Brief, January 2, 2014, www.defenddemocracy.org/media-hit/babak-zanjani-an-iranian-in-the-eye-of-turkeys-storm/

²⁹ Thomas Erdbrink, “To This Tycoon, Iran Sanctions Were Like Gold,” *New York Times*, October 4, 2013, www.nytimes.com/2013/10/05/world/middleeast/to-this-tycoon-iran-sanctions-are-like-gold.html?_r=1&

at blocking the illegal re-export” for violating U.S. sanctions.³⁰

More broadly, Turkey’s Iran policies remain troubling and confusing. Reports in 2013 alleged that Turkey’s National Intelligence Organization (MİT) was helping Iran scuttle intelligence operations designed to set back its illicit nuclear program. According to the *Wall Street Journal*, MİT chief Hakan Fidan in 2010 provided Iran with “sensitive intelligence” collected by the U.S. and Israel.³¹ A *Washington Post* columnist also alleged that in early 2012 Turkey “disclosed to Iranian intelligence the identities of up to 10 Iranians who had been meeting inside Turkey with their [Israeli] Mossad case officers.”³² Ankara has dismissed these allegations as pro-Israel propaganda.



Ahrar al Sham fighters in Syria in 2012

III. Jihadists in Syria

Turkey’s close financial and intelligence ties with Iran are confusing in light of the fact that Ankara is a member of NATO, whose members have been broadly committed to sanctions and rolling back Iran’s nuclear program. But these ties are also confusing in light of Ankara’s Syria policy. Indeed, Turkey stands opposed to Iran’s role in the ongoing civil war, and it has gone to great lengths to weaken the regime of Bashar al Assad, which enjoys significant military support from Iran’s Islamic Revolutionary Guards Corp (IRGC) and the Iranian-backed Lebanese terrorist group Hezbollah. To offset these forces, mounting evidence suggests that Turkey has been directly or indirectly arming, training, and even financing Sunni jihadi groups in Syria. Notably, in February 2014, the U.S. Treasury issued a terrorist designation bluntly noting that “funding and foreign fighters” were moving through Turkey to support al-Qa’ida-affiliated elements in Syria.”³³

³⁰ Andrea Shalal-Esa, “U.S. Acts to Block Turkish Firm From Sending GE Engines to Iran,” Reuters, January 6, 2014, www.reuters.com/article/2014/01/06/us-usa-turkey-iran-engines-idUSBREA050ZB20140106

³¹ Adam Entous and Joe Parkinson, “Turkey’s Spymaster Plots Own Course on Syria,” *Wall Street Journal*, October 10, 2013, <http://online.wsj.com/news/articles/SB10001424052702303643304579107373585228330>

³² David Ignatius, “Turkey Blows Israel’s Cover for Iranian Spy Ring,” *Washington Post*, October 16, 2013, www.washingtonpost.com/opinions/david-ignatius-turkey-blows-israels-cover-for-iranian-spy-ring/2013/10/16/7d9c1eb2-3686-11e3-be86-6aeaa439845b_story.html

³³ “Treasury Targets Networks Linked To Iran,” U.S. Treasury press release, February 6, 2014, www.treasury.gov/press-center/press-releases/Pages/jl2287.aspx

Since March 2011, shortly after the outbreak of the civil war in Syria, Turkey's government has supported the Syrian opposition.³⁴ According to the *Wall Street Journal*, MIT chief Hakan Fidan has been the "driving force behind [Turkey's] efforts to supply the rebels and topple Syrian President Bashar al-Assad." To this end, he has directed "a secret effort to bolster rebel capabilities by allowing arms, money and logistical support to funnel into northern Syria."³⁵

According to *Hurriyet Daily News*, Turkey was alleged to have "sent over 47 tons of weaponry to the Syrian rebels" over a six-month period in 2013.³⁶ While the Turkish government has, at times, issued denials of such activity,³⁷ few question that it has been Turkish policy to provide support to a range of rebel factions. What is not clear: which specific factions receive that support – and whether such support should be considered illicit.

To be sure, some of this activity may be a direct result of Washington's inconsistent Syria policies. At first, Washington and Ankara appeared unified

in their commitment to removing Assad from power. But when President Barack Obama declined to make good on threats of intervention after Syria crossed his "red line" by using chemical weapons on the town of Ghouta in August 2013,³⁸ Ankara and Washington appeared to be on a collision course. Tensions rose further after it became clear that Washington had been engaged for months in secret dialogue with Iran; questions arose as to whether the decision not to intervene in Syria was an American concession to firm up those nascent diplomatic ties.³⁹ Turkey now appears to allow a broad spectrum of anti-Assad forces, including those with radical ideologies, to operate on Turkish territory. One might argue this is Turkey's only means to weaken Assad without U.S. assistance, but Ankara's dealings with a range of dangerous actors remains a significant concern.

The first signs of fissure with Washington came in 2012, when the U.S. and Turkey openly disagreed on the utility of designating the jihadi faction known as the Nusrah Front (Jabhat al-Nusrah) as a terrorist organization.⁴⁰ The group's ties to al-Qaeda were well documented, but according to the *Wall Street Journal*, the designation was also intended to "send a message to Ankara about the

³⁴ Liam Stack, "In Slap at Syria, Turkey Shelters Anti-Assad Fighters," *New York Times*, October 27, 2011, www.nytimes.com/2011/10/28/world/europe/turkey-is-sheltering-antigovernment-syrian-militia.html

³⁵ Adam Entous and Joe Parkinson, "Turkey's Spymaster Plots Own Course on Syria," *Wall Street Journal*, October 10, 2013, <http://online.wsj.com/article/SB10001424052702303643304579107373585228330.html>

³⁶ Tolga Tanis, "Documents Show Turkey Sent Guns to Syrian Rebels," *Hurriyet Daily News*, December 16, 2013, www.hurriyetdailynews.com/documents-show-turkey-sent-guns-to-syrian-rebels.aspx?pageID=238&nID=59615&NewsCatID=352

³⁷ "Main Opposition CHP Reiterates Claims Turkey Exports Arms to Syria," *Today's Zaman*, December 16, 2013, www.todayszaman.com/news-334167-main-opposition-chp-reiterates-claims-turkey-exports-arms-to-syria.html

³⁸ Loveday Morris and Taylor Luck, "A Month After Chemical Attacks, Syrian Residents of Ghouta Struggle to Survive," *Washington Post*, September 20, 2013, www.washingtonpost.com/world/a-month-after-chemical-attacks-syrian-residents-of-ghouta-struggle-to-survive/2013/09/20/999e39a4-2238-11e3-ad1a-1a919f2ed890_story.html

³⁹ Tony Badran, "Radical Rupture," *NOW Lebanon*, December 4, 2013, <https://now.mmedia.me/lb/en/commentaryanalysis/523906-radical-rupture>

⁴⁰ "Terrorist Designations of the al-Nusrah Front as an Alias for al-Qa'ida in Iraq," U.S. Department of State press release, December 11, 2012, www.state.gov/r/pa/prs/ps/2012/12/201759.htm

need to more tightly control the arms flow.”⁴¹ That designation came on the heels of an October 2012 U.S. Treasury designation of an al-Qaeda network in Iran that was “working to move fighters and money through Turkey to support al-Qaeda-affiliated elements in Syria.” Treasury explicitly noted that the network, headed by Muhsin al-Fadhli, leveraged an “extensive network of Kuwaiti jihadist donors to send money to Syria via Turkey.”⁴²

By 2013, the flow of jihadi personnel and finances from Turkey to Syria was rather well documented. As noted in the *Wall Street Journal*, in May of 2013 President Obama chided PM Erdoğan for “letting arms and fighters flow into Syria indiscriminately and sometimes to the wrong rebels, including anti-Western jihadists.”⁴³ An October 2013 report from Human Rights Watch noted, “Many foreign fighters operating in northern Syria gain access to Syria via Turkey, from which they also smuggle their weapons, obtain money and other supplies, and sometimes retreat to for medical treatment.”⁴⁴ That same month, the *Telegraph* reported that al-Qaeda recruits are “kept in safe houses in southern

Turkey” prior to entering Syria to fight in the ongoing conflict.⁴⁵

Erdoğan denied these reports, vowing to prevent aid from flowing to jihadists in Syria.⁴⁶ The reports, however, have not ceased. The *Los Angeles Times* reported in November 2013 that Syrian rebels, including “Islamist militants,” were using Turkish territory “as a transit route, logistics hub and rest stop.”⁴⁷ *The Guardian* similarly observed that, “Jihadists, in particular, have taken advantage of the relatively easy passage from Turkey to Syria.”⁴⁸ The *Washington Post* further noted that Turkey had “turned a blind eye as thousands of foreign volunteers from across the Muslim world streamed through the country en route to fight alongside Syria’s rebels.”⁴⁹ Some reports suggested that at least one Turkish NGO was involved in gun running (see below).

