



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

December 3, 2024

OIG-CA-25-011

MEMORANDUM FOR DEPARTMENT OF DEFENSE  
LEAD INSPECTOR GENERAL

FROM: Gregory Sullivan /s/  
Audit Director

SUBJECT: Overseas Contingency Operations - Summary of Work  
Performed by the Department of the Treasury Related to  
Terrorist Financing and Anti-Money Laundering for the Fourth  
Quarter Fiscal Year 2024

This summary provides an update on the Department of the Treasury's (Treasury) programs to combat terrorist financing and money laundering. Per your request, we provided this information in a question-and-answer format to help streamline the information. This information is provided by Treasury management and is not audited by Treasury Office of Inspector General.

**Q1. In an unclassified, publicly releasable format, provide information on individuals and organizations sanctioned for providing support to the Islamic State of Iraq and Syria (ISIS) as follows:**

- a. Reasonable estimate of the cumulative number of individuals and organizations sanctioned (by Treasury, not cumulative with the Department of State (State)) for providing support to ISIS since 2014.**

Treasury told us it uses the full range of its authorities to aggressively target ISIS leaders, operatives, financiers, and associated organizations around the world. These efforts have resulted in Treasury designating 183 ISIS-associated individuals and entities since 2014.

**b. Details on individuals and organizations sanctioned for providing support to ISIS in the reporting period: July 1, 2024 – September 30, 2024.**

On July 23, 2024, Treasury sanctioned three ISIS facilitators operating in Africa for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS, pursuant to Executive Order (EO) 13224.<sup>1, 2</sup>

***Abubakar Swalleh***

- Abubakar Swalleh (Swalleh) is a South Africa- and Zambia-based ISIS operative involved in the physical transfer of funds from South Africa to the Democratic Republic of the Congo (DRC). Swalleh also facilitates the movement of ISIS-affiliated individuals from Uganda to South Africa and vice versa. Mohamed Ali Nkalubo, a DRC-based ISIS commander previously designated by State on December 8, 2023,<sup>3</sup> has relied on Swalleh to move funds and recruit members for ISIS's DRC affiliate. Swalleh moved to South Africa under Mohamed Ali Nkalubo's direction, where he has been involved in robberies and kidnapping for ransom.

***Zayd Gangat***

- Zayd Gangat is an ISIS facilitator and trainer based in South Africa, where ISIS leaders have historically used robbery, extortion, and kidnap-for-ransom operations to generate funds for the group.

***Hamidah Nabagala***

- Hamidah Nabagala (Nabagala) is based in the DRC and serves as an intermediary for ISIS financial flows in central Africa. Nabagala was accused of funding the October 2021

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<sup>1</sup> EO 13224, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism" (September 23, 2001), provides a means by which to disrupt the financial support network for terrorists and terrorist organizations.

<sup>2</sup> For additional information, see Treasury's press release, "Treasury Targets ISIS Facilitation Network in Eastern, Central, and Southern Africa" (July 23, 2024).

<sup>3</sup> For more information, see State's press release, "Promoting Accountability in Support of the 75th Anniversary of the Universal Declaration of Human Rights" (December 8, 2023).

Kampala bombing,<sup>4</sup> which killed one person and injured at least three others. In 2021, Ugandan authorities arrested an ISIS operative who had received funding from Nabagala. Nabagala also sought to smuggle her three children out of Uganda to send them to ISIS-affiliated camps in the DRC.

**c. The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: July 1, 2024 – September 30, 2024.**

No sanctioned individuals or organizations were removed from the sanctions list this reporting period.

**Q2. In an unclassified, publicly releasable format, describe what was done this quarter with the Global Coalition to Defeat ISIS (Global Coalition) partners in Iraq and Syria to disrupt ISIS financial networks.**

Treasury told us it continues to work with interagency and Global Coalition partners, including the Government of Iraq, to prioritize identifying ISIS's financial reserves and financial leaders, disrupting its financial facilitation networks in the Middle East. In addition, Treasury is working to designate ISIS facilitators, front companies, and fundraisers in various countries. Treasury takes a leadership role in the Global Coalition, serving as a co-lead of the Counter ISIS Finance Group, along with its counterparts from Italy and Saudi Arabia. On July 23 and 24, 2024, Treasury co-led a Counter ISIS Finance Group meeting with over 50 Global Coalition members and observers, including Iraqi partners, to exchange information on ISIS financing activities and efforts to counter them across Asia and Africa.<sup>5</sup>

