

# A Volatile Mix: Non-State Actors and Criminal States

By Douglas Farah

At a time when state control is diminishing or nonexistent across growing swaths of the world, non-state armed groups pose a little-understood but important challenge to the United States and other nations. This was true before the tragic events of 9/11 and it remains true three years later. In order to meet this premier security challenge of the modern age, we must gain a much deeper understanding of the ways in which criminal states and non-state armed groups interact.

Non-state actors can be roughly divided into four types:

- Insurgents who are engaged in a protracted political and military struggle aimed at weakening or destroying the power and legitimacy of a ruling government;
- Terrorists who spread fear through the threat or use of proscribed violence for political purposes;
- Militias made up of irregular yet recognizable armed forces operating within an ungoverned area or a weak or failing state;
- International criminal organizations engaged in one or more type of criminal enterprise that operates across regions and national borders.<sup>1</sup>

These non-state actors become particularly dangerous when they are hosted by or operate in conjunction with illegitimate states – states that are states only in name. In such cases, the state itself becomes a functioning criminal enterprise while continuing to enjoy – and use for illegal purposes – many of the international benefits of statehood (e.g., the ability to issue recognized diplomatic passports; maintain shipping and airplane registries; control border entry and exit points; and collect taxes).<sup>2</sup>

In Charles Taylor's Liberia, this is precisely what occurred. Not only did Taylor allow all four types of non-state actors to use Liberian territory, he amassed a personal fortune and maximized formal state power for his own use. Under his patronage, international arms dealers worked alongside al Qaeda operatives, Israeli and South African mercenaries, Hezbollah diamond merchants, and Russian and Balkan organized crime figures. Because he controlled the borders, Taylor was able to guarantee that even wanted criminals could enter and exit with impunity. In addition, he made the state infrastructure itself



(everything from identification and visas to official guest houses) available to those who could pay for their use.

What attracted non-state actors to Liberia was not only the use of state infrastructure, but also Taylor's ability to guarantee access to one particular commodity: diamonds. Diamonds from West Africa are a particularly attractive commodity to armed groups and criminals because they are alluvial and require very little investment in order to exploit – Taylor had launched two bloody civil wars (one in Liberia and one in neighboring Sierra Leone) in order to gain control of diamond fields. Both wars were marked by a devastating level of brutality, including ritual executions, the abduction of thousands of children who were drugged and taught to kill, and the widespread use of rape as a weapon of terror and control. In Sierra Leone, the signature atrocity of the Revolutionary United Front (RUF), Taylor's proxy army, was the amputation of the arms, legs and ears of civilians, including children as young as two years old and grandmothers.

Taylor did not operate alone. He relied on a network of friendships formed in the military training camps of Libya under Moammar Gaddafi that became known as “the Harvard and Yale of a whole generation of African revolutionaries.”<sup>3</sup> Among the friends he made were Blaise Compaore, the president of Burkina Faso, who provided weapons shipments and end-user certificates; Foday Sankoh, a barely-literate cashiered army corporal who went on to lead the Revolutionary United Front (RUF) in Sierra Leone; and Laurent-Desire Kabila, who later became president of the Democratic Republic of the Congo. Taylor also developed a friendship and strategic alliance with Felix Houphouet-Boigny, then-president of Cote d'Ivoire and patriarch of Francophone West Africa. Each of these relationships provided an important link in allowing Taylor's criminal enterprise to flourish.<sup>4</sup>

From the beginning of his days as a revolutionary, Taylor's exploitation of timber, iron ore, gold, and diamonds has been well documented. Within a few months of initiating his rebellion in December 1989, he controlled most of Liberia's chief resources and became a multimillionaire. Taylor, of course, did not invent corruption or the siphoning off of state funds for personal use. Nor was Taylor the first revolutionary leader or head of state to use the sprawling network of inter-married Lebanese clans to move his diamonds and hide his money. Since the mid-1950s, the Lebanese network of diamond dealers has provided services through interlocking organizations from Sierra Leone, Liberia, Zaire (DRC), Ivory Coast and Burkina Faso to Antwerp, Dubai and Beirut.<sup>5</sup>

What set Taylor apart was his ability to connect the state apparatus with different criminal and terrorist groups in order to form a single enterprise – an enterprise that would benefit its members tremendously, but threaten the stability of West Africa and eventually the world. In building this structure, Taylor relied heavily on foreigners who could provide expertise he did not have. His inner circle was made up of people from Holland, Israel, Lebanon, Senegal and the United States. Likewise, those who bought his diamonds came from all of the world's leading diamond markets.<sup>6</sup>

A look at some of those who operated out of Liberia under Taylor's protection in late 2000 and early 2001 shows some of the dimensions of the problem. The fact that the U.S. intelligence community had no agents on the ground monitoring the situation, developing human intelligence or studying the different networks explains why the threat was not understood or taken seriously for several years. It also helps explain why the intelligence community dismissed out of hand the first revelations of Taylor's ties to al Qaeda and other terrorist organizations.