⁴¹ Adam Entous and Joe Parkinson, “Turkey’s Spymaster Plots Own Course on Syria,” *Wall Street Journal*, October 10, 2013, <http://online.wsj.com/article/SB10001424052702303643304579107373585228330.html>

⁴² “Treasury Further Exposes Iran-Based Al-Qa’ida Network,” U.S. Department of the Treasury press release, October 18, 2012, www.treasury.gov/press-center/press-releases/Pages/tg1741.aspx

⁴³ Adam Entous and Joe Parkinson, “Turkey’s Spymaster Plots Own Course on Syria,” *Wall Street Journal*, October 10, 2013, <http://online.wsj.com/article/SB10001424052702303643304579107373585228330.html>

⁴⁴ “You Can Still See Their Blood,” Human Rights Watch, October 11, 2013, www.hrw.org/node/119645/section/11

⁴⁵ Ruth Sherlock, “Al-Qaeda Recruits Entering Syria From Turkey Safehouses,” *Daily Telegraph*, October 30, 2013, www.telegraph.co.uk/news/worldnews/middleeast/syria/10415935/Al-Qaeda-recruits-entering-Syria-from-Turkey-safehouses.html

⁴⁶ Johan Sennero and Humeyra Pamuk, “Turkish PM Denies Helping Al Qaeda in Syria, Criticizes Russia,” Reuters, November 7, 2013, <http://news.yahoo.com/turkish-pm-erdogan-denies-support-al-qaeda-syria-120145594.html>

⁴⁷ Patrick J. McDonnell, “Turkey is Alarmed By Extremist Militants in Syria Border Area,” *Los Angeles Times*, November 10, 2013, www.latimes.com/world/la-fg-turkey-border-radicals-0131110,0,4858958.story#axzz2kH2eLsVT

⁴⁸ Martin Chulov, “Jihadists Call for Reinforcements as Syrian Regime Advances on Aleppo,” *The Guardian*, November 14, 2013,

www.theguardian.com/world/2013/nov/14/jihadists-reinforcements-syrian-regime-aleppo-al-qaeda

⁴⁹ Liz Sly, “Turkey Confronts Policy Missteps on Syria With Rise of al-Qaeda Across the Border,” *Washington Post*, November 16, 2013,

www.washingtonpost.com/world/middle_east/turkey-confronts-policy-missteps-on-syria-with-rise-of-al-qaeda-across-the-border/2013/11/16/e6183f12-4e27-11e3-97f6-ed8e3053083b_story.html

Turkey's activities are now common knowledge among Western analysts who cover the conflict in Syria. For example, Barak Barfi, a research fellow at the New America Foundation who has spent weeks on Turkey's borders, notes that "Jihadists have safe houses in border towns such as Antakya, Gaziantep, Kilis, and Reyhanli, where they screen potential recruits, meet with Persian Gulf funders and coordinate logistical aid deliveries." He adds that, "Without Turkey's acquiescence, these networks would dry up and jihadists would be unable to sustain such a pervasive presence in Syria."⁵⁰

To be sure, some reports suggest that Turkey is trying to get the problem under control.⁵¹ In November 2013, Turkish Foreign Minister Ahmet Davutoğlu effectively ceded that Turkey had a problem when he noted that better intelligence could help stem the flow of jihadists into Syria.⁵² Other Turkish officials expressed similar concerns.⁵³ *IHS Jane's Defence Weekly* reported that Turkey was actively increasing border controls to limit the flow of fighters in and out of Syria.⁵⁴

⁵⁰ Email correspondence, February 8, 2014.

⁵¹ Amberin Zaman, "Turkey Backing Off Support for Jihadists on Syria Border," *Al-Monitor*, November 18, 2013, www.al-monitor.com/pulse/originals/2013/11/turkey-backs-off-support-syria-rebels-border.html

⁵² "Better Intel Will Stop Militants Entering Syria: Turkey FM," Agence France Presse, November 19, 2013, www.google.com/hostednews/afp/article/ALeqM5gzv5_cgSo4cL9kNOGoHRoZi8mL3Q?docId=183fe0d7-9ac6-49d0-9724-b0dda5bab351

⁵³ "Turkey Trying to Halt Influx of Radicals Into Syria," *Hurriyet Daily News*, December 7, 2013, www.hurriyetdailynews.com/turkey-tries-hard-to-halt-influx-of-radicals-into-syria.aspx?pageID=238&nID=59169&NewsCatID=338

⁵⁴ Lale Sariibrahimoglu, "Turkey Shifts Policy on Extremists Travelling to Syria," *IHS Jane's Defence Weekly*, December 4, 2013, www.janes.com/article/31173/turkey-shifts-policy-on-extremists-travelling-to-syria

By December, *Today's Zaman* reported that Turkey told European nations it had deported 1,100 European citizens who travelled to Turkey to fight alongside al-Qaeda groups in Syria.⁵⁵ But for Turkey, the problem was not only foreign fighters. In late 2013, Reuters reported that "several hundred" Turks had travelled to Syria to fight in the war.⁵⁶ *Today's Zaman*, citing Turkey's interior ministry, put the number at 500, and added that they were fighting for the al-Qaeda affiliated Nusrah Front.⁵⁷

In late January 2014, an Israeli military official alleged that Syrian al-Qaeda groups were training in three separate bases in the Turkish provinces of Karaman, Osmaniye, and Sanliurfa.⁵⁸ The Turkish foreign ministry denied the report.⁵⁹

⁵⁵ "Turkey Deports 1,100 European Fighters to Countries of Origin," *Today's Zaman*, December 1, 2013, www.todayszaman.com/news-332877-turkey-deports-1100-european-fighters-to-countries-of-origin.html

⁵⁶ Daren Butler, "Turks Worry As Sons Go To Fight in Syria," Reuters, November 26, 2013, www.reuters.com/article/2013/11/26/us-syria-crisis-turkey-jihadists-idUSBRE9AP09D20131126

⁵⁷ "Turkish Interior Ministry: 500 Citizens Fighting With Al-Nusra in Syria," *Today's Zaman*, November 26, 2013, www.todayszaman.com/news-332467-turkish-interior-ministry-500-citizens-fighting-with-al-nusra-in-syria.html

⁵⁸ "Israeli General Reveals Qaeda Bases in Turkey," *Al-Arabiya*, January 29, 2014, <http://english.alarabiya.net/en/News/middle-east/2014/01/29/Israeli-general-says-al-Qaeda-s-Syria-fighters-are-based-in-Turkey.html>

⁵⁹ "Ankara denies presence of al-Qaeda bases on Turkish soil," *Today's Zaman*, January 30, 2014, www.todayszaman.com/news-338049-ankara-denies-presence-of-al-qaeda-bases-on-turkish-soil.html



(Arab News Photo)

IV. Yasin al-Qadi

One could argue that Turkey has elected to look the other way on groups like the Nusrah Front because of their commitment to bring down the Assad regime. Indeed, it might be said that Turkey has few options left, now that Washington has largely abandoned the opposition, notwithstanding select efforts to bring them together diplomatically from time to time. However, this does not explain the persistent reports surrounding the Erdoğan government's close and continuing relationship with Yasin al-Qadi.

Yasin Abdullah Ezzedine al-Qadi is a Saudi Arabian businessman who has been sanctioned by the United Nations, United States, and European Union, due to suspected financial ties to al-Qaeda, Osama bin Laden, and other terrorist entities. Al-Qadi was first designated a terrorist financier by the U.S. Department of the Treasury shortly after the September 11 attacks.⁶⁰ In recent years, it should be noted, al-Qadi has succeeded in having

sanctions against him lifted at both the United Nations and the European Union.⁶¹ However, it is also important to note that the U.S. Department of the Treasury maintains its sanctions, noting that it is “confident in [the] designation.”⁶²

Al-Qadi's ties to Prime Minister Erdoğan go back more than a decade. When al-Qadi tried to fight off the 2001 decision by Turkish courts to freeze his assets, he did so with Erdoğan's backing.⁶³ These efforts were ultimately unsuccessful, however. Turkish courts upheld the decision in April 2008.⁶⁴ Around that time, *Forbes* reported that al-Qadi was “close to a group of Islamic businessmen and politicians around the [Turkish] prime minister.” Erdoğan, to this day, stands by al-Qadi. He is on the record as stating, “I believe in him as I believe in myself. For Mr. Qadi to associate with a terrorist organization, or support

⁶¹ “Saudi Man Dropped From U.N. Al Qaeda Sanctions List,” Reuters, October 5, 2012, www.reuters.com/article/2012/10/06/us-alqaeda-sanctions-un-idUSBRE89501K20121006; “Europe's Top Court Rejects Sanctions Against Saudi Businessman,” Reuters, July 18, 2013, <http://www.reuters.com/article/2013/07/18/us-eu-court-kadi-idUSBRE96H0DJ20130718>

⁶² Tolga Taniş, “El Kadi'dan Washington da emin,” *Hurriyet*, January 6, 2014,

www.hurriyet.com.tr/yazarlar/25502503.asp

⁶³ Maha Akeel, “Turkish Court Lifts Freeze on Yassin Al-Qadi's Assets,” *Arab News*, August 9, 2006, www.arabnews.com/node/280194; “Al-Qadi Close to Regaining Frozen Assets in Turkey,” *Hurriyet Daily News*, September 22, 2006,

www.hurriyetdailynews.com/default.aspx?pageid=438&n=al-qadi-close-to-regaining-frozen-assets-in-turkey-2006-09-22

⁶⁴ Andrew Cochran, “Turkish Government Reaches Final Decision to Freeze al-Qadi's Assets,” *Counterterrorism Blog*, April 3, 2008, http://counterterrorismblog.org/2008/04/turkish_government_reaches_fin.php; “El Kadi's Assets Remain Frozen in Turkey,” Wikileaks, April 4, 2008, www.wikileaks.org/plusd/cables/08ANKARA645_a.html

⁶⁰ “Recent OFAC Actions,” U.S. Department of the Treasury press release, October 12, 2001, <https://web.archive.org/web/20040814083658/https://www.treas.gov/offices/enforcement/ofac/actions/20011012.shtml>

one, is impossible.”⁶⁵ Erdoğan, in other words, issued a direct challenge to the U.S. targeted financial sanctions system.

When the corruption scandal broke in December 2013, al-Qadi was in the eye of the storm. Turkish media reports indicated that prosecutors sought him for questioning.⁶⁶ According to reports, the Erdoğan government enabled al-Qadi to flee the country.⁶⁷ This may not have been the first time that the Saudi businessman traveled with special privileges. The Turkish press reported that al-Qadi illegally entered Turkey at least four times between February 2012 and October 2012 without a visa or passport. Despite a cabinet decision banning al-Qadi from entering Turkey, Erdoğan’s protective detail allegedly escorted him during his time in the country. During these visits, al-Qadi reportedly attended meetings with the leadership of various companies.⁶⁸

In the wake of the corruption scandal, attempts to learn more have been stifled by the AKP government.



