

Eastern Kentucky University

Encompass

---

Honors Theses

Student Scholarship

---

Spring 5-4-2017

## Counter Terrorist Financing: French Case Study

Adrienne Holtzworth

Eastern Kentucky University, [adrienne\\_holtzwor@mymail.eku.edu](mailto:adrienne_holtzwor@mymail.eku.edu)

Follow this and additional works at: [https://encompass.eku.edu/honors\\_theses](https://encompass.eku.edu/honors_theses)

---

### Recommended Citation

Holtzworth, Adrienne, "Counter Terrorist Financing: French Case Study" (2017). *Honors Theses*. 443.  
[https://encompass.eku.edu/honors\\_theses/443](https://encompass.eku.edu/honors_theses/443)

This Open Access Thesis is brought to you for free and open access by the Student Scholarship at Encompass. It has been accepted for inclusion in Honors Theses by an authorized administrator of Encompass. For more information, please contact [Linda.Sizemore@eku.edu](mailto:Linda.Sizemore@eku.edu).

EASTERN KENTUCKY UNIVERSITY

Fighting with Finance: Defunding Terror

Honors Thesis

Submitted

in Partial Fulfillment

of the

Requirements of HON 420

Spring 2017

By

Adrienne Holtzworth

Mentor

Dr. Randi Polk

Associate Professor of Languages, Cultures, & Humanities

## ABSTRACT

Fighting with Finance: Defunding Terror

Adrienne Holtzworth

Dr. Randi Polk thesis mentor and associate professor of the Languages, Cultures, and Humanities department of Eastern Kentucky University

### Abstract description:

In this undergraduate capstone honors thesis research project I will discuss the most basic defunding terror framework. I will suggest several responsibilities every financial institution should assume to aid efforts in counter terrorism financing. Lastly, in a case study of France three contributing factors to the heightened terror attacks are analyzed, these include: geographical location, the “outsider” effect, and their complicated past with the Muslim world. Next, each contributing factor is given a few suggested resolutions, resolutions range from tighter border control to radically revising the Code du Travail, from repealing discriminatory laws like those banning the burqa to fostering a sense of inclusion and community in impoverished areas.

### Keywords:

Counter terror (defunding) financing, France, Muslim tensions, burqa ban, SOS Racisme, financial institutions, preventative measures, prevent terrorism

## **Acknowledgements**

**Dr. Randi Polk**

Merci beaucoup! Thank you for guiding me through this process and teaching me so much about the French language and culture.

**John and Rebecca Holtzworth**

For providing encouragement and a balanced view surrounding this topic from the perspective of an experienced engineer and one who has lived in France. Furthermore, thank you for providing research sources and leads for me to explore, most of which have been incorporated into this paper.

**Honors Program**

**EKU BTC**

A French priest slaughtered in Normandy, over one hundred lives taken in a single night of madness in Paris, followed by many more taken in a lorry raging through the Promenades des Anglais in Nice. France has recently experienced intensified and recurrent terror attacks, attacks that can be greatly reduced if the proper actions and preventative measures are put into place. The change France makes now has the potential to save countless lives.

In the midst of such tragic loss it is natural to wonder if somehow it all could have been avoided. Speculation builds and manifests in questions similar to: “what if this” or “what if that.” Living in a world where money is power, it would make sense to go after the terror organizations’ means of funding the group’s operations, consequently ending their reign of terror. This funding is officially referred to as “terrorism financing,” which

is defined by the Isle of Man Financial Services Authority as “the financial support, in any form, of terrorism or those who encourage, plan or engage in terrorism,” derived from legitimate or illegitimate sources.

As a disclaimer: defunding a terror organization will not eliminate the group completely, because there are many other factors that play into giving rise to such entities, radical teachings and a cult-like following. However, by cutting off cash flows, their army and capabilities of mass destruction would be drastically reduced. Defunding terrorism is a pivotal part of the equation when it comes to stopping terror acts, with perhaps some of the most significant results and saving countless lives.

## **Defunding Terror Simplified**

This paper suggests that if these following steps are effectively carried out by each country, then they can expect to see a drastic decrease in the numbers of lives lost to terror attacks. The first step is prevention, this step is straight forward in which it consists of putting into place preventative procedures to reduce the frequency of loss occurring. Finding the source of funding is the second step, this step refers to identifying how the terror group is getting their funds for operations; are they engaging in other illegal activities to generate income or being illegally wired money by outside third parties? Next is the third step which is to create a plan of action. Creating a plan of action must take into consideration all of the prior steps and additionally any further contributing factors increasing the countries loss exposure to terror activities. Lastly after the implementation of the action plan, it should be closely monitored. This step also allows

for an evaluation period in which the success or failure of the plan can be determined. By monitoring the action plan, a country can make proactive and reactive adjustments accordingly do increase its effectiveness. Monitoring can be done in a number of ways, but most commonly with the use of metrics to measure the impact the plan has had during a specified period of time. These metrics if properly and timely recorded can be used to compare periods, which helps answer what strategies or stages of the action plan has aided in the biggest results.

Four Step Summary:

1. Prevent
2. Find the source
3. Act to eliminate the source
4. Monitor, measure, and record

In this paper, prevention is going to be the main focus, because if you can prevent something successfully you reduce the risk to zero and the following steps are no longer necessary. Since all risks cannot be reduce to zero it is worth mentioning the other three steps in the defunding process, but with my background in risk management it remains more relevant to emphasize preventative measures.

## **Preventative Measures**

This section will identify several key steps that should be taken by financial institutions. The term financial institution is defined in great detail under the United States Code: code 18 subsection 20, paraphrased it is essentially an enterprise that is in charge of carrying out monetary transactions. To prevent illegal transfers, money

laundering, and financing of terrorism institutions should seek to not only meet, but exceed expectations placed on them. I believe if the following precautions are successfully put into place and practiced by every financial institution worldwide, the likelihood of criminal transactions taking place is greatly reduced.