By the end of 1999, Viktor Bout, the Ukrainian arms merchant later dubbed the "Merchant of Death" by a senior official of the British government, had registered his air fleet of several dozen aircraft in Liberia. Although he operated out of Sarjah, United Arab Emirates, Bout was able to fly his aircraft without any questions being asked or inspections carried out because he registered his planes in Liberia. Bout specialized in breaking international arms embargos, flying hundreds of tons of weapons not only to Taylor and his proxies in the RUF in Sierra Leone, but to UNITA rebels in Angola and several sides of the civil wars in the DRC. Bout, using several aliases and passports, was able to deliver not only small arms and ammunition but entire sophisticated weapons systems (including attack helicopters) to rogue regimes and groups around the world. "There are a lot of people who can deliver arms to Africa or Afghanistan, but you can count on one hand those who can deliver major weapons systems rapidly," said Lee Wolosky, a former NSC official who led an interagency effort to shut down Bout's operation. "Viktor Bout is at the top of that list."<sup>7</sup>

Bout's weapons routes to Liberia stretched across Burkina Faso, Gambia, Niger and Cote d'Ivoire with the complicity of senior leaders of each of those countries. One of his business associates in Liberia, a Kenyan named Sanjivan Ruprah, was issued a diplomatic passport by Taylor, under the name "Samir M. Nasr." Bout and Ruprah often accepted diamonds as payment for weapons deliveries and Ruprah had a joint diamond venture with a close associate of Taylor.<sup>8</sup>

Had he stuck solely to African wars, it is doubtful Bout would ever have become a publicly identified international arms merchant. But U.S. investigations finally began when Bout was suspected of also supplying weapons to the Taliban in Afghanistan (after having been a main supplier of the Northern Alliance). In fact, Bout sold several aircraft to the Taliban and helped maintain their limited air fleet, as well as providing the outlaw regime with weapons.<sup>9</sup> A survivor above all else, two of Bout's companies currently have contracts with the U.S. military to fly ammunition into Iraq. This, despite having his U.S. assets frozen and two international arrest warrants pending. The contracts run until the end of 2004, and so far the Pentagon has not been able to find a way to sever the ties legally.<sup>10</sup>

Leonid Menin, an Israeli businessman originally from Odessa, Ukraine, is another weapons dealer who found his way to Liberia in order to trade weapons for diamonds and timber concessions. His timber company, Exotic Timber, was established with Taylor's notorious son, Chuckie. When Menin was arrested in Italy on Aug. 5, 2000, in the company of several high-priced call girls, he had a \$1,500-a-day cocaine habit, \$3 million in his bank account, \$500,000 worth of diamonds, and passports from the former



Soviet Union, Russia, Germany and Bolivia. Just three months earlier, he had shipped 68 tons of weapons (including surface-to-air missiles and anti-tank weapons) for Taylor using an end-user certificate from Burkina Faso. At the time of his arrest, he possessed an end-user certificate from Cote d'Ivoire for 113 tons of weapons.

Perhaps the most intricate relationship between states and non-state actors involved operatives from al Qaeda who were interested in the diamond trade. The intelligence community was oblivious to this relationship for several years, in spite of a wealth of documentary and anecdotal evidence pointing to its existence.

There appear to have been at least two phases to al Qaeda's West African diamond activities. The first started some time before 1996, when bin Laden lived in the Sudan, and was aimed at helping finance the organization. This lasted until the end of 2000. One of the most interesting confirmations of bin Laden's personal interest in the West African diamond trade during that time came in November 2003. Shaykh Abdul Qadir Fadlallah Mamour, a radical Senegalese Muslim cleric expelled from Italy for supporting al Qaeda, was asked by reporters if he had ever met bin Laden. Yes, Mamour replied, he had met bin Laden three times between 1993 and 1996. The reason, he said, was that bin Laden was financing Mamour's diamond business, which consisted of "selling diamonds between West Africa and Belgium."<sup>11</sup>

Wadi el Hage, bin Laden's personal secretary, provided further evidence of al Qaeda's interest in diamonds. During the trial that followed his arrest in September 1998, el Hage's file of business cards, personal telephone directory and handwritten notebooks were introduced as evidence. The notebooks contain extensive notes on buying diamonds and chronicle attempts to sell diamonds across Africa and Europe. There is a page on Liberia with telephone numbers and names. His address book and business card file were full of the names of diamond dealers and jewelers, often including the purchaser's home phone number.