Saleh al-Aruri speaking at an Eid al-Fitr event in Istanbul, Turkey in August 2012

V. Saleh al-Aruri

The Israeli news website Ynet reported in October 2013 that senior Hamas figure Saleh al-Aruri “operates out of Turkey, with the backing of the Turkish government.”⁶⁹ The Ynet report has been echoed by other credible sources, including a senior Israeli intelligence official who confirmed his presence there, adding that al-Aruri is “one of the most important leaders of Hamas” and is “involved in a lot of things, including finance and logistics.”⁷⁰

Al-Aruri’s presence in Turkey is troubling on several levels. For one, al-Aruri may be raising funds on Turkish soil that go to support terrorism. In April 2013, the Israel Security Agency (Shabak) announced the arrest of two Palestinians, Muhammad Sawalma and Ahmed Sawalma, who were involved in smuggling money for Hamas

⁶⁵ Richard C. Morais and Denet C. Tezel, “The Al Qadi Affair,” *Forbes*, January 24, 2008, www.forbes.com/2008/01/24/turkey-yasin-al-qadi-biz-cz_rm_0124alqadi.html

⁶⁶ “Prominent Turkish Businessmen Among Arrest List in Second Corruption Probe: Report,” *Hurriyet Daily News*, December 27, 2013, www.hurriyetaidailynews.com/prominent-turkish-businessmen-among-arrest-list-in-second-corruption-probe-report.aspx?pageID=238&nID=60239&NewsCatID=341

⁶⁷ “Report: Al-Qaeda Suspects Flee After Turkish Gov’t Blocks Raid,” *Today’s Zaman*, December 26, 2013, www.todayszaman.com/news-335038-report-al-qaeda-suspects-flee-after-turkish-govt-blocks-raid.html

⁶⁸ “Yasin al-Qadi Escorted By PM’s Security Detail, Daily Reports,” *Today’s Zaman*, December 30, 2013, www.todayszaman.com/news-335341-yasin-al-qadi-escorted-by-pms-security-detail-daily-reports.html

⁶⁹ Alex Fishman, “Leaving Prison, Returning to Terror,” *Ynet News*, October 21, 2013,

www.ynetnews.com/articles/0,7340,L-4443522,00.html

⁷⁰ Jonathan Schanzer, “Thorn in the Side,” *Foreign Policy*, September 17, 2013,

www.foreignpolicy.com/articles/2013/09/17/thorn_in_the_side_turkey_hamas_israel

from Jordan to the West Bank.⁷¹ During interrogation, it was learned that some of the money was being smuggled on behalf of al-Aruri.⁷²

Al-Aruri is also believed to be in charge of Hamas' operations in the West Bank.⁷³ This is particularly worrisome in light of the recent uptick in attacks in that territory.⁷⁴ In fact, from his base in Turkey, al-Aruri continues to call for violent attacks against Israel, and his proclamations are publicized on the English website of Hamas' military apparatus, the Izz al-Din al-Qassam Brigades.⁷⁵ According to the Israeli daily *Haaretz*, al-Aruri has been helping Hamas plan terror attacks in the West Bank.⁷⁶ In January 2014, a senior Israeli military official told *Israel Hayom* that Hamas' recent West Bank

operations have been "directed from Gaza via Turkey."⁷⁷

Al-Aruri's presence in Turkey is not a new development. He has been based there since 2012, after Hamas abandoned its Damascus headquarters in protest over the Assad regime's killing of Sunni Syrians and Palestinians.⁷⁸ Al-Aruri has not been shy about his presence, either. In March 2012, for example, he joined a Hamas delegation that took part in talks with Turkish officials, including Erdoğan.⁷⁹ In October 2012, he traveled from Turkey to Gaza to attend the Qatari emir's visit to the Hamas-controlled Gaza Strip.⁸⁰ The following October, al-Aruri joined Hamas politburo chief Khaled Meshal for a high-level meeting with Erdoğan in Ankara.⁸¹

⁷¹ David Barnett, "Israel Indicts More Palestinian Terror Cells," *Long War Journal*, April 18, 2013,

www.longwarjournal.org/threat-matrix/archives/2013/04/israel_indicts_more_palestina.php

⁷² "Operative Released in Shalit Deal Involved in Directing Terrorism" Israel Security Agency website, www.shabak.gov.il/publications/publications/Pages/shotef170413.aspx

⁷³ "Haniyeh in Cairo Today, Abu Marzouk Official In Charge of the Media," *Al-Hayat*, April 24, 2013, <http://alhayat.com/Details/506404>

⁷⁴ David Barnett, "Israeli Defense Forces: Abduction Attempts in 2013 Already Equal to 2012 Total," *Long War Journal*, June 7, 2013, www.longwarjournal.org/threat-matrix/archives/2013/06/idf_abduction_attempts_in_2013.php

⁷⁵ "Aruri Urges Resistance in W. Bank For More Heroic Operations Against Occupation," Ezzedeem al Qassam Brigades website, October 24, 2013, www.qassam.ps/news-7624-Aruri_urges_resistance_in_W_Bank_for_more_heroic_operations_against_occupation.html

⁷⁶ Amos Harel, "Hamas Is Alive and Kicking in the West Bank - But In Remote Control," *Haaretz*, December 21, 2013, www.haaretz.com/weekend/week-s-end/.premium-1.564568

⁷⁷ Yoav Limor, "'There Is No Intifada'," *Israel Hayom*, January 10, 2014,

www.israelhayom.com/site/newsletter_article.php?id=14651

⁷⁸ "Who will follow Meshal?" *Al-Abram Weekly*, October 4-10, 2012, <http://weekly.ahram.org.eg/2012/1117/re3.htm>

⁷⁹ "Hamas Delegation to Visit Turkey," Maan News Agency, March 16, 2012,

www.maannews.net/eng/ViewDetails.aspx?ID=468536

⁸⁰ Adel Zaanoun, "Pomp and poems for Qatari emir in Gaza," Agence France Press, October 23, 2012,

www.google.com/hostednews/afp/article/ALeqM5g9dc8qpbAToqCjN7NFEwEplUrcNg?docId=CNG.2020e0b71542846d5c2a23c570914c48.4d1

⁸¹ "Hamas Delegation to Visit Turkey," Ma'an News Agency, March 16, 2012,

www.maannews.net/eng/ViewDetails.aspx?ID=468536;

"Meshal and Hamas Delegation Meets With Turkish Prime Minister," Hamas Information Office, October 8, 2013, www.hamainfo.net/ar/default.aspx?xyz=U6Qq7k%2bcOd87MDI46m9rUxJEpMO%2bi1s7STpp4vS%2fU0tHKuuRVd1acVijjinOOgBfLZoCZz7lptMYlzS3uLdx0MPfjTKdx8fXL7m8XoPzWJ4XAP3cevAhA2%2f0fg5kycO34KvGJ8XorE%3d



Prime Minister Recep Tayyip Erdoğan, right, and Hamas leader Khaled Mashaal during the AKP congress in Ankara, Turkey, Sept. 30, 2012. (AP Photo)

VI. Hamas Ties

The presence of Saleh al-Aruri is a symptom of broader Turkish support to the terrorist group Hamas. Ties grew particularly strong in the wake of the Arab Spring, as Turkey worked to integrate Hamas, a splinter of the Muslim Brotherhood, into what appeared to be the new regional order. Since the fall of the Egyptian Muslim Brotherhood leader Mohammed Morsi in July 2013, however, Turkey's role as an advocate for the Islamist movement has grown complicated. But it is clear that Turkey remains committed to providing political and even financial support to Hamas.

Granted, Hamas is not designated as a terrorist organization in Turkey. Nor is it designated at the UN (the terrorism list is limited to al-Qaeda and the Taliban). Turkey is therefore technically within its rights to back the group. However, it is decidedly awkward for a NATO ally to be so outwardly supportive of Hamas in light of the group's grisly record of violence against civilian targets since its inception in 1987. It is even more awkward in light of Turkey's hopes to join the European Union, which designated the military

wing of Hamas in 2001 and followed up with a designation of the political wing in 2003.⁸²

The question of Turkey's direct financial support to Hamas is an open one. In December 2011, Palestinian news sources reported that Erdoğan "instructed the Ministry of Finance to allocate \$300 million to be sent to Hamas' government in Gaza."⁸³ Both Turkey and Hamas denied this, but Reuters⁸⁴ and the Israeli daily *Haaretz*⁸⁵ published subsequent reports citing this financial relationship. To be sure, given its role in NATO and its alliance with Washington, it's no wonder that Turkey would seek to keep its Hamas ties out of the public eye.

But Turkey has been rather open about the other financial and material support it provides to the Hamas government in Gaza. For example, it is undeniable that Turkey has bankrolled hospitals,⁸⁶

⁸² Matthew Levitt, *Hamas: Politics, Charity and Terrorism in the Service of Jihad*. (New Haven, CT: Yale University Press, 2007), p. 50.

⁸³ Saed Bannoura, "Turkey To Grant Hamas \$300 Million," International Middle East Media Center, December 3, 2011, www.imemc.org/article/62607

⁸⁴ Nidal al-Mughrabi, "Hamas Quietly Quits Syria as Violence Continues," Reuters, January 27, 2012, www.reuters.com/article/2012/01/27/us-syria-hamas-idUSTRE80Q0QS20120127

⁸⁵ Zvi Bar'el, "Turkey May Provide Hamas with \$300 Million in Annual Aid," *Haaretz*, January 28, 2012, www.haaretz.com/news/diplomacy-defense/turkey-may-provide-hamas-with-300-million-in-annual-aid-1.409708

⁸⁶ "Turkey Building Hospital in Gaza Despite Difficulties," *Today's Zaman*, July 19, 2011, www.todayszaman.com/news-250982-turkey-building-hospital-in-gaza-despite-difficulties.html

mosques,⁸⁷ schools,⁸⁸ and food supplies⁸⁹ in Hamas-controlled Gaza, with additional funds that have helped Hamas rebuild its territory after its November 2012 war with Israel. More recently, in October 2013, the Turkish Foreign Ministry announced plans to provide the Gaza Strip with \$850,000 to deal with energy needs.⁹⁰

Turkey's political support to Hamas has been rather strident in recent years. Famously, Erdoğan clashed publicly with Israeli president Shimon Peres over Israel's Hamas policy at Davos in 2009.⁹¹ More recently, Erdoğan has regularly hosted senior Hamas officials in Turkey⁹² and expressed a strong desire to make an official visit to the Gaza Strip, where he would be only the second world leader to do so since Hamas took

over by force in 2007.⁹³ The United States has expressed concern that such a visit would strengthen Hamas, particularly when Secretary of State John Kerry is trying to advance peace talks between Israel and the Palestinian leadership in the West Bank.⁹⁴