It is the duty of every governing body to establish, execute, and enforce preventative regulations to avoid the risk of their institution being the one that enables criminal activity to take place. If an entity fails to comply, there must be consequences in place to reiterate the severity of noncompliance and emphasize the importance of the purpose they serve. If an agent acting on behalf of an entity is noncompliant, it is the duty of the entity to record, report, and remedy the matter.

This same level of responsibility and ethical conduct should be extended to shell banks. But by their very nature they are incredibly difficult to control and for this reason should be banned from operating by binding government actions. Shell banks are a type of financial institution that has no physical presence or place of operation. Shell banks, also referred to as foreign shell banks, pose an interesting challenge to counter-terrorism financing. The Advisory Headquarters openly recognizes the threat: “Because foreign shell banks do not have any actual place of business in any country, it is next to impossible to regulate them or to ensure that they are not violating anti-money laundering regulations...” With this in mind some countries have opted to avoid the risk altogether by passing legislation that prohibits financial firms from doing business with shell banks. For example in the United States Patriot Act section 313 it specifically states:



*"To prevent shell banks, which are considered to present an unreasonable risk of involvement in money laundering, from having access to the U.S. financial system. Banks and broker-dealers are prohibited from having correspondent accounts for any foreign bank that does not have a physical presence in any country" USA Patriot Act Section 313: Prohibition on U.S. Correspondent Accounts with Foreign Shell Banks*

If similar actions are taken by all nations, it is likely that illegal money transactions, like those that fuel terror activity, would be greatly reduced. July 14, 2016 in Latvia police make three arrests of internationals allegedly involved in a shell bank that was “operating in Riga since at least January 2014, in rented office space and (was) suspected of legalizing the proceeds of crime on a large scale with daily transactions amounting to millions of euros.” Unfortunately this is not an isolated event. There are many more stories like this one that have happened all over the world and many that have yet to be discovered.

More recently the world witnessed the criminal use of shell banks on February 21, 2017 when a human trafficking ring was found out after several wrong moves using a combination of standard financial institutions and shell banks. The ring used a complex series of over 50 accounts owned by 9 of their top operators, luckily the suspicious transactions were spotted after “a multi-agency team of investigators from local, state, and federal law enforcement agencies conducted a six-month investigation into the operation of this human trafficking ring.” As a result of this discovery 28 victims get to walk away free from their captors. These specific illegal funding techniques could be stopped completely if shell banks were ended permanently all around the world.

Additionally more lives would be saved from the illegal activities driving the money movement.

### **Risk Assessment**

There is strength in knowledge, and there is especially an advantage in possessing an in-depth knowledge of the financial institutions. This level of knowledge is necessary in order to identify unique threats posed to one specific firm. Particular facts of interest include: a firm's geographical location, customer activity, service and product offerings, and transaction risk factors. An entity should be both inward and outward looking in their analysis for future threats which may enable money laundering or terrorism financing.

Internal threats could perhaps pose the biggest threat than those from outside parties because they are carried out by someone on the inside i.e. employees, managers, owners, etc. These are people familiar with the system and day to day operations; therefore they have a better understanding of the systems strengths and weaknesses. This inside knowledge puts an institution at great risk when an internal stakeholder decides to exploit its weaknesses, manipulating and cheating the system to funnel money or approve otherwise unacceptable transactions to support terrorist groups.

Once internal issues are identified, external threats must be addressed. The number one danger is the customers themselves, as they would be the ones using the financial institution to facilitate their illegal transactions. Depending on the entity, there would be a wide range of other factors to investigate for potential issues. Economic, political, and social climate are all external factors a firm should take into careful consideration when looking to pinpoint concerns.

Another example of an external threat is hackers. “The financial system has been targeted quite often over the last several years, and there are no signs of hackers slowing down,” (*Fortune Magazine*) but why exactly is this? With advancing technologies for security has also come with great developments in technology and methods used in destroying that security. In a 2016 interview, Securities and Exchange Commission (SEC) chair Mary Jo White cited “hacktivism” as one of the biggest if not these biggest threat facing financial institutions today. White went on to call for increased cybersecurity world-wide to address the massive issue. Her claims come with evidence, with one of the largest banks, The Bank of Greece, being hacked by Anonymous (a hacktivist group) just last year and their promise for larger and more frequent targeting on the financial sector. Anonymous did not steal funds or information; they purely wanted to make a statement- unlike the hacking carried out by a separate unknown person or persons whom stole over \$81 million from the Bangladesh central bank. February 2016 was seen when “Russian hackers were able to use a virus to attack Russia-based Energobank... which helped the hackers briefly alter the value of the ruble against the dollar, the hackers were then able to buy more than \$500 million at non-market rates.” Though the group that carried out this calculated attack remains a mystery as does their intentions, it sends a clear message to the world that the financial system is worryingly flawed. A similar attack could be carried out by terrorist groups to increase their supply of funds without having to put in any real physical work. This illustrates that there are two main battlegrounds when it comes to terrorism: the real world and the virtual. Though only three examples were mentioned they serve as a snapshot of the countless attacks that have been made over recent years, making it the much more active of the two

battlegrounds. The call for tightened cybersecurity is one that is essential to answer as these attacks become more frequent and severe.

All foreseen risks should be detailed in writing and distributed to all responsible parties. The risk assessment should be periodically updated and again distributed to relevant persons. The better informed, the better they can anticipate and prevent wrong doings.

### **Risk Management**

There are a number of helpful risk management plans and techniques that already exist, thanks to several top counter terrorism organizations. GSMA, who describes themselves simply as an organization that “represents the interests of mobile operators worldwide,” has produced multiple articles about AML/CFT. AML stands for anti-money laundering and CFT is short for combating the financing of terrorism. Another organization contributing to AML/CFT efforts and perhaps better known for setting the global standard is FAFT. FAFT is an independent entity with an inter-governmental body that “develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.”

