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The fight against the financing of terrorism in the EU Law and in Hungary

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„Terrorist financing” (definition)

- If somebody supports terrorists or terrorist organizations
- It is a crime in the Hungarian criminal law since 2003, which is not a separate crime yet.

The cost of the terrorist attacks from the side of the terrorists: the financial need

- All terrorist organizations are the same from one point of view : they need **financial resources** for the organization and the execution of the attacks.

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- The costs of terrorism
 - the side of the terrorists (this is the financial need)
 - the side of the society (these are the damages and victims)
- The three main groups of the costs
 - the operational costs
 - the administrative costs
 - the donation given to the family members of the assassins
- I. Some examples for the „operational costs”

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The total cost of the September 11 2001, the biggest terrorist attack in the world, killing 3 000 persons was approximately 400-500 000 USD of which 300 000 USD arrived by bank transfers.



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II. The second cost factor is the administrative, so the functional cost.

- For example Al-Qaeda spends approximately 10% of its incomes on operational costs, while 90% on administrative and functional costs.
- The financial need of course depends on the organizational structure.

III. New cost-factor, the financial donation and the life annuity (given to the family of the suicidal bombers)

September 11, 2001

Before

The quantity of money available to the armed terrorist organizations is estimated to have been 500 billion dollars worldwide

One third legal business activity but two thirds came from crimes and other illegal activities

Most of the laundered incomes came from one crime: drug trade

After

The most important step was to make up the list of terrorists based on these lists financial means were frozen but their extent did not more than 200 million USD

Legal business activities become more and more important in the financing of these European terrorist cells

The major part of the members of the cells have legal job which also mean a newer financial possibility

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The cost of the terrorist attacks for the society: damages and victims

- Social costs  personal
financial

Terrorism is a complex phenomenon, one of the most serious global and national security risks. Most important cost elements are the following:

- Dead and injured
- Direct medical effect
- Financial damages
- Damaging effects on national economy
- Extra costs in the financial intermediate system
- The costs of prevention and investigation
- The costs of penalty execution
- The cost of military actions

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Sources and techniques of terrorist financing

- **Committing crimes** (drug-related crimes, kidnapping, smuggling people, money laundering etc.)
- **Donations** (the free transmittal of cash, accounting money, stock, gold or silver, gem stones or other assets of value)
- **Legal business activity** (it also can be considered as part of legal business activity, if terrorists use part of their legal income as employees for terrorist purposes)

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Terrorist Financing in the European Law

- International contract to fight against terrorist financing that came into existence on January 10. 2000 in New York (Great Britain, Uzbekistan, Botswana and Sri Lanka)
- The Financial Action Task Force (FATF) has issued its 8 special recommendations after September 11
- Several members of the EU is a member of the FATF, but not all, for example Hungary
- The documents of the FATF regarding terrorist financing have significant effects on the legal material of the EU regarding money-laundering and terrorist financing also

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Terrorist Financing in the European Law 2.

- 2001-2004 → the fight against terrorism became part of the primary preferences in almost all of the countries
- The elemental norm of the Union though is a first pillar law, the directive **2005/60/EK** of October 26 2005
- About the Directive, Client-monitoring
- Financial Intelligence Unit (FIU)

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Terrorist Financing in the Hungarian Law

- 54th session of the General Assembly of the UN in New York on December 9 1999
- LIX law of 2002
- Accordingly Hungarian regulations for terrorist financing are related to the regulations of money-laundering
- Financial Intelligence Unit (December 16. 2007)
- Hungarian Financial Supervisory Authority
- The two crimes can never be stated together, so the court has to consider all the circumstances of the case and to decide which crime had been committed.

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Terrorist Financing in the Hungarian Law 2.

- Financial service providers
- 261/A § (1) *Any person who violates:*
 - a) *the obligation for freezing liquid assets, other financial interests and economic resources;*
 - b) *an economic, commercial or financial restriction;*
 - c) *import or export prohibitions*

imposed on the basis of an obligation to which the Republic of Hungary is committed under international law, or ordered in regulations adopted under Article 60 of the Treaty establishing the European Community, or in regulations and decisions adopted by authorization of these regulations, or ordered in the Council's common position adopted under Article 15 of the Treaty on the European Union, is guilty of a felony punishable by imprisonment for up to five years.

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Terrorist Financing in the Hungarian Law (Practice)

- In Hungary no one has been condemned for terrorist financing. There is one legal case to instance.
- For the initiation of the National Security Bureau the Immigration and Citizenship Office expelled a Syrian doctor from Hungary. (105.000 Ft to one of the cover organizations of the Hamas)
- It was impossible to prove the crime
- Summary

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Thank you for your attention!