Arguably, Erdoğan's most strident effort in support of Hamas was his government's backing of the ill-fated 2010 flotilla, which attempted to breach Israel's blockade of the Gaza Strip, but led to violence on the high seas.⁹⁵ The NGO responsible for the flotilla, the İHH, has been accused of raising funds that benefit Hamas, but it may not be alone. According to one leaked State Department cable, a PLO official warned U.S. diplomats in 2009 of a "growing number of questionable NGO conferences in support of Palestine held in Istanbul" that were being used for nefarious purposes. The U.S. embassy in Ankara claims to have "officially and unofficially raised concerns with the [Government of Turkey] that the NGO conferences are being used for Hamas fundraising."⁹⁶

⁸⁷ "Turkey to Help Rebuild Mosques in Gaza Strip,"

Hurriyet Daily News, January 12, 2012,

www.hurriyetdailynews.com/turkey-to-help-rebuild-mosques-in-gaza-strip.aspx?pageID=238&nID=11286&NewsCatID=338

⁸⁸ "Gaza Govt Constructs, Refurbishes 50 Security Buildings," Ma'an News Agency, January 24, 2012,

www.maannews.net/eng/ViewDetails.aspx?ID=454664

⁸⁹ Elad Benari, "Israel Allows Turkish Food Trucks into Gaza," *Arutz Sheva*, March 7, 2013, www.israelnationalnews.com/News/News.aspx/165959#.Uml2aPmshsI

⁹⁰ "Turkey Donates \$850,000 For Gaza's Energy Needs,"

Today's Zaman, October 23, 2013, www.todayszaman.com/news-329599-turkey-donates-850000-for-gazas-energy-needs.html

⁹¹ Katrin Bennhold, "Leaders of Turkey and Israel Clash at Davos Panel," *New York Times*, January 29, 2009,

www.nytimes.com/2009/01/30/world/europe/30clash.html

⁹² "Turkey's Erdoğan Meets Top Hamas Officials for Talks on Palestinian Reconciliation," Associated Press, June 18, 2013, www.foxnews.com/world/2013/06/18/turkey-erdoğan-meets-top-hamas-officials-for-talks-on-palestinian/

⁹³ "Turkey's Erodgan Considers Gaza Visit," *Associated Press*, November 28, 2012, <http://bigstory.ap.org/article/turkeys-erdoğan-considers-gaza-visit>. Currently, Qatar's emir is the only world leader to have visited the Gaza Strip since the Hamas takeover in 2007.

⁹⁴ Michael Gordon, "Kerry Asks Turkish Leader to Postpone Trip to Gaza," *New York Times*, April 21, 2013,

www.nytimes.com/2013/04/22/world/middleeast/kerry-seeks-turkish-leaders-patience-on-gaza.html

⁹⁵ Dan Bilefsky and Sebnem Arsu, "Sponsor of Flotilla Ties to Elite of Turkey," *New York Times*, July 15, 2010,

www.nytimes.com/2010/07/16/world/middleeast/16turkey.html

⁹⁶ "Turkey: Abbas To Tell GOT 'Stop Empowering Hamas'," Wikileaks, July 15, 2009,

www.cablegatesearch.net/cable.php?id=09ANKARA1012



Hamas leader Ismail Haniyeh, center, in front of the Mavi Marmara in Istanbul, Turkey, Jan. 2, 2012. (AP Photo)

VII. The İHH

The Turkish charity responsible for coordinating the aforementioned flotilla, Humanitarian Relief Foundation (İHH), has been linked to several terrorist groups over the years. The group, which denies nearly all of the charges noted below,⁹⁷ enjoys significant support from the Turkish government.⁹⁸

The İHH was founded in Turkey in 1992.⁹⁹ As analyst Michael Weiss notes, the charity was a subject of concern to the CIA as early as 1996. A declassified report titled, “International Islamic NGOs and Links to Terrorism,” noted the İHH’s connections to Islamist groups in Iran and Algeria. The report also noted that the İHH was one of fifteen NGOs sponsoring terrorist activities in Bosnia.¹⁰⁰ Esad Hecimovic, a Bosnian investigative

journalist, confirms that the İHH was linked to jihadist activity and the funneling of arms during the Bosnia conflict.¹⁰¹ In 1999, the government of Turkey froze the bank accounts of İHH, claiming that the “fundamentalist” charity had not complied with fundraising regulations. Specifically, the governor of Istanbul claimed the group was operating “secret bank accounts.”¹⁰²

In or around 2001, the İHH became part of the Union of Good, a Saudi-based umbrella organization chaired by the Qatar-based cleric Sheikh Yusuf al-Qaradawi, who was known for encouraging attacks, including suicide bombings, against Israeli civilians.¹⁰³ On November 12, 2008, the U.S. Department of the Treasury designated the Union of Good as a terrorist entity. “The leadership of Hamas created the Union of Good in late-2000, shortly after the start of the second Intifada, in order to facilitate the transfer of funds to Hamas,” Treasury stated.¹⁰⁴ Israel had already outlawed the Union of Good from operating in the West Bank and Gaza in 2002.¹⁰⁵

⁹⁷ Author interview with İHH officials, Istanbul, August 29, 2013.

⁹⁸ Justin Vela, “Turkey’s Men in Syria,” *Foreign Policy*, September 18, 2012, www.foreignpolicy.com/articles/2012/09/18/turkeys_men_in_syria

⁹⁹ “Questions Frequently Asked to İHH,” İHH website, www.ihh.org.tr/en/main/faq/questions-frequently-asked-to-ihh/1

¹⁰⁰ Michael Weiss, “The Dark Truth About Those Gaza-bound Turkish Flotilla ‘Humanitarians,’” *New York Daily News*, June 11, 2010, www.nydailynews.com/opinion/dark-truth-gaza-bound-turkish-flotilla-humanitarians-article-1.182754#ixzz2r2sT3nmO

¹⁰¹ Esad Hecimovic, “Gaza Flotilla Official Was Foreign Fighter in Bosnia War,” *Intelwire*, June 13, 2010, <http://news.intelwire.com/2010/06/gaza-flotilla-official-was-foreign.html>

¹⁰² Lori Montgomery, “Islamists Say Government is Stifling Quake Aid Efforts,” *Philadelphia Inquirer*, August 28, 1999, p.A3.

¹⁰³ “The Union of Good – Analysis and Mapping of Terror Funds Network,” Israel Security Agency website, www.shabak.gov.il/english/enterrordata/reviews/pages/coalition.en.aspx

¹⁰⁴ “Treasury Designates the Union of Good,” U.S. Treasury press release, November 11, 2012. www.treasury.gov/press-center/press-releases/Pages/hp1267.aspx

¹⁰⁵ “Defense Minister Signs Order Banning Hamas-Affiliated Charitable Organizations,” Israeli Ministry of Foreign Affairs website, July 7, 2008, www.mfa.gov.il/mfa/pressroom/2008/pages/defense%20minister%20signs%20order%20banning%20hamas-affiliated%20charitable%20organizations%207-jul-2008.aspx

The İHH's contribution to the Union of Good was apparently not significant enough to warrant a designation of its own. However, following the 2010 flotilla to Gaza, the group came under increased scrutiny. The Israeli government, for example, reported that one of the İHH activists on the flotilla was involved in smuggling al-Qaeda members to the Gaza Strip.¹⁰⁶ Turkish prosecutors in 2012 began investigating the president of the İHH for allegedly financing al-Qaeda.¹⁰⁷ The Dutch¹⁰⁸ and German¹⁰⁹ governments both issued designations of local İHH entities for their ties to Hamas (the Turkish group denied having links to these European entities). U.S. agencies also began examining whether the İHH was worthy of a terror designation.¹¹⁰ A leaked classified cable revealed the U.S. Treasury Department's concerns over whether the İHH provided Hamas with material assistance.¹¹¹ To date, however, no

designation has been issued, and the İHH continues to operate openly in Gaza.¹¹²

After a period of relative quiet, new concerns have emerged regarding the İHH's support for Islamist extremists in Syria. The İHH is unabashed about its ties to many Syrian rebel factions, which the charity's Istanbul-based officials say are necessary to ensure the delivery of aid across all lines.¹¹³ But according to a March 2013 McClatchy report, the İHH provides aid to or through fighters in Syria, including Ahrar al Sham.¹¹⁴ This Salafist faction "frequently fights alongside both the Nusra Front and the Islamic State of Iraq and the Levant" – both al-Qaeda affiliates.¹¹⁵ In December 2013, senior al-Qaeda operative Abu Khalid al-Suri (Mohamed Bahaiah) was identified as a leading figure in Ahrar al-Sham.¹¹⁶ According to the U.S. Treasury Department, al-Suri is al-Qaeda's representative in Syria and received at least \$600,000 in 2013 from a Qatar-based al-Qaeda financier for operations in Syria.¹¹⁷

¹⁰⁶ "Specific Flotilla Passengers Linked to Al-Qaeda, Hamas and Other Terror Organizations," Israel Defense Forces website, June 6, 2010, www.idfblog.com/2010/06/06/intel-specific-flotilla-passengers-linked-to-al-qaeda-hamas-and-other-terror-organizations-6-june-2010/

¹⁰⁷ "Head of conservative NGO under probe for financing al-Qaeda," *Hurriyet Daily News*, June 15, 2012, www.hurriyetdailynews.com/head-of-conservative-ngo-under-probe-for-financing-al-qaeda-.aspx?pageID=238&cnID=23245&NewsCatID=338

¹⁰⁸ Benjamin Weinthal, "Dutch Government Places İHH on Terror List," *Jerusalem Post*, May 1, 2011, www.jpost.com/International/Dutch-government-places-IHH-on-terror-list

¹⁰⁹ Tzvi Ben Gedalyahu, "German Bans İHH Terrorist Group; European Jews Urge EU to Follow," *Arutz Sheva*, July 12, 2010, www.israelnationalnews.com/News/News.aspx/138557#.Ut_uc5so4y8

¹¹⁰ Ben Evansky, "State Department Mulls Terror Designation for Gaza 'Aid' Ship Funder," *Fox News*, July 14, 2010, www.foxnews.com/world/2010/07/14/exclusive-state-department-considers-terror/

¹¹¹ "Treasury Official on Fight Against Terrorist Financing," Wikileaks, December 4, 2009, <http://cablegatesearch.net/cable.php?id=09ANKARA1725>

¹¹² İHH Website, <http://filistin-gazze.ihh.org.tr/>

¹¹³ Author interview with İHH officials, Istanbul, August 29, 2013.