Focusing in on FAFT since they set the globally recognized standard for AML and CFT, we see they offer a number of resources for risk mitigation and prevention. They give detailed guidelines applicable to any nation, guidelines that should be adopted by each country and tailored in a way that make sense for their current situation and the foreseeable future climate of the country.

## **Due Diligence**

In business law students learn that it is the responsibility of each and every firm to perform its due diligence. The Miriam Webster Law Dictionary defines due diligence as “such diligence as a reasonable person under the same circumstances would use: use of reasonable but not necessarily exhaustive effort,” and as “the care that a prudent person might be expected to exercise in the examination and evaluation of risks affecting a business transaction.” This expectation especially applies to those with fiduciary responsibilities.

Financial institutions and those working at these establishments should exercise due diligence by not creating unnamed, or fictitiously named accounts. This responsibility also extends to obtaining proper and sufficient identification of each person applying to open an account for the first time and anytime thereafter. Appropriate identification should also be required for current account holders wishing to make a transaction. Further documentation may be required depending on the nature and size of the transaction.

In the event of reasonable belief of a fraudulent or unauthorized transaction is attempting to be made, it should be swiftly reported. This is on a case by case basis and does not have stringent criteria that must be met in order to express concern and reporting to upper management. It is up to the individual to exercise their best judgement in every situation. The reporting parties are protected under the Good Faith Clause. Good Faith is the obligation that, “the parties agree to do all things necessary and to execute all further documents necessary and appropriate to carry out and effectuate the terms and purposes

of this Agreement,” this example was pulled from the Northstar Neuroscience Inc. ‘Confidential Separation Agreement and General Release of All Claims.’ Similar if not exact wording is used all throughout all other organizations, because the standard is set by the Uniform Commercial Code (UCC). Good faith is essentially a defense that protects someone’s reporting or lack thereof as long as they can prove they followed normal security protocol to fulfill their duty of legitimizing performed transactions.

### **Program Development**

This suggestion was pulled directly from a book published by the Commonwealth Secretariat. “Internal controls to combat money laundering and terrorism financing,” is a crucial step. The book details several suggestions for entities to implement:

1. Internal regulations, as well as checks and balances necessary to combat money laundering and terrorism funding
2. Rigorous application and interviewing process of potential employees to guarantee they meet high standards and operate with ethical ideologies
3. Training all employees on a continual basis, to increase awareness and facilitate effective communication across the institution
4. Third party audits should take place to see if the firm is compliant with current laws and regulations

It is the aim of such programs to make illegal transactions increasingly difficult, and as a result render the harm those transactions seeks to fund inconsequential.

### **Proper Documentation**

Recording activity conducted by the financial institution is absolutely essential to combating terrorism funding, and the obligation solely of each institution to maintain. When detailed and accurate records are kept, they can be utilized to aid efforts to detect and trace financial activity of terror organizations. Information gathered from proper documentation can develop vital intel for government and outside agencies tasked with defunding terrorists.

Checks and balances should be set into place by each institution to ensure the validity and integrity of its records. Should a single individual violate these regulations wherein information is incorrectly altered, falsified, or in any other way tampered with, that individual will be met with harsh repercussions. Those who work to devalue the veracity of financial firms' records will ultimately have to answer to the law. Depending on the severity of the offense the perpetrator could be forced to pay a sizable fine, serve time in prison, or both.

In short, responsible parties should provide clear expectations and guidelines for the recording process of all activities carried out. Sufficient checks and balances should be routine to protect the reliability and accuracy of information. Lastly should an individual wrongfully interfere with the documentation, that individual will be brought to justice.

## **Seek the Source**

When preventative measures are not enough to stop terrorist activity entirely, action must be taken. As the old saying goes, one must think before they act. This is especially applicable in defunding efforts. Before taking action, it is important that the

right plan of action is selected. If not then in the end it could do more harm rather than good.

So how can a plan of action promise efficacy? By targeting the source and not mere symptoms. Each terror group must generate funds in order to continue operations and purchase tools: weapons, ammunition, buildings, and hired hands. Answering how their funding is being produced, leads to finding the source. Once the source is effectively dealt with the organization is left with little to no resources to carry out large scale attacks, and the result is countless lives saved that otherwise could have been taken at the hands of terrorists. With so much at stake, one may press for the answer to “where is all of this money coming from?” However asking the right questions is just as important to ensure you get the best and most useful answers. Sometimes terrorist financing comes from not just physical currencies, but through commodities and contraband goods. This section will seek to answer how to find the source of groups’ financial support in all of its forms through the use of intelligence organizations and their unique methods of extracting vital information.

Two main types of organizations exist which deal with counter terrorism efforts, the first and most prominent being government organizations and secondly nonprofit organizations. Government organizations are usually bound by strict laws and regulations with its main focus being national security. Nonprofit agencies have more of a global outlook and seek to resolve terrorism facing not just one country, but many. Since Nonprofits are not tied or branded with just a single country name, it has more opportunity to make connections with others around the globe, because it does not have to concern itself with the political issues that may otherwise arise for a government



operated organization. However with this they lack the power it takes to intact many of their suggestions and risk mitigation techniques. These two different types of groups have strengths and weaknesses uniquely their own, by combining the two different agencies a more holistic approach is achievable.

## **Intelligence Organizations**

Intelligence organizations are groups created to serve the purpose of gathering vital information, or 'intelligence'. To expand on this the Central Intelligence Agency offers several definitions they identify represent most closely to what they do.

Webster's *Unabridged* (1956) defines it as "The obtaining or dispensing of information, particularly secret information; also, the persons engaged in obtaining information; secret service," while the *Dictionary of United States Military Terms for Joint Usage* (Revision of February 1957) sites it as being "the product resulting from the collection, evaluation, analysis, integration, and interpretation of all available information which concerns one or more aspects of foreign nations or of areas of operation and which is immediately or potentially significant to planning." With these two definitions in mind, it is clear that these organizations have an important role to play in cutting off streams of terrorist funding.