Unfortunately, U.S. and European intelligence agencies paid little attention to what were considered to be secondary documents and statements in the trial. Most of el Hage's notebooks, written in Arabic, have still not been translated into English or studied by the intelligence community.<sup>12</sup>

It is not clear how profitable al Qaeda's diamond ventures were in those early days. El Hage and others did not keep sales records. The first known contacts with the Taylor regime came in September 1998 – just weeks after the bombings of two U.S. embassies in East Africa. A group of senior al Qaeda leaders involved in those attacks moved to West Africa, where they intermittently bought diamonds for the next two years.

Al Qaeda did not stumble blindly into Liberia in the hopes of acquiring diamonds. The organization used its contacts in the region, including Ibrahim Bah, a Senegalese soldier of fortune who fought with the *mujahideen* in Afghanistan in the mid-1980s. He had been trained in Gaddafi's terrorist training camps

in the early 1980s. After fighting in Afghanistan, Bah traveled to Libya and then went on to fight with Hezbollah in Lebanon. He returned to Libya in the late 1980s and became the personal instructor of the cadre of West African leaders who would wreak havoc on the region: Taylor in Liberia; Sankoh of the RUF; Compaore in Burkina Faso and others. In 1998, Bah was a general in the RUF as well as Taylor's chief gate keeper for diamond dealing. You could only do business in Liberia if you went through Bah. He set up al Qaeda as he did others who could pay the opening price of \$50,000 for a piece of the action.<sup>13</sup>

Since Taylor controlled Liberian immigration, the al Qaeda operatives were able to come and go unhindered. They were allowed to rent a house in Monrovia and travel across the country.

The picture of al Qaeda operations in West Africa changed dramatically toward the end of 2000, when senior al Qaeda operatives arrived in Monrovia to take control of the diamond buying operations. They set up a monopoly arrangement with the RUF for the purchase of diamonds through Taylor. Then al Qaeda buyers went on a spree that lasted several months. But here the intention was not to make money, but rather to buy the stones as a way of transferring value from other assets. This was in the months immediately prior to 9/11, when the terrorists were moving their money out of traceable financial structures into commodities in preparation for the aftermath of the attacks. They had already learned of the need to move money out of the formal, Western banking structure. In the immediate aftermath of the 1998 attacks on two U.S. embassies in East Africa, the Clinton administration sought to punish the Taliban and al Qaeda by freezing its assets. To the surprise of U.S. officials, the move netted some \$240 million, mostly in the form of gold on deposit with the U.S. Federal Reserve.<sup>14</sup>

In order to convert their cash assets into an untraceable commodity, al Qaeda operatives paid a premium of 10 percent to 20 percent over the going rate for uncut stones, leaving regular buyers without any merchandise. To handle the buying, Taylor, Bah and the al Qaeda operatives turned to Aziz Nassour, a veteran Lebanese diamond merchant who, through marriage and family, had access to a host of diamond-buying operations from Sierra Leone to the DRC. During the rule of Mobutu Sese Seko in Zaire (DRC), Nassour was the dictator's chief diamond merchant. Mobutu fled into exile aboard an airplane chartered from Viktor Bout, but Nassour continued to do business under the new government of Kabila. He was ideally positioned, through his network of shell companies and bank accounts, to move large quantities of diamonds safely to and from whomever could pay his price.

The pace of the purchases picked up beginning in January 2001 and lasted until just before 9/11. During at least two meetings with the RUF high command, Nassour, known as "Alpha Zulu," promised to buy all the rough stones the rebels could produce. RUF mining activity skyrocketed to levels not seen in more than a decade, and Nassour's monopoly arrangement led traditional buyers to publicly complain there were no diamonds available to purchase in the summer of 2001. The scarcity was noticeable enough that the U.S. ambassador in Sierra Leone wrote a cable to Washington on the inexplicable scarcity of diamonds.<sup>15</sup> The telephone records of Nassour's company showed numerous calls to Afghanistan, Iraq, Syria and Iran during this period. The last recorded call to Afghanistan was placed on Sept. 10, 2001.