¹¹⁴ David Enders, "Islamist Rebels Consolidating Hold in Three Northeast Syrian Provinces," *McClatchy*, March 15, 2013, www.mcclatchydc.com/2013/03/15/186043/islamist-rebels-consolidating.html

¹¹⁵ Bill Roggio, "Free Syrian Army Units Ally With Al Qaeda, Reject Syrian National Coalition, and Call for Sharia," *Long War Journal*, September 26, 2013, www.longwarjournal.org/archives/2013/09/free_syrian_army_uni.php. The core of al-Qaeda's leadership disavowed ISIS in February 2014.

¹¹⁶ Thomas Joscelyn, "Syrian Rebel Leader Was Bin Laden's Courier, Now Zawahiri's Representative," *Long War Journal*, December 17, 2013, www.longwarjournal.org/archives/2013/12/qa_courier_rebel_leader_zawahiri.php

¹¹⁷ "Treasury Designates Al-Qa'ida Supporters in Qatar and Yemen," U.S. Treasury press release, December 18, 2013, www.treasury.gov/press-center/press-releases/Pages/jl2249.aspx

Remarkably, the İHH evaded serious scrutiny until it became part of the Turkish corruption scandal on January 1, 2014, when Turkish media alleged that the charity was transporting weaponry to jihadists in Syria.¹¹⁸ The İHH denied the allegations,¹¹⁹ and so did Turkey's interior minister shortly after the reports surfaced.¹²⁰ Two weeks later, however, Turkish anti-terror units conducted raids in six cities against people suspected of financing, arming, and fighting on behalf of al-Qaeda and other jihadist factions in Syria.¹²¹ Among the locations targeted was an İHH office in Kilis near the Syrian border, where at least one suspect was arrested.¹²² Another İHH employee was detained in Kayseri after the police raided his home, the Associated Press reported.¹²³ İHH officials denounced the raid and denied wrongdoing.¹²⁴

During the January raids, Turkish authorities also arrested two suspected al-Qaeda operatives: Halis Bayancuk and Ibrahim Şen. Bayancuk, also known as Ebu Hanzala, is a theologian who reportedly plays a key role for al-Qaeda in Turkey.¹²⁵ Bayancuk, a former member of Turkish Hezbollah,¹²⁶ reportedly had several prior arrests, most recently in in 2011.¹²⁷ Ibrahim Şen, a former detainee at Guantanamo, was handed to Turkish authorities in 2003. He was sentenced in 2008 to 6 years in prison, but his legal appeals are ongoing.¹²⁸ According to the U.S. Department of Defense, Şen is one of several former Guantanamo detainees that returned to terror activity upon their release.¹²⁹

Serbian news agencies reported in late January 2014 that İHH was under investigation in Bosnia-Herzegovina for exporting weapons to jihadis in Syria.¹³⁰ İHH officials again denied wrongdoing.

¹¹⁸ "Suspicious of Arms Shipment, Turkish Army Stops Truck Bound for Syria," *Today's Zaman*, January 1, 2014, www.todayszaman.com/news-335503-report-turkish-police-seizes-weapons-on-aid-truck.html; and "Truck En Route to Syria Stirs Crisis Between Judiciary, Executive," *Today's Zaman*, January 2, 2014, www.todayszaman.com/news-335585-truck-en-route-to-syria-stirs-crisis-between-judiciary-executive.html

¹¹⁹ "False Accusations Towards İHH Humanitarian Aid Foundation," İHH press release, January 1, 2014, www.ihh.org.tr/en/main/news/0/false-accusations-towards-ihh-humanitarian-ai/1998

¹²⁰ "Turkey Denies Reports of Arms Shipment to Syria," Agence France Presse, January 2, 2014, www.naharnet.com/stories/en/112296

¹²¹ "Turkey Questions Al-Qaeda Suspects," Agence France Presse, January 16, 2014, <https://now.mmedia.me/lb/en/international/530716-turkey-questions-al-qaeda-suspects>

¹²² "Turkish Anti-Terrorist Police Raid Aid Agency Near Syrian Border," Reuters, January 14, 2014, www.reuters.com/article/2014/01/14/us-turkey-ngo-idUSBREA0D0JI20140114

¹²³ Suzan Fraser, "Turkish Police Detain Al-Qaida Suspects," Associated Press, January 14, 2014, <http://bigstory.ap.org/article/reports-turkish-police-detain-al-qaeda-suspects>

¹²⁴ Ivan Watson and Gul Tuysuz, "Police Raid Islamic Charity in Turkey," CNN, January 14, 2014, www.cnn.com/2014/01/14/world/meast/turkey-police-raid/index.html

¹²⁵ "Suspected Al-Qaeda Members Nabbed In Police Operation," *Today's Zaman*, January 14, 2014, www.todayszaman.com/news-336617-suspected-al-qaeda-members-nabbed-in-police-operation.html; "Al-Qaeda Operations Active in Istanbul," *Aydinlik*, August 26, 2013, www.aydinlikdaily.com/Al-Qaeda-Operations-Active-in-Istanbul-412

¹²⁶ "Turkey Detains 40 Al-Qaeda, Hizbullah Suspects in Raids," *Today's Zaman*, April 13, 2011, www.todayszaman.com/newsDetail_getNewsById.action;jsessionid=CD1606FA4F14002845C714594A16E018?newsId=240909

¹²⁷ "41 Arrested in Al-Qaida Bust in Turkey," Xinhua, April 12, 2011, http://news.xinhuanet.com/english2010/world/2011-04/12/c_13825483.htm

¹²⁸ "Suspected Al-Qaeda Members Nabbed In Police Operation," *Today's Zaman*, January 14, 2014, www.todayszaman.com/news-336617-suspected-al-qaeda-members-nabbed-in-police-operation.html

¹²⁹ "Fact Sheet: Former Guantanamo Detainee Terrorism Trends," U.S. Department of Defense website, April 7, 2009, www.defense.gov/news/returntothefightfactsheet2.pdf

¹³⁰ See: www.glassrpske.com/novosti/vijesti_dana/Veze-sa-IHH-om-vode-ka-Ministarstvu-odbrane/144621.html and www.glassrpske.com/novosti/vijesti_dana/Pod-istragom-saradnici-IHH-a-u-BiH/144320.html



Chinese S-300 (HongQi 9 [HQ-9]) launcher

VIII. China Missile Defense Deal

In addition to the long list of illicit finance concerns mentioned above, on September 26, 2013, Turkey announced that it had accepted a bid from China Precision Machinery Import and Export Corp (CPMIEC) to co-produce a \$4 billion Turkish Long Range Air and Missile Defense System (T-LORAMIDS).¹³¹ Among the factors that prompted the Turkish decision was Ankara's ability to co-produce the system in a way that would allow Turkey to acquire the technology and bolster its self-reliance.¹³² Following the announcement, U.S.¹³³ and NATO¹³⁴ officials

¹³¹ Ece Toksabay, "Chinese Firm Under U.S. Sanctions Wins Turkish Missile Deal," Reuters, September 27, 2013, www.reuters.com/article/2013/09/27/us-turkey-china-defence-idUSBRE98Q0CY20130927

¹³² Jim Zanotti, "Turkey: Background and U.S. Relations," Congressional Research Service, December 20, 2013, p.12. www.fas.org/sgp/crs/mideast/R41368.pdf

¹³³ Tuly Karadeniz, "U.S. Talking to Turkey About China Missile Deal Concerns," Reuters, October 24, 2013, www.reuters.com/article/2013/10/24/us-turkey-china-defence-usa-idUSBRE99N09X20131024

expressed misgivings that the deal with CPMIEC could undermine allied air defenses. "We are seriously concerned about what this means for allied missile and air defenses for us and for Turkey," U.S. Ambassador to Turkey Francis Ricciardone said.¹³⁵

Of particular concern was the fact that CPMIEC has been sanctioned multiple times by the U.S. for selling prohibited missile technology to Iran.¹³⁶ The deal does not constitute terrorism finance, but it does appear to be a direct attempt to undermine the U.S.-led sanctions against Iran.

Western officials pushed back against the CPMIEC deal, arguing that the proposed Turkey-China missile defense deal would not be compatible with existing NATO systems.¹³⁷ NATO's top military commander called on Turkey to reconsider the deal,¹³⁸ while the defense firms Raytheon and Lockheed Martin were reportedly "considering ways to sweeten their offer

¹³⁴ Mette Fraende, "NATO Head Expresses Concern About Turkey's Chinese Missile Deal," Reuters, October 7, 2013, www.reuters.com/article/2013/10/07/us-turkey-china-defence-idUSBRE9960HO20131007

¹³⁵ Tuly Karadeniz, "U.S. Talking to Turkey About China Missile Deal Concerns," Reuters, October 24, 2013, www.reuters.com/article/2013/10/24/us-turkey-china-defence-usa-idUSBRE99N09X20131024

¹³⁶ "China Precision Machinery Import-Export Corporation (CPMIEC)," Nuclear Threat Initiative, November 16, 2012, www.nti.org/facilities/51/

¹³⁷ Sevil Erkus, "US, NATO Clarify Chinese Missile System Not Interoperable," *Hurriyet Daily News*, November 4, 2013, www.hurriyetdailynews.com/us-nato-clarify-chinese-missile-system-not-interoper.aspx?pageID=238&nID=57309&NewsCatID=344

¹³⁸ Adrian Croft, "NATO's Top Commander Questions Turkish Missile Deal With China," Reuters, November 6, 2013, www.reuters.com/article/2013/11/06/us-turkey-china-defence-idUSBRE9A51B020131106

to build a Patriot missile defense system for Turkey” to replace the CPMIEC agreement.¹³⁹

Amidst the ongoing flap, Turkish Foreign Minister Ahmet Davutoğlu stated there was no “political or ideological dimension” to Turkey’s choice of a Chinese company for its missile defense deal.¹⁴⁰ He stressed that a final decision had not been made and that a new offer from a Western nation would be considered.¹⁴¹

Despite efforts to placate Washington, tensions were building. U.S. officials warned that Turkish companies could face sanctions if they were to act as a subcontractor for the CPMIEC missile defense project.¹⁴² Additionally, U.S. financial giant Merrill Lynch wrote to Turkish defense firm Aselsan, noting that if the company continued to work with China’s CPMIEC, it could no longer conduct business with the U.S.-based bank.¹⁴³