To gather this invaluable information, they employ several tactics:

1. Conducting interviews and interrogations
2. Espionage
3. Analysis of existing documents (following paper trails)
4. Military involvement

Interviewing and interrogations are a commonly employed intel collection technique. Interviews are a less harsh form of interrogations, but both involving the questioning of persons of interest, or those with potentially relevant information to the situation at hand. The technique of interrogation is the act of thorough and often more forcefully questioning an individual or individuals to collect information that has usually been suppressed or kept secret. This would be used when a suspect or potential insider of a terror

### **Nonprofit Organizations**

Several groups that work outside the government framework may use similar strategies, but have more of a focus and reliance upon, “working to improve intergovernmental cooperation at the global, regional, and subregional levels.” (CGCC) These organizations emphasize strengthening ties to the local area of interest in effort to better understand and aid the issues at hand. For example Center on Global Counterterrorism Cooperation (CGCC) exists to “support community-led efforts to counter violent extremism; ensure respect for human rights and the rule of law; and empower civil society and victims of terrorism to speak out.”

This organization and many like it follow similar techniques to work towards their common goal:

1. Creating comprehensive and sustainable responses to security challenges
2. Policy research and advocacy for implementation
3. Area specific programming

4. Developing a strong network worldwide in which information can be gathered and dispersed efficiently

## **Take Action**

Once the source has been successfully identified, the next step is to cut the flow of funds. No one size fits all plan exists when combatting terror funding, instead there must be a plan of action uniquely tailored to each situation. There is a lot to be learned from the past, in which several sources have been successfully eliminated.

1. Bank looting
2. Extortion
3. Human Trafficking
4. Control over gas and oil reservoirs

All of these sources do not spring up overnight, usually there was lengthy planning and thought behind moving the resources. There are intricate logistics involved with any money generating business, especially those with illegitimate roots. The flow of illegal resources and activities must also be identified. The group could be conducting their business in broad day, out in the open or masked behind layers of secrecy and disguise.

Knowing your enemy is essential to reducing and removing them as a threat. So inevitably another step is to obtain every relevant piece of knowledge on the specific organization or organizations carrying out the terroristic activity. Building a strong profile of the group will help assess their strengths and weaknesses, and be crucial for executing an effective counter attack and eliminating funds.

## **Case Study: Twenty-First Century France**

This portion of the paper will discuss in greater depth the recent and developing terrorism situation France is facing. The steps: prevent, source, act, and monitor are paired with recommendations specific to France, keeping in mind their unique: cultural, social, political, geographical, and economic factors. These four sections collectively will provide the framework for a comprehensive plan to counter terrorism funding of ISIS, the terror group with the biggest presence in France. Both proactive and reactive elements are incorporated.

Before diving into creating a strategy, it is important to ask why France has become the center for heightened terrorism in recent years. To answer this question several elements must be analyzed sufficiently. The better the understanding of the situation in France, the better tailored the solution.

### **Contributing Factors**

When you think of France what do you think of? Most likely the Eiffel Tower, Le Tour de Eiffel as it is known to natives. Or possibly the Louvre, a tribute to the nation's global reach and rich cultural history. France is a country littered with relics of the past: medieval towns, massive châteaux, vineyards scattered throughout the countryside, and copious monuments.

Though widely known as one of the most romantic countries in the world, France is not without their share of tragedy. Knowing what is allowing for ease of infiltration

and terrorization of France will help pin point problematic features of the country. Once identified, each should be addressed through prevention, action, and monitoring to form a strong remedy.

### **Spreading Secularism**

Recently it has become more and more common for French to not practice or even claim a particular religion. “People just aren’t religious in France, I mean I was baptized as were several of my friends, but that was mainly just for the celebration, everyone wants an excuse for a party- it isn’t expected that you actually go to church and act religious,” said one of my French friends when on the topic of religion. What she was describing new news, for quite some time France has shifted away from their strong religious roots, like those deep in Catholicism which can be traced back as early as the second century. What the French, like my friend, do not mention is that this secularism has created an even deeper divide between Islam followers and non-followers. Even though Islam is the second most widely claimed religion in France, it has become one of the most targeted politically. The majority of French argue that the increased regulation is all in effort to tear down barriers between citizens, and ultimately promote the French principle “vivre ensemble,” or “living together.” Things they see as being barriers include nearly all worn religious garments, especially the hijab and burqa. However, the same principle can be and has been used to encourage acceptance of other faiths, by allowing them to freely and openly express their faiths.

France has a long, complicated history with the Muslim world. It all goes back to “1830, when [France] conquered Algeria... and after World War I, France took control of

Syria and Lebanon as well,” all of which being countries home to a large Muslim population. A massive immigration in the 1950’s from North Africa was seen, pair it with sweeping numbers coming from Tunisia and West Africa migrating since the end of the 19<sup>th</sup> century and there is a large sum of Muslims present. The most notable immigration period was during the 1950’s and early 1960’s when there was hundreds of thousands of Muslims moving to France, majority of which being male laborers, making the move to build France back up after the second world war. 1970’s and 80’s roll around and most of the former labor men are now married to women from North Africa and proud fathers to children. The fruitful first, second, and third generations account for the estimated near 5 million Muslims living in France today; giving France “the second-largest Muslim population and the largest Muslim share of its national population (7.5 percent) of any western European country.” The term Muslim itself today is used to encompass not only those practicing Islam, but also those who are of Muslim decent, making it carry both religious and racial elements.

The discrimination faced by this religious and racial minority in France has become increasingly blatant, fueled and backed by an increasingly secularized public. High profile incidents have been elevated by media worldwide. There was the 2004 policy passed in a landslide vote which banned the hijab, despite debate from French Muslims. While many Muslims interviewed echoed a sense of segregation, Noel Mamer, the Green party leader, who opposed the new law, felt that it was, “a very bad law, a law which takes the risk to make worse the rift between two parts of the French population.” This was not the only policy to capture the limelight of international news.