**Q3. In an unclassified, publicly releasable format, describe ISIS funding in Iraq and Syria, to include what has changed since last quarter, the estimated amount of funds at its disposal, how funds are generated and distributed, and any shortfalls in the amount or distribution of funds this quarter. Include the methods ISIS uses to transfer funds into and distribute funds within Iraq and Syria.**

Treasury told us the Global Coalition remains focused on defeating ISIS in Syria and Iraq, where it is drastically increasing the pace of attacks and seeks to organize operations outside of the Middle East.

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<sup>4</sup> On October 23, 2021, a bomb detonated at a restaurant in the suburbs of Kampala, Uganda, a venue known to attract members of the Ugandan security services as patrons. Police later attributed the attack to ISIS-DRC.

<sup>5</sup> For additional information, see Treasury's press release, "Counter ISIS Finance Group Leaders Issue Joint Statement" (August 8, 2024).

Since June 2023, U.S. forces have continued to conduct joint operations with the Iraqi Security Forces, including the Kurdish Peshmerga<sup>6</sup> and the Syrian Democratic Forces (SDF).<sup>7</sup> These efforts resulted in the killing or capture of ISIS leaders and operatives across Iraq and Syria and further degraded ISIS's capacity to plan and execute terrorist attacks.

Treasury also told us ISIS Core<sup>8</sup> elements maintain access to nearly \$10 million in reserves and continue to extort and rob local populations, as well as employing international fundraising and recruitment networks. These sources of revenue largely reside outside the formal economy, allowing ISIS Core to sustain its terrorist insurgency.<sup>9</sup>

**Q4. In an unclassified, publicly releasable format, provide an update on any changes in methods ISIS uses to transmit and distribute funds into and out of al-Hol,<sup>10</sup> other camps, and SDF detention facilities holding ISIS detainees. Include any changes to estimates of funds transmitted, particularly to residents in al-Hol.**

Treasury told us ISIS supporters use a combination of cash, the hawala system,<sup>11</sup> virtual currencies, and online fundraising platforms to transfer funds, including to individuals in al-Hol. The group's supporters have gathered and sent funds to intermediaries in Türkiye, who smuggle the cash into Syria or send the funds to hawala dealers operating in the camp. In al-Hol, ISIS supporters have received up to \$20,000 per month via the hawala system. The majority of those funds transfers have originated outside Syria or passed through neighboring countries such as Türkiye.

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<sup>6</sup> The Kurdish Peshmerga is a volunteer military force operated by the Kurdish regional government in Iraq.

<sup>7</sup> The SDF is a multi-ethnic coalition of Kurdish, Arabic, and Christian fighters, created in 2015 with U.S. support. Operating in the local Autonomous Administration in North and East Syria, the SDF established itself as the West's main partner in the fight against ISIS.

<sup>8</sup> ISIS Core refers to the main portion of ISIS in Iraq and Syria, along with the key leaders of the global organization. The term is mainly used to differentiate the main ISIS leadership from the regional ISIS affiliates, such as ISIS-Khorasan and ISIS-Philippines.

<sup>9</sup> For additional information, see Treasury's "Fact Sheet on ISIS Financing" (August 8, 2024).

<sup>10</sup> Al-Hol (or al-Hawl) is an internally displaced person's camp in northern Syria. It holds one of the largest concentrations of current and former ISIS members who continue to receive donations from ISIS supporters internationally.

<sup>11</sup> The hawala system is a widely used informal value transfer system, a term used to describe those money or value transfer systems that operate informally to transfer money as a business.

**Q5. In an unclassified, publicly releasable format, provide an update on any actions taken this quarter regarding the unfreezing of Afghan Central Bank assets held in the United States and the implementation of these funds for humanitarian aid for the Afghan people.**

Treasury told us it did not take any action this quarter to unfreeze Afghan Central Bank assets held in the United States.