¹³⁹ Andrea Shala-Esa, “Raytheon, Lockheed Consider Fresh Bid for Turkey Missile Defense,” Reuters, November 12, 2013, www.reuters.com/article/2013/11/13/us-usa-turkey-china-idUSBRE9AC00Y20131113

¹⁴⁰ Kristina Wong, “Turkish Official Defends Purchase of Chinese Anti-Missile System,” *Washington Times*, November 18, 2013, www.washingtontimes.com/news/2013/nov/18/turkish-official-defends-purchase-chinese-anti-mis/

¹⁴¹ “US Has Time to Boost Bid for Turkey Missile System: FM,” Agence France Presse, November 19, 2013, www.google.com/hostednews/afp/article/ALeqM5irdE0D67TLx0iVYWGGrWji6NeWqEA?docId=4e139962-8fdd-435a-9ef6-bd86f6e7a9a2

¹⁴² Burak Ege Bekdil, “Turk Industry Could Face US Sanctions in China Air Defense Deal,” *Defense News*, November 19, 2013, www.defensenews.com/article/20131119/DEFREG01/311190033/Turk-Industry-Could-Face-US-Sanctions-China-Air-Defense-Deal

¹⁴³ Erdal Saglam, “Merrill Lynch Refuses to Serve Turkish Defense Firm,” *Hurriyet Daily News*, December 5, 2013, www.hurriyetdailynews.com/merrill-lynch-refuses-to-serve-turkish-defense-firm.aspx?pageID=238&nID=59060&NewsCatID=344

Congress also joined the fray, adopting legislation that prevents U.S. funds from being used to integrate the potential Turkey-China missile defense system into NATO’s network.¹⁴⁴ Turkish officials acknowledge that the U.S. is trying to make the deal “financially less attractive.”¹⁴⁵



IX. Financial Action Task Force (FATF)

Even before most of the above was reported, Turkey was already under fire for its failure to live up to its obligations to fight the financing of terrorism. In February 2013, Ankara was nearly blacklisted by the international body dedicated to

¹⁴⁴ Dan Lamothe, “Congress Moves to Spike China’s Missile Deal with Turkey,” *Foreign Policy*, December 9, 2013, http://complex.foreignpolicy.com/posts/2013/12/09/congress_moves_to_spike_chinas_missile_deal_with_turkey#sthash.pOijOZnr.jwDT5XUj.dpbs

¹⁴⁵ “Congress to Ankara: No China Interoperability With US Money,” *Today’s Zaman*, December 12, 2013, www.hurriyetdailynews.com/congress-to-ankara-no-china-interoperability-with-us-money.aspx?pageID=238&nID=59417&NewsCatID=483

combatting terrorism finance, the Financial Action Task Force (FATF).¹⁴⁶

Ankara was first notified of its deficiencies in 2007, when a FATF team alerted the Turks that, after a “mutual evaluation,” it had not adequately criminalized terrorism finance in the country.¹⁴⁷ Nor had Turkey done enough to put in place infrastructure that could help identify and freeze terrorist assets.

According to Amit Kumar, a former terror finance official at the United Nations, the expectation was that Turkey would move quickly to redress the situation.¹⁴⁸ However, Turkey did little for five years. As revealed in a leaked U.S. Treasury cable, U.S. officials raised this issue directly with Turkish officials in 2011; among the challenges discussed was Turkey’s narrow definition of terrorism.¹⁴⁹

Turkey’s foot-dragging ultimately led FATF to issue a blacklist warning on October 19, 2012.¹⁵⁰ Such a listing would have landed Turkey on a short list with North Korea and Iran, thereby

significantly weakening its financial standing worldwide.

To the relief of Turkey’s Western allies (and no doubt, Turkish financial institutions), Ankara adopted legislation that precluded punitive action in February 2013.¹⁵¹ However, there were a number of lacunae in the new law.¹⁵² Turkey thus remained on the FATF’s list of jurisdictions “that have not made sufficient progress in addressing the deficiencies.” As the FATF website noted in October 2013, “concerns remain, and Turkey should take further steps to implement an adequate legal framework for identifying and freezing terrorist assets... Turkey should also continue to ensure that terrorist financing has been adequately criminalized. The FATF encourages Turkey to address the remaining strategic deficiencies and continue the process of implementing its action plan.”¹⁵³

Today’s Zaman noted further that, “research conducted by experts from the Ministry of the Interior, the Ministry of Justice, and the Ministry of Finance has revealed that no judicial investigation into the financing of terrorism has ever been launched nor has any complaint on the

¹⁴⁶ Samuel Rubinfeld, “Eleventh-Hour Law Prevents FATF from Blacklisting Turkey,” *Wall Street Journal*, February 25, 2013, <http://blogs.wsj.com/corruption-currents/2013/02/25/eleventh-hour-law-prevents-fatf-from-blacklisting-turkey/>

¹⁴⁷ “Mutual Evaluation of Turkey,” Financial Action Task Force website, February 23, 2007, www.fatf-gafi.org/topics/mutualevaluations/documents/mutualevaluatio-nofturkey.html

¹⁴⁸ Jonathan Schanzer, “Turkey’s Terror Finance Problem,” *Weekly Standard*, February 7, 2013, www.weeklystandard.com/blogs/turkeys-terror-finance-problem_700428.html

¹⁴⁹ “Treasury Official on Fight Against Terrorist Financing,” Wikileaks, December 4, 2009, <http://cablegatesearch.net/cable.php?id=09ANKARA1725>

¹⁵⁰ “Outcomes of the Plenary Meeting of the FATF, Paris, 17-19 October 2012,” Financial Action Task Force website, October 19, 2012, www.fatf-gafi.org/documents/documents/outcomesoftheplenarymeetingofthefatfparis17-19october2012.html

¹⁵¹ Orhan Coskun, “Turkish Parliament Approves Anti-Terrorism Financing Law,” Reuters, February 7, 2013, www.reuters.com/article/2013/02/07/us-turkey-financing-law-idUSBRE91614K20130207

¹⁵² Herden Safak, “FATF Recommendations to Turkey and Draft on Preventing Terrorism Financing,” Martindale.com, October 21, 2013, www.martindale.com/finance-law/article_HERDEM-Co-Attorneys-At-Law_2005326.htm

¹⁵³ “FATF Public Statement,” Financial Action Task Force website, October 18, 2013, www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatf-public-statement-oct-2013.html

issue ever been filed in Turkey.”¹⁵⁴ Shortly thereafter, Turkey agreed to freeze the assets of “219 people and 63 organizations linked with al-Qaeda, and the accounts of 130 people and four organizations associated with the Taliban.”¹⁵⁵ The reason Ankara could act against so many targets at once was because the Turks had not moved on these designations for years. The individuals had been designated by the UN Security Council’s “Al-Qaida Sanctions Committee,” which was established through the adoption of Resolution 1267 in 1999.¹⁵⁶

To be sure, Turkey was not alone. There are, at any given point, a number of countries out of compliance with their FATF obligations. Turkey, however, was the only NATO member to appear on this list.

This was the case, yet again, when FATF announced on February 14, 2014 that Turkey would remain a jurisdiction of concern. FATF noted the challenges “regarding Turkey’s framework for identifying and freezing terrorist assets” in accordance with United Nations security council resolutions, and encouraged, “Turkey to address these remaining strategic deficiencies and continue the process of implementing its action plan.”¹⁵⁷

¹⁵⁴ Ali Aslan Kılıç, “Turkey Hasn’t Launched Any Probe on Terror Financing,” *Today’s Zaman*, October 10, 2013, www.todayszaman.com/news-328699-turkey-hasnt-launched-any-probe-on-terror-financing.html

¹⁵⁵ “Turkey Freezes al-Qaeda, Taliban Assets,” *Hurriyet Daily News*, October 10, 2013, www.hurriyettailynews.com/turkey-freezes-al-qaeda-taliban-assets.aspx?pageID=238&nID=56060&NewsCatID=338

¹⁵⁶ “General Information on the Work of the Committee,” United Nations website, www.un.org/sc/committees/1267/information.shtml

¹⁵⁷ “FATF Public Statement,” Financial Action Task Force website, February 14, 2014, www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/public-statement-feb-2014.html



President Barack Obama and Turkish Prime Minister Recep Tayyip Erdoğan at the White House, May 16, 2013. (AP Photo)

X. Conclusion

The ongoing corruption probe in Turkey continues to target some of Prime Minister Erdoğan’s “most high-profile allies in business and politics.”¹⁵⁸ The high-profile nature of these figures has attracted significant media attention. However, the intersection of the purported financial crimes with terrorism finance has been largely underemphasized. From the İHH, to Yasin al-Qadi, to Iranian gas-for-gold operatives, allegations of Turkish terror finance problems continue to play a role in the domestic drama.