Perhaps an even more widely known law passed; commonly referred to as the burqa ban was passed several years ago. This law passed under President Nicolas Sarkozy made France “the first European country to adopt a law prohibiting the complete covering of one's face in public. The ban applies to scarves, masks and motorcycle helmets, but it particularly affects Muslim women who wear the Islamic veil, or niqab.” Breaking this law has a consequential fine of 150 euros, which is the equivalent of around 170 USD. The fine has not been well received to say the least, “according to figures released by the Interior Ministry, as of October police had made 1,623 stops since the ban came into effect and handed out 1,546 fines to a total of 908 women. Several of them were repeat offenders.”

Overly publicized discriminatory laws are not the only thing widening the gap. There are multiple other forms of macroaggressions suffered by French Muslims. Some have reported discrimination when trying for a new job. The interviewer may take them to lunch and order wine to see if they partake. They get dirty looks from strangers passing in the streets or glares from afar. As tensions rise in Europe over the issue of terrorism, discrimination is increasing with no foreseeable end.

It is this very act of discrimination and ethnically targeted laws that end up contributing to radicalization. Agnes De Feo, a filmmaker and sociologist had this to say on the topic, “Some feel that they are standing up to an attack on Islam, and others don't necessarily have a religious motivation at all.” So here we see France’s political response to ban and suppress Islam is having an unanticipated side effect.

## **Location**

France's location makes them an easier target. The country is centrally located surrounded by numerous countries. Sometimes referred to as the gateway of Europe, France connects the Western European countries to the Eastern European countries. It is the East that has consistently posed the greatest threat to France. The eastern portions of Europe and the neighboring Middle East has been ridden with war and corruption, instability that has made it a terrorist hot spot. This ongoing corruption and warring nations has caused hundreds of thousands to be evacuated, France seeing some of the biggest influx of these people. The CIA estimates that the population of displaced people in France consists of: 24,220 (Sri Lanka); 14,195 (Russia); 14,182 (Democratic Republic of the Congo); 12,500 (Serbia and Kosovo); 11,824 (Cambodia); 10,652 (Turkey); 8,132 (Vietnam); 6,944 (Laos); 6,005 (Guinea); 5,179 (Syria); 5,006 (Mauritania) as of 2015. These numbers are projected to have grown tremendously in recent years as border control has seen a massive increase in illegal migration.

György Bakondi, Prime Minister Viktor Orbán's chief Security Advisor, said: "Illegal migration will remain a significant issue this year and the situation could in fact worsen in 2017." His reasoning backing his statements drew on recent developments in the Middle East and "as a result of unregulated migration, remains a danger within the EU and in transit countries... He added when this was coupled with the ongoing fight against Islamic State, there would be a dangerous increased threat of terrorism across Europe." With such massive movements of people it is nearly impossible to effectively make room for them, both physically and inclusively into the culture. It also becomes incredibly difficult to regulate and control the mass migration due to its sheer size. The United Nations estimates the nearly 361,000 migrants arrived in the European Union just



last year (2016). These numbers will only continue to grow as the situation in the East becomes more desperate. As the numbers grow, so does the struggle to separate those entering the country for legitimate reasons from those with ill intentions.

In addition to Eastern Europe and the Middle East, there are several other areas bringing burdens to France. These areas have brought about rampant illegal drug trade. According to the CIA fact book, metropolitan France serves as a main transshipment point for illicit drugs for “South American cocaine, Southwest Asian heroin, and European synthetics.” This widespread illegality is a sign that something deeper is wrong, the system is failing. Drug trade and similar illegal activities are funding mechanisms for terrorists. ISIS has been linked to funding its operations through numerous criminal acts, including drug trade. If France can put a stop to illegal drug trading it may take away a good portion of terror funding, funding that is needed to carry out large scale attacks.

### **The Outsiders**

Outsiders. These are also the people you see sleeping in the streets or curled up in the subway, the teenagers hoarding mangy dogs, and the woman dressed in rags begging for spare change just outside of Monoprix, Carrefour, or Casino grocery stores, or it could just be the family living in the suburbs barely making ends meet, hardly able to put food on the table day after day. An outsider does not always come from poverty, to be an outsider means simply one that is marginalized by society, someone who feels cast aside and not welcome or included into the community at large. A lot of migrants experience this outsider effect, because they are in a totally new environment that they have not yet

learned how to successfully navigate, or the people in their community look at them differently, or perhaps they close themselves off to society despite others being ready to include them. It is a two way relationship, those “outsiders” must be included into society and they must be willing to become a part of society. From birth some have been raised to hate the system that has failed them, and as they get older this hatred only grows stronger. Some may blame the government for their less than ideal circumstances, and seek to exploit it anyway possible. With these things in mind it is easy to see why this group of people has become a prime target for ISIS and ISIL recruiters offering them money and revenge on the republic.

Recruiters prey on this marginalized group. These are the people that have the fewest resources and therefore a lot less to lose. Commonly referred to as “the outsiders” they are just that. They generally cannot get a job and if you do not have a job in France you cannot buy a home. The government gives handouts to those on unemployment, but meets only the most basic needs. Handouts are set to be trimmed as the unemployment rate rises. France currently and historically has had one of the highest unemployment rates, as of February 2017 it was at 10.5% and in recent years has been as high as 14% (EuroStat). Unemployment is vastly worse for the younger generation, those of working age to 25 years old are experience unemployment rates of just over 25%. So naturally the question arises, why is France experiencing such high levels of unemployment? The answer is simple, their work code or in French “Code du Travail” (Code of Work). The Code du Travail is incredibly lengthy and complex; it is longer than the bible, making it difficult for anyone to keep tracked of everything it entails. One thing everyone does know the code does is make it near impossible to fire someone; once you are hired you

are given some of the world's best job security and benefits. A laborious full time job will mean enduring a 35 hour work week, and if you work over this amount you will be duly compensated under law, more specifically the RTT requirement (Réduction du Temps de Travail). Workers also have rights to subsidized travel, restaurant vouchers ("tickets restos"), and paid days off just to name a few. All these benefits seem great at first, but they all come at a cost. With the huge expense that goes into funding all of these employee perks, companies are understandably slow to hire on more people. If funding benefits was not an issue enough, there is the added hiring deterrent of firing difficulty. Companies do not want to be stuck with an employee that turns out to be a hindrance, this has led to most businesses offer almost exclusively temporary positions. Some go as far to offer unpaid internships, leading on workers to believe it will lead to full time work, but instead only offer more unpaid or paid temp positions.