The available evidence, compiled by the Belgian police, points to al Qaeda purchasing some \$20 million worth of RUF diamonds during the eight months prior to 9/11.<sup>16</sup>

Nassour did not just deal in diamonds with Taylor. In early 2001 he attempted to buy a huge quantity of weapons from an Israeli arms merchant whom he knew from his days of working with Mobutu. The shipment, according to e-mails exchanged in the deal, included SA-8 missiles, BM-21 multiple rocket launchers and thousands of Draganov sniper rifles. None of those weapons were used in West Africa, but all were used by the Taliban in Afghanistan and in the Balkan wars. Several U.S. agencies are now investigating whether Liberia was simply a transshipment point for weapons flowing to Afghanistan, Iraq, Chechnya and elsewhere.<sup>17</sup>

Taylor was finally forced to leave power in August 2003. A combination of rebel forces, international pressure, and the guarantee of gilded exile led him to resign and take refuge in Nigeria. But throughout most of his tenure – ruler of most of Liberia since 1992 and president since 1997 – Taylor’s massive criminal and terrorist ties went unstudied and were given a low priority by the intelligence community. While it was generally known that he was involved in illicit diamonds and weapons trading, it was not until March 2000, when the RUF took 500 U.N. peacekeepers hostage in Sierra Leone, that the intelligence community focused on Taylor’s activities. Finally, the U.S. and British intelligence communities began to examine Taylor’s activities, and what they found alarmed them. Satellite photographs showed caravans of trucks moving weapons from Liberia to Sierra Leone, while intercepts of telephone conversations established Taylor’s direct control of the RUF. It was only then that a modicum of attention was paid to who his business associates were.<sup>18</sup>

The evidence of al Qaeda’s presence in West Africa is conclusive. Not only my own work but the work of European intelligence groups, Global Witness and the U.N.-backed Special Court for Sierra Leone, have found from multiple, independent sources, that at least six and perhaps eight senior al Qaeda operatives visited Liberia under Taylor’s protection. At least two of these operatives, Fazul Abdullah Mohammed and Khalfan Ghailani, remained in West Africa for a substantial period after 9/11. In late November 2001, the Defense Intelligence Agency received multiple-source, reliable intelligence that Ghailani and Mohammed were residing in Camp Gbatata, the home base of Taylor’s elite Anti-Terrorist Unit. A small team of U.S. Special Forces, having just completed a training exercise in neighboring Guinea, was ordered to prepare a snatch operation. However, because the troops were mostly white and none spoke Krio, the regional *patois*, it was impossible to put together a team to infiltrate the camp for final reconnaissance.<sup>19</sup> Nonetheless, this evidence convinced many in the intelligence community that the al Qaeda presence in West Africa was real, and some in the intelligence community have become more outspoken in saying so.<sup>20</sup>

There are several important lessons that can be learned from what transpired in Liberia under Taylor. One is that terrorist groups are sophisticated in their exploitation of “grey areas” where states are weak, corruption is rampant, and the rule of law is nonexistent. It is now clear they have used areas like West

Africa for many years to finance their activities. They correctly bet that Western intelligence services did not have the capacity, resources or interest to track their activities there. To take advantage of these areas meant exploiting the available natural resources for their own purposes.

A second lesson is that terrorist groups in these areas learn from their own mistakes as well as from each other. They are adaptable in ways that make them extremely hard to combat. Al Qaeda lost a large amount of cash following the 1998 Embassy bombings, but it moved to correct that weakness before the 9/11 attacks. Hezbollah has also been using diamonds from West Africa to finance its activities – over the course of more than twenty years, it has perfected smuggling routes to Europe and Lebanon, developed a network of middle-men, and successfully embedded its financial structure within the diamond trade. Al Qaeda operatives plugged into the same network, showing that these groups work together and learn from each other.

A third lesson is that we need better intelligence (particularly human intelligence) and analysis if we are to trace terrorist funding and the use of commodities. Relying on high-tech monitoring systems is not an effective way to gather intelligence in countries in which telephones are rare, Internet access is very limited, and business deals depend largely on familial relationships. People must be on the ground, not just in the capital but in the hinterland, to be able to map the connections and trace the financial patterns of terrorist organizations.

Before 9/11, there was limited understanding of the financial structures of al Qaeda and Hezbollah. And it was not until 1999 that the intelligence community took a comprehensive look at al Qaeda's financial and organizational structure. Rather than focusing on the complex web of commodities, charities and individual donors that filled al Qaeda's coffers, the conventional wisdom in the intelligence community was that bin Laden was using his personal wealth to finance his organization's operations. Because of this, countless clues pointing to al Qaeda's involvement in the diamond trade and other commodities were ignored or dismissed.

A fourth lesson is that terrorist networks and criminal networks can overlap and function in the environments of failed states, like that of Liberia. Commodities like diamonds are the currency of choice as the different groups provide services to governments or rebel groups in exchange for cheap and easy access to commodities.

A final lesson is that the intelligence community does not react well to information that it does not procure on its own. The use of diamonds, along with tanzanite and other commodities, was dismissed for years because newspaper correspondents rather than intelligence operatives came up with the initial information. If it had not been for the dedicated work of a handful of members of Congress and the intelligence community, the information would have been buried.