Prime Minister Erdoğan continues to deny the charges, calling them a conspiracy against his government.¹⁵⁹ His government has responded by

¹⁵⁸ Joe Parkinson and Emre Parker, “Turkish Police Detain High-Profile Figures in Corruption Probe,” *Wall Street Journal*, December 17, 2013,

<http://online.wsj.com/news/articles/SB10001424052702303949504579263601010522432>

¹⁵⁹ Fulya Ozerkan, “Turkey PM Vows To Go After Rivals Over Mass Graft Probe,” *Agence France Presse*, December 22, 2013, <http://news.yahoo.com/turkey-sacks-25-more-police-chiefs-graft-probe-115230686.html>

sacking police officers,¹⁶⁰ obstructing arrests,¹⁶¹ suppressing protests,¹⁶² and restricting the flow of information,¹⁶³ which includes lodging lawsuits against journalists for libel.¹⁶⁴

European officials have called for Turkey to deal with the corruption probe in a transparent and judicial manner.¹⁶⁵ They have further expressed concern over the AKP's heavy-handed response.¹⁶⁶ Washington has expressed similar concerns,¹⁶⁷ but

¹⁶⁰ "A Total of 113 Police Chiefs Sacked by AK Party Government," *Today's Zaman*, December 22, 2013, www.todayszaman.com/news-334671-a-total-of-113-police-chiefs-sacked-by-ak-party-government.html

¹⁶¹ Daren Butler, "Turkish Graft Scandal Deepens With More Arrests, Police Dismissals," Reuters, January 7, 2014, www.reuters.com/article/2014/01/07/us-turkey-corruption-idUSBREA0607420140107

¹⁶² "Police in Istanbul Stage Crackdown on Protesters Denouncing Turkish Gov't Over Graft Scandal," *Hurriyet Daily News*, December 27, 2013, www.hurriyetdailynews.com/police-in-istanbul-stage-crackdown-on-anti-govt-protesters-denouncing-graft-scandal.aspx?pageID=238&nID=60254&NewsCatID=341

¹⁶³ "Journalists Scapegoats Again in Latest Political Crisis," Reports Without Borders press release, December 25, 2013, <http://en.rsf.org/turkey-journalists-scapegoats-again-in-25-12-2013,45674.html>

¹⁶⁴ "Erdoğan Sues Today's Zaman Journalist Over Critical Tweets," *Today's Zaman*, December 31, 2013, www.todayszaman.com/news-335397-Erdogan-sues-todays-zaman-journalist-over-critical-tweets.html

¹⁶⁵ "EU Urges Turkish Government to be Clean on Graft Case," *Hurriyet Daily News*, December 29, 2013, www.hurriyetdailynews.com/eu-urges-turkish-government-to-be-clean-on-graft-case.aspx?pageID=238&nID=60270&NewsCatID=338

¹⁶⁶ Burak Akinci, "EU Voices Concern Over Turkey As Graft Scandal Deepens," Agence France Presse, January 8, 2014, <http://news.yahoo.com/turkish-government-fires-police-chiefs-16-provinces-070902456.html>

¹⁶⁷ "US Concerned About Turkey's Political Crisis," Agence France Presse, January 10, 2014, <http://news.yahoo.com/us-concerned-turkey-39-political-crisis-235929904.html>

it is on-the-record as being reluctant to interfere.¹⁶⁸ Neither the U.S. nor the EU has publicly raised concerns about Turkey's alleged exposures to terrorism finance.

To be sure, this is an issue that is best solved by the Turkish people. After all, it is their financial system and international reputation that has been put at risk. And they are the ones who would pay the price for potential black-listings or targeted financial sanctions. Undoubtedly, a solution suggested and implemented by Turks would also feel more organic than one imposed by outside actors.

This does not leave the West without a role, however. These sensitive issues should be handled on a bilateral basis between Washington and Ankara. It would be a surprise if they were not already, in light of the proactive approach taken by the U.S. Treasury's Office of Terrorism and Financial Intelligence when such problems arise. But that should not preclude the United States Congress or the White House from raising this issue with the Turkish leadership or other relevant international partners, with an emphasis on both the benefits of addressing the problem and the punitive measures that could result from continued noncompliance. Nor should it preclude dialogue with representatives from U.S. businesses that have invested in Turkey and have much at stake.

Given the headlines, there is now a natural window of opportunity to tackle the problem of

¹⁶⁸ "We're not interfering in Turkey's politics, US reiterates," Anadolu News Agency, January 30, 2014, www.hurriyetdailynews.com/were-not-interfering-in-turkeys-politics-us-reiterates.aspx?pageID=517&nID=61765&NewsCatID=359

terrorism finance in Turkey, which appears to have compounded alarmingly in recent years. Turkish officials will likely argue that it is difficult to address these issues in the current political environment. However, if left unchecked, Turkey's terrorism finance problems could fester further. These problems have already raised uncomfortable questions about whether Turkey currently serves as a barrier to extremism from the Middle East. Failing to answer these questions soon could endanger an alliance that Washington has valued and nurtured since the end of World War II.

Congress of the United States
Washington, DC 20515

April 11, 2013

The Honorable John Kerry
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

The Honorable Jack Lew
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Kerry and Secretary Lew:

We write to respectfully request information about the efficacy of Turkish measures to support sanctions on Iran and prevent funding of terrorist organizations. We recognize the Administration's role in seeking to persuade the Turkish government and Turkish banks to cooperate in preventing Iran from attaining nuclear weapons. Yet Iran continues its illicit nuclear program unabated, and we are increasingly concerned about recent developments between Iran and Turkey.

The U.S. and Turkey share a long history of partnership. Last year marked 60 years since Turkey joined NATO, and our militaries have conducted successful joint security operations since Turkish forces fought alongside U.S. forces in the Korean War. We recognize that it is in the national interest of both of our countries to address the threats that Iran's illicit nuclear program and international terrorism pose to the safety and security of our peoples.

Turkey's expanding economy requires a growing consumption of natural gas and oil, and we are concerned about reports on cooperation between Turkey and Iran. In March 2012, Turkey announced it would cut its buys from Iran by 10-20% and therefore received a P.L. 112-81 sanctions exemption on June 11, 2012 that was renewed on December 7, 2012 based on additional reductions of oil purchases from Iran. Though we understand that Turkey has been reducing its purchases of Iranian oil and natural gas, its state-owned bank, Halkbank, has been used as a conduit to evade sanctions. We join you in your concern that Iran has been using gold to dodge international sanctions through depositing payments in Turkey's Halkbank, which maintains five overseas branches and a Representative Office in Tehran.

Recent statements by Turkey's Economic Minister Zafer Çağlayan that "Turkish state-owned Halkbank will continue its existing transactions with Iran" pose reason for concern that Halkbank may be assisting Iran with its illicit nuclear program. This is greatly disturbing because of Halkbank's previous history as a conduit for funds to regimes under international sanctions. Between the 1990s and 2003, Halkbank was used by Iraq to skirt U.N. sanctions to pay Turkish companies for oil sector equipment, industrial equipment and raw materials, communications and transport goods, and building materials.

In light of these developments, we urge you to consider Halkbank's actions in transferring gold to Iran as a sanctionable activity. As the section of P.L. 112-239 relating to these actions will take effect in July of this year, we would like an explanation of how it may affect Halkbank and its U.S. shareholders. What is the implementation plan for these new statutory requirements?

Additionally, the Turkish Union of Chambers and Commodity Exchanges (TOBB) recently reported that 28 Iranian-funded foreign companies were established in Turkey in January 2013. This information follows a previous TOBB report published in September 2012 showing that 2,140 Iranian-funded companies were set up in 2011 and 651 Iranian-funded companies were started in the first nine months of 2012. This is a 40 percent increase since 2010, and it reveals an alarming trend. Are these

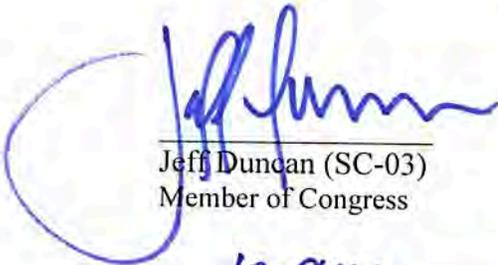
companies operating in Turkey as fronts for Iran to continue its illicit nuclear program? What actions has Turkey taken to ensure that these suspicious Iranian firms do not assist Iran in pursuing its illicit nuclear program?

While Iran's illicit nuclear program represents the foremost national security threat to our country, we also believe that any support for international terrorist organizations poses a grave danger to the stability and security of the U.S. and our allies and partners worldwide. Specifically, we have concerns about Turkey's relationship with Hamas, a U.S.-government designated foreign terrorist organization. In December 2011, Prime Minister Recep Tayyip Erdoğan reportedly "instructed the Ministry of Finance to allocate \$300 million to be sent to Hamas' government in Gaza." While Turkey denied these claims last year, we are concerned about the increasing material support that Ankara is providing for Hamas' social development activities in the Gaza Strip combined with the political support of high-level visits, most recently between Prime Minister Recep Tayyip Erdoğan and Hamas leader Khaled Meshal on February 18, 2013 in Ankara.

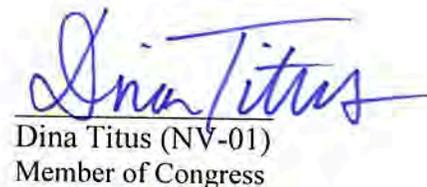
These actions coupled with the Financial Action Task Force's (FATF) 2007 notification that Turkey had not adequately criminalized the financing of terrorism and that it had insufficient infrastructure to help identify and freeze terrorist assets provide much reason for concern. The FATF put Turkey on a grey list together with states like Cuba and Yemen "as a jurisdiction with strategic money laundering or terror financing deficiencies." Turkey recently passed new laws to comply with the FATF standards. Have your Departments done any analysis of Turkey's new laws and do you believe they will address these concerns sufficiently?

We believe that any attempts to subvert sanctions on Iran or provide support for international terrorist organizations will greatly undermine U.S. national security interests and pose a serious danger to Turkey and our allies and partners worldwide. Cooperation with our allies is vital in these efforts. We look forward to your responses and to working with you on these important issues.