The growing unemployment is making this outsider group bigger. The bigger the group, results in fewer resources left to be spread amongst them. Fewer resources from the government, means more built up resentment and discontentment throughout the country. Resentment towards the government and lack of income turns to desperation for resources and revenge. Seeking revenge and resources leads to radicalization, making the outsiders one of the biggest threats to national security.

-compare to other countries and what they're doing (ex. Sweden, Germany)

## **Preventative Measures for France**

France's recent spike in terrorist activity is attributable to several major factors. The biggest concerns previously mentioned being: outsiders, geography, and societal

norms. Addressing these three main contributing factors in addition to others is the first step to a safer France, in order to do so several preventative precautions should be taken.

### **Bridging the Divide**

One of the first steps in creating a safer France is to make it a more accepting environment. By constantly fueling the “us versus them” mind sets, tensions will only further increase which could boil over and cause more violence. There are several ways to begin bridging this growing gap between populations. One way to make strides to defusing the situation is by campaigning awareness.

Campaigning for awareness may sound like a simple, straightforward and possibly ineffective tactic. However, this step is the first in a series and perhaps one of the most important because for this issue to surface people must be made aware that there is an issue. In an interview with a French teen she expressed a lot of outlandish stereotypes and generalization towards the Muslim population as a whole, when I told her that her comments were insulting and racist in nature, she looked shocked. As she was describing them she had not even realized she slipped into a long dialogue of islamophobia.

To further efforts towards a more informed public I would suggest for strategic alliances to be formed with SOS Racisme. The longest standing French organization of its kind, SOS Racisme is a group dedicated to fighting against racism, antisemitism and racial discriminations in France and abroad,” and advocating for, “a mixed society, a peaceful social cohesion and a ‘living together’ ideal.” (EGAM) Additionally the organization openly opposes xenophobic and nationalistic views held by the far right

party and communitarians. SOS Racisme does not just take to the streets for demonstrations; they also take to the political stage. They lobby to “obtain legal improvements and clear political positioning on issues of racism, discrimination and integration,” by working with and against significant political figures, national institutions, and other important influencing entities. Power in numbers enables this activist body to make a real difference, especially when calling into question government laws. It is exactly that potential power to overturn and create a policy that leads me to my next point, repeal all discriminatory laws.

The next step towards breaking down barriers is to remove contentious policies. Blatantly discriminatory language included in the law, like that banning the burqa and niqab

### **Addressing Geographical Concerns**

As the tensions in the Middle East increase, so do the number of refugees and migrants seeking shelter. France welcomed these refugees in the beginning with open arms, but as they began to come under attack their acceptance and welcoming nature soon ran out. The massive influx of people is unprecedented, making it nearly impossible to efficiently and effectively process every single individual with the resources they currently have allocated to fulfill such duties. The mass migration also makes it more difficult to secure the physical borders and prevent illegal immigration into France. It may be time that France, spend more than they are used to on their security efforts. In light of recent attacks France has swiftly responded with heightened security measures, but not as assertive as necessary for such a large scale issue. More resources will need to

be allotted to the national armed forces to secure borders, as well as identify and track high risk individuals to prevent and reduce continued attacks.

With the increase in security personnel there will be enough boots on the ground, and behind the desk. When I say behind the desk I am referring to those who are tasked with intelligence gathering. Intelligence agents play a vital role in the anti-terror process by stopping an attack before it happens. With a proactive approach used by intelligence agencies there is a chance to save even more lives. This task force will be in charge of red flagging individuals, some of the most recent attacks of 2017 have been carried out by a “red flag” but they were not prevented from carrying out their attack. Why is that, there are not enough resources. The agency’s list of red flags is only growing as the days pass; it is incredibly difficult to keep track of them all at all hours of the day. Also these individuals have had their right to privacy respected so things as simple as private social media accounts are not accessed. I would suggest, though highly controversial, that these individuals that have been flagged are subject to intensified surveillance. The government should bypass fire walls, encryptions, etc. and access suspects’ social media and other encrypted forms of communication. Sometimes attackers will post of Facebook or Twitter their plans of attack the day before and hour before they strike. If an advanced processing system could monitor every social media outlet for these public announcements in a way that would identify a terrorist’s agenda it could save countless of lives.

### **Preventing the “Outsider” Effect**

Before I dive into my solution for this portion I must first explain my theory. This theory is based off of my studies abroad, interviews I conducted with highly educated faculty members of the top tier university I attended, and my studies I have done domestically for the past year. The theory is, if individuals who fall into the “outsider” category are employed, then attacks will be reduced. Seems like a stretch? Fair enough, but once it is broken down it may make more sense. Outsiders is a term used to refer to a group of people who have been marginalized by society, they are generally unemployed, or overall discontent with the government for how it has seemingly failed them. The outsiders see themselves as outcasts which could spark intense feelings of resentment which may then conflagrate into fully formed radicalism in a quest for revenge. Or in another scenario, outsiders are driven by their lack of resources to join a terror group that preys on them and promises them those resources. ISIS recruiters seem to especially target this group of people for the very two reasons previously mentioned, and as a result an increasing number of people are being radicalized within France’s borders. In summary, no job means limited or no resources, leading to desperation and resentment for society, ultimately making them more susceptible to terror recruiters.

So what is the solution if this theory holds true? Looking to its fundamental claim that increased employment means decreased terrorism it is clear to see- increase employment. We must now answer how exactly does France, a country that has some of the highest rates of unemployment for a developed country throughout history, can turn it all around now. The root of the problem can be found in the Code du Travail, this is France’s labor code.

The labor code in France rapidly expanded until it became what it is today, longer than the bible. I think it is safe to say it is time for a change, a change for simplicity. While living in France the Code du Travail was often described as long, complex, and confusing. Since it is so long certain sections contradict themselves, things are often repeated and it is altogether laborious to read.

If you are a company you may not want to even read the code, because you most likely will not like what it says. The Code du Travail since its conception has assigned some of the most impressive set of benefits and securities to employees, so much so that the French refer to these securities as making it near impossible to be fired. This unprecedented level of insurance has led many companies to be extremely cautious when hiring, they do not want to get stuck with a bad employee.

There are two different classifications of employee contracts. The first is for a fixed period known in France as *contrat à durée déterminée*, with an exact translation being “contract of determinable duration.” The second is an indefinite contract called *contrat à durée indéterminée*. The first type of contract enables the company to release the employee without question once the specified time has lapsed which is usually 3-6 months up to 9 months. This type of contract has become more and more common in recent years. The problem with it is the lack of stability and predictability of a renewal. With the first type fewer benefits are granted to employees and generally much lower pay. The second type is closest to the American full time employee contract, but the biggest difference is the degree of difficulty of terminating the employment contract. In the United States we have something called employment at-will, which is defined by the law as “A common-law rule that an employment contract of indefinite duration can be



terminated by either the employer or the employee at any time for any reason; also known as terminable at will.” In France, a company must build a case against an employee it wishes to fire, building such a case could take months. Recording information on insufficient activity of employees uses an unnecessary amount of resources and even runs the risk of not be sufficient evidence if taken to court the individual after release of employment, because the courts tend to favor the employee over the employer. A court case is the last thing companies want because it is costly, time consuming and generates bad publicity, especially a law suit likely to be lost.

To prevent tying up resources and inflicting severely negative impacts, which only further the unemployment crisis, France should consider adopting an employment at-will approach. The very idea or suggestion of such a thing is unheard of in their culture, but some form of the concept should be tailored to them so that companies can rest easy knowing hiring someone is not an incredible risk. This policy will encourage more businesses to hire on full time staff.

Even in the states we are familiar with the idea of not working on Sundays, but France takes this to a new level. While in France I made the mistake of putting off getting my groceries till Sunday, back home I normally did grocery shopping on Sundays to prepare meals for the entire week. Not in France, no grocers were open, no restaurants, and no shops. Paris, one of the largest and well known cities in the world was seemingly deserted, granted it was a holiday to boot (New Year’s Day), but in other countries everything would be open with their full hours intact. Holidays are an opportunity for some individuals to earn holiday rate or overtime (increased hourly pay). Being open on weekends would also mean more hours of operations, more hours to fill which would

require more employees. The need for employees to fill the newly available shifts leads to new hires and overall increased employment for France.

Lastly, reducing unemployment benefits could potentially increase employment rates. This is not a new idea and it is fairly straight forward. By gradually reducing the amount of money paid out to those on unemployment, recipients are highly incentivized to go back to work. Normally, there would be few jobs to seek out, but if paired with the first two suggestions then countless new jobs will become available and new filled quickly. Also reducing unemployment benefits refers to shortening the length of time during which people can receive these payments. A shorter time period, and gradually reducing sum will increase pressures to get back to work which will again, overall improve unemployment rates.

More employees would mean more individuals receiving a living wage. More people earning a living means more people able to afford homes and benefit from stability. These increased and more widely dispersed resources means the desperation just to survive day to day will be greatly reduced. People will likely feel more included into society and in a position to reap its rewards. With a strengthening economy and enlarged work force the government would have the means necessary in funding further steps to foster inclusion for outsiders. A big project would be to build facilities in the lower income areas that otherwise would not have access to such things, because of the area they live in. Facilities include communal parks, a place for people to come together, meet their neighbors and enjoy time with family. Other amenities could include wellness centers. Healthy people are generally happier and more likely to make a positive impact in their community.

In summary, efforts should be made to decrease France's sky high unemployment rate. Employment enables individuals to provide for themselves and their family. The ability to provide and have all basic needs met, reduces desperation for resources which has led some to wander into the hands of terror recruiters. Employment increases the likelihood that a citizen will become a functioning part of society rather than a detriment to society.

## **Methods of Monitoring for France**

Once any plan of action is put into place it is crucial to gauge its effectiveness so that adjustments can be made accordingly. Both quantitative and qualitative approaches can be combined for a comprehensive assessment of the plans' success or failure. Under the quantitative approach there are several metrics we can calculate to determine to a certain extent the effects of action implementation. From a qualitative perspective, special attention will be paid to observations.

### **Metric 1: Arrests, indictments, and convictions**

Number of arrests, indictments and convictions can be key indicators of the effectiveness of the action plan as well as preventative measures. Using these numbers calls for having detailed historical data to compare to. If they witness an increase in the amount of arrests, indictments, and convictions it can be reasonable to assume that actions taken have been successful in heading off and taking down terror activities. In contrast, if the numbers are decreasing this may mean it is time to reassess our plan and its ability to successfully capture the enemies. The increase and decrease in these metrics could be due to other external factors as well, which will vary throughout time and those

must be taken into consideration as well to fully explain the situation at hand. For example, if migration sharply decreases in the coming years then that may explain why border security has arrested a smaller number of individuals attempting to enter the country illegally. There are numerous factors some, foreseeable and others not, that effect the numbers recorded for various sectors and affect them in a way that is unique to that specific organization.

### **Metric 2: Amount of money seized**

Defunding terror is all about cutting of terrorists from their resources, the most common resource of funding is money. Law enforcement should keep a perpetual count of the amount of funds apprehended and destroyed. Whether it is finding and stopping fraudulent money wiring or blowing up warehouses of cash (site event of when that actually happened). In a world where money is power and indisputably an instrument of influence- cutting it off will greatly advance the French agenda for peace.