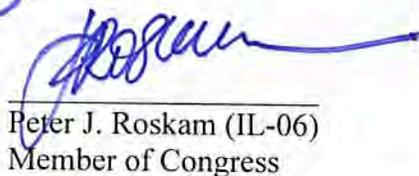
Sincerely,



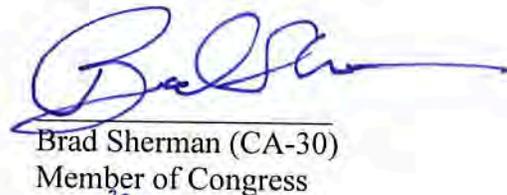
Jeff Duncan (SC-03)
Member of Congress



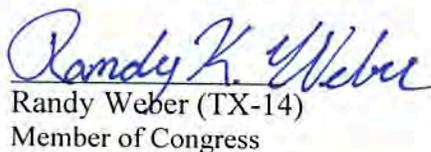
Dina Titus (NV-01)
Member of Congress



Peter J. Roskam (IL-06)
Member of Congress



Brad Sherman (CA-30)
Member of Congress

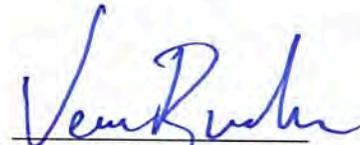


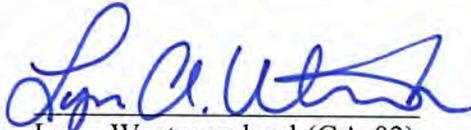
Randy Weber (TX-14)
Member of Congress



Tom Cotton (AR-04)
Member of Congress


Ron DeSantis (FL-06)
Member of Congress


Vern Buchanan (FL-13)
Member of Congress

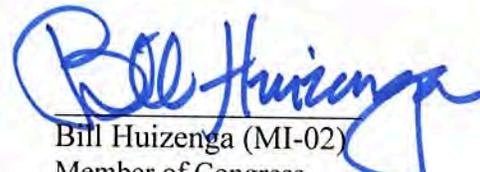

Lynn Westmoreland (GA-03)
Member of Congress


Matt Salmon (AZ-05)
Member of Congress


Leonard Lance (NJ-07)
Member of Congress

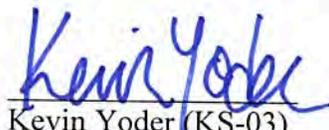

Billy Long (MO-07)
Member of Congress

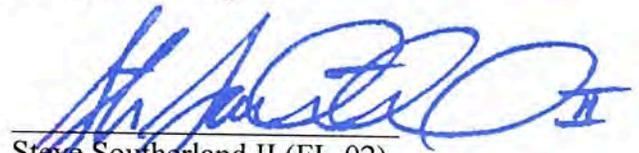

Bob Goodlatte (VA-06)
Member of Congress

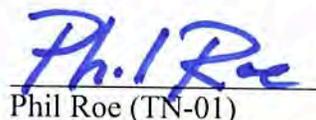

Bill Huizenga (MI-02)
Member of Congress

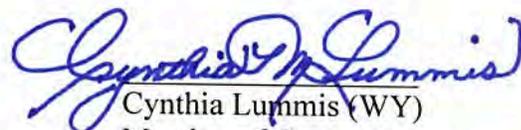

Steve King (IA-04)
Member of Congress

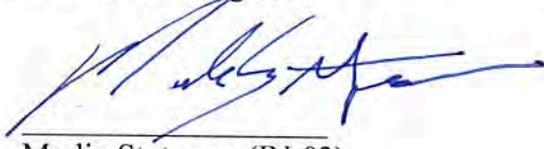

Chris Stewart (UT-02)
Member of Congress


Kevin Yoder (KS-03)
Member of Congress

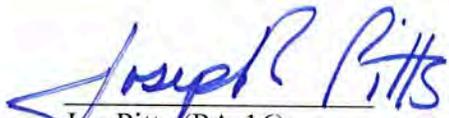

Steve Southerland II (FL-02)
Member of Congress


Phil Roe (TN-01)
Member of Congress


Cynthia Lummis (WY)
Member of Congress


Marlin Stutzman (IN-03)
Member of Congress


Louie Gohmert (TX-01)
Member of Congress



Joe Pitts (PA-16)
Member of Congress



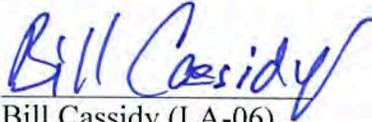
Sam Johnson (TX-03)
Member of Congress



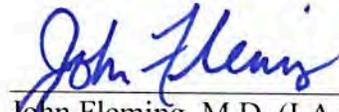
Trent Franks (AZ-08)
Member of Congress



Andy Harris (MD-01)
Member of Congress



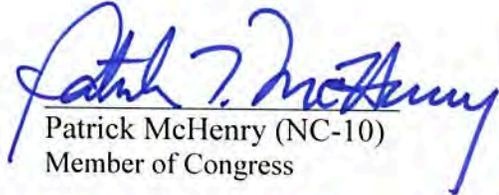
Bill Cassidy (LA-06)
Member of Congress



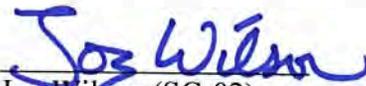
John Fleming, M.D. (LA-04)
Member of Congress



Paul Brown, M.D. (GA-10)
Member of Congress



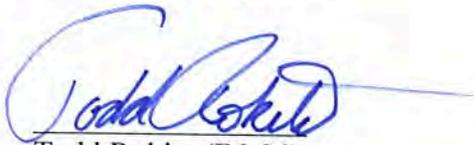
Patrick McHenry (NC-10)
Member of Congress



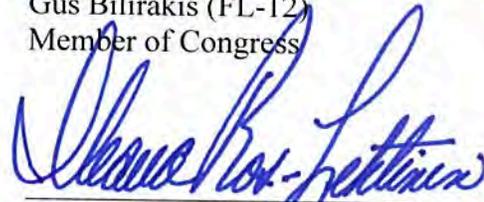
Joe Wilson (SC-02)
Member of Congress



Gus Bilirakis (FL-12)
Member of Congress



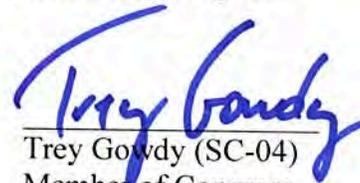
Todd Rokita (IN-04)
Member of Congress



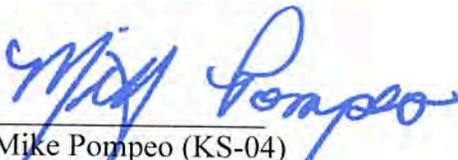
Ileana Ros-Lehtinen (FL-27)
Member of Congress



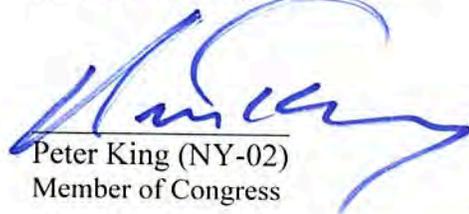
Marsha Blackburn (TN-07)
Member of Congress



Trey Gowdy (SC-04)
Member of Congress

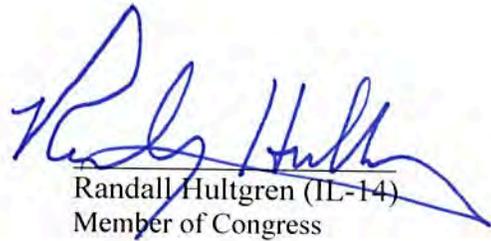


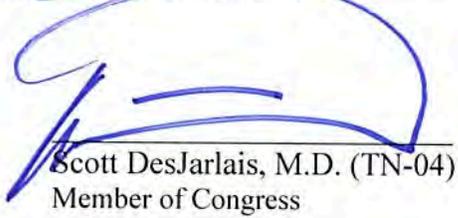
Mike Pompeo (KS-04)
Member of Congress



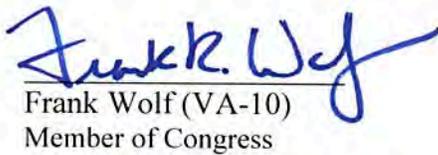
Peter King (NY-02)
Member of Congress

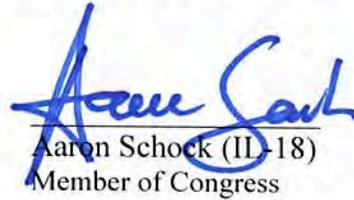

Jack Kingston (GA-01)
Member of Congress

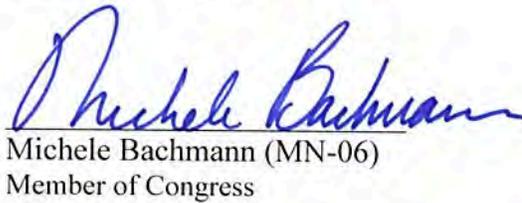

Randall Hultgren (IL-14)
Member of Congress

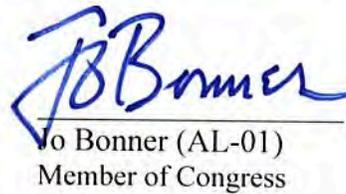

Scott DesJarlais, M.D. (TN-04)
Member of Congress

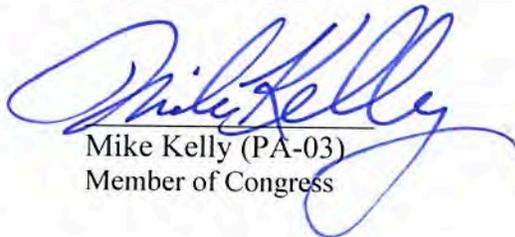

Doug Lamborn (CO-05)
Member of Congress


Frank Wolf (VA-10)
Member of Congress


Aaron Schock (IL-18)
Member of Congress


Michele Bachmann (MN-06)
Member of Congress


Tom Bonner (AL-01)
Member of Congress


Mike Kelly (PA-03)
Member of Congress

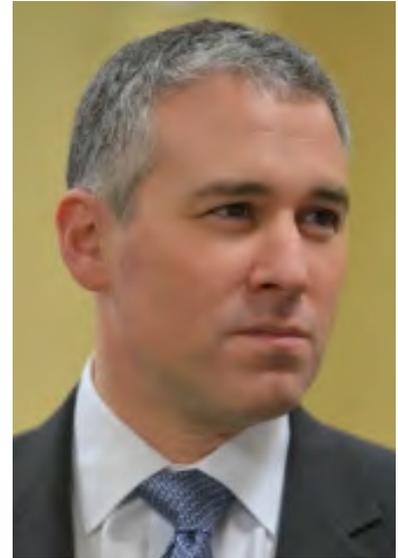
About The Author

Jonathan Schanzer is vice president for research at Foundation for Defense of Democracies. He is a former terrorism finance analyst the U.S. Department of the Treasury, where he took part in the designation of numerous terrorist financiers.

Dr Schanzer has authored three books the Middle East: *State of Failure: Yasser Arafat, Mahmoud Abbas and the Unmaking of the Palestinian State* (Palgrave Macmillan, 2013), *Hamas vs Fatah: The Struggle for Palestine* (Palgrave Macmillan, 2008), and *Al-Qaeda's Armies: Middle East Affiliate Groups and the Next Generation of Terror* (Washington Institute for Near East Policy, 2004).

Dr. Schanzer publishes regularly in the U.S. print media and he makes frequent appearances on domestic and international television channels.

Dr. Schanzer holds a bachelors degree from Emory University, a masters degree from the Hebrew University of Jerusalem, and a doctorate from Kings College London. He also studied Arabic at the American University in Cairo in 2001.



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