### **Observation**

Whether it is seeing less violence on the news, fewer lives lost, or the general climate of the population's morale, results can be tangibly and intangibly seen. This approach to measure progress emphasizes observable changes. Observation is one of the most significant techniques we can use to assess the success or failure of an implemented plan.

Observation will include the building blocks necessary to analyze in making adjustments to ensure an effective plan is put in place, one that will stand the test of time as it adapts as needed throughout evaluation periods, based on measuring tactics like

observation. Once this information has been gathered it is important to accurately record it so that it can be saved for comparison of the following years. Just as important as recording the results is communicating the results. More specifically, communicating the results to the right people at the right time. If there are allies helping with operations they should be kept informed to eliminate data asymmetry which could have devastating consequences. Alliances thrive on data sharing and excellent communication.

## **Conclusion**

In closing, terror attacks are a very real and prevalent issue facing the world today. France has endured some of the most horrific and tragic of these events with no end in sight, so drastic changes must be made to reduce attacks. France should face their complicated relationship with the Muslim world head on, by reducing stigma, spreading awareness, and repealing blatantly discriminatory laws. Second, the country should pull more resources to be allocated to securing borders, while adopting a policy that allows for increased surveillance especially of those individuals who have been red flagged by national intelligent agencies. Lastly France should work to generate a sentiment of inclusion for outsider groups that are likely targets of terror organization recruiters; this can be done by making radical revisions to their code du travail to open up opportunities to put these individuals to work and building up their communities with facilities and amenities that foster healthy habits both physically and emotionally.

## Sources

- AdvisoryHQ. (2016, December 23). What Is a Shell Bank? . Retrieved November 27, 2016, from <http://www.advisoryhq.com/articles/what-is-a-shell-bank-definition-of-shell-banks/>
- BBC News (2016), “Europe” <http://news.bbc.co.uk/2/hi/europe/3478895.stm>
- Bowen, J. (2015, January 8). Three Reasons France Became a Target for Jihad. Retrieved November 29, 2016, from <http://time.com/3660002/france-muslim-africa-organized-religion/>
- CGCC. (n.d.). Center on Global Counterterrorism Cooperation. Retrieved January 9, 2017, from <http://www.idealists.org/view/nonprofit/3MStjfS3GSXd/>
- CIA. (2011, August 03). A Definition of Intelligence. Retrieved December 2, 2016, from [https://www.cia.gov/library/center-for-the-study-of-intelligence/kent-csi/vol2no4/html/v02i4a08p\\_0001.htm](https://www.cia.gov/library/center-for-the-study-of-intelligence/kent-csi/vol2no4/html/v02i4a08p_0001.htm)
- CIA (2017), “The World Fact Book: France”, <https://www.cia.gov/library/publications/the-world-factbook/geos/fr.html#People>
- Dictionary of United States Military Terms for Joint Usage* (Revision of February 1957)
- EGAM Admin (2014), “SOS Racisme”, <http://www.egam.eu/portfolio/sos-racisme/>
- FATF (2015), Emerging Terrorist Financing Risks, FATF, Paris [www.fatf-gafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing-risks.html](http://www.fatf-gafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing-risks.html)

FATF (2015), Financing of the terrorist organisation Islamic State in Iraq and the Levant (ISIL), FATF, [www.fatf-gafi.org/topics/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html](http://www.fatf-gafi.org/topics/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html)

FATF (2014), “Financial Flows Linked to the Production and Trafficking of Afghan Opiates”, FATF, Paris.

FATF (2012), “International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation”.

Foreign Policy (2017), “France is no Friend to Muslims”,  
<http://foreignpolicy.com/2015/11/17/france-has-been-no-friend-to-muslims/>

Fortune Magazine (2016), “Financial System Threats”,  
<http://fortune.com/2016/05/18/sec-financial-system-threat/>

GSMA (2015), “Mobile Developments for AML Efforts”,  
<http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/10/Proportional-risk-based-AMLCFT-regimes-for-mobile-money.pdf>

GSMA (2017), “Who We Are”, <http://www.gsma.com/gsmaeurope/who-we-are-what-we-do/>

Hutchings, Denise (2017), “U.S. Court Case: 9 Banks and 50 Bank Accounts Exploited by Human Trafficking Ring”, <https://verafin.com/2017/02/u-s-court-case-9-banks-and-50-bank-accounts-exploited-by-human-trafficking-ring/>

IOMFSA (2016), “Anti-Money Laundering”, <http://www.iomfsa.im/AML/>

Kegl, Agnes (2017), "MIGRANT CRISIS WARNING: Situation will get WORSE in 2017, says refugee-hit Hungary",

<http://www.express.co.uk/news/world/750615/Hungary-migration-refugee-crisis-2017-EU-borders>

Legal Dictionary (2015), "Employment at Will", "<http://legal-dictionary.thefreedictionary.com/Employment+at+Will>

LSM (2013), "Police Bust Major Shell Bank, Money Laundering",

<http://www.lsm.lv/en/article/economics/economy/police-bust-major-shell-bank-money-laundry.a191977/>

Melvin, Joshua (2014), "Benefits Great Things Your French Boss Owes You",

<https://www.thelocal.fr/20140306/benefits-great-things-your-french-boss-owes-you>

Pierre-Laurent Chatain, Andrew Zerzan, Wameek Noor, Najah Dannaoui, and Louis de

Koker (2011), "Protecting Mobile Money against Financial Crimes: Global Policy Challenges and Solutions", The World Bank Group, Washington, D.C.

Seljuq, Affan (2000), "Cultural Conflicts: North African Immigrants in France"

[http://www.gmu.edu/programs/icar/ijps/vol2\\_2/seljuq.htm](http://www.gmu.edu/programs/icar/ijps/vol2_2/seljuq.htm)

Webster's *Unabridged* (1956). Referenced December 5, 2016.