**Q6. In an unclassified, publicly releasable format, describe any changes this quarter to (1) licenses<sup>12</sup> designed to facilitate the continued delivery of humanitarian assistance to Afghanistan, (2) the designation of Taliban and/or Haqqani<sup>13</sup> officials as Specially Designated Nationals, and (3) the overall sanctions regime against the Taliban.**

Treasury told us it did not issue any new sanctions or general licenses this quarter.

**Q7. In an unclassified, publicly releasable format, describe ISIS-Khorasan (ISIS-K)<sup>14</sup> funding in Afghanistan, to include what has changed since last quarter, the estimated amount of funds at its disposal, how funds are generated and distributed, and any shortfalls in the amount or distribution of funds this quarter. Include the methods ISIS uses to transfer funds into and distribute funds within Afghanistan.**

Treasury told us that the Asia-based al-Siddiq Office, which oversees ISIS-K, has received funding from ISIS Core to conduct external operations and was responsible for attacks in Moscow in March 2024 and Iran in January 2024. The office adapted how it generates revenue due to counterterrorism pressure. ISIS-K's financial facilitation network has probably recovered from arrests and deaths of key officials and facilitators in Pakistan, Afghanistan, Turkey, Syria, and Somalia in 2023 and early 2024. However, more recently, ISIS-K shifted from extortion, kidnapping for ransom, robbery, and external funding from other ISIS branches to relying primarily on international

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<sup>12</sup> A license is an authorization from the Office of Foreign Assets Control to engage in a transaction(s) that otherwise would be prohibited. There are two types of licenses: general licenses and specific licenses. General licenses allow all U.S. persons to engage in the activity described in the general license without needing to apply for a specific license. A specific license is a written document issued to a particular person or entity, authorizing a particular transaction in response to a written application.

<sup>13</sup> The Haqqani Network is a Sunni Islamist militant organization primarily based in North Waziristan, Pakistan. It conducts cross-border operations into eastern Afghanistan and Kabul.

<sup>14</sup> ISIS-K is an ISIS affiliate in the Khorasan region, which historically encompasses parts of modern-day Iran, Central Asia, Afghanistan, and Pakistan.

donations and ISIS Core funding, much of which has been provided via virtual assets.

Treasury also told us that at least part of the ISIS attack on the Crocus City Hall in Moscow<sup>15</sup> was funded using virtual assets that were transferred through various ISIS entities, including ISIS Core and al-Siddiq Office. ISIS-K reportedly transferred at least \$2,000 in virtual assets to the Crocus City Hall attackers, showing a direct link between ISIS's use of virtual assets and external operations. Since 2023, ISIS has received donations from international supporters by advertising virtual asset addresses in ISIS-generated propaganda, such as the Voice of Khorasan magazine, which is published in multiple languages by al-Siddiq Office. ISIS has raised thousands of dollars from these advertisements. Treasury's information indicates that ISIS-K is seeking to increase its English language capability, presumably to reach a wider audience.

**Q8. In an unclassified, publicly releasable format, describe Treasury's activities and interagency coordination with the Department of Defense, State, United States European Command, and other U.S. Government agencies in support of Operation Atlantic Resolve and related U.S. Government support to Ukraine. Include activities to sanction Russian leaders as well as Ukrainian and/or other individuals or entities engaging in fraud, corruption, or other misappropriation of U.S. assistance. Provide specific examples of said activities, as well as any measures of effectiveness for these efforts overall.**

Treasury told us that at the direction of President Biden, it has effectively deployed sanctions to prevent Russia's efforts to procure critical components to support its unjust war against Ukraine and to limit the Kremlin's financial resources to wage its war of choice. Treasury maintains a high level of coordination with interagency counterparts, including on sanctions, where they collaborate to build evidentiary packages. Treasury works with State to seek foreign policy guidance, and with all relevant agencies to assess U.S. Government equities and appropriate mitigation steps before imposing new sanctions. Treasury also coordinates with State to enhance Treasury's sanctions approach by encouraging allies and partners to take complementary action, as well as understanding and helping to resolve

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<sup>15</sup> The March 22, 2024, ISIS-K terrorist attack at the Crocus City Hall concert venue in Moscow killed over 130 people and injured hundreds more. Immediately following the attack, ISIS publicly claimed responsibility.

specific challenges related to specific partners and Treasury designations.

Treasury also told us it has imposed sanctions on over 80 percent of Russia's banking system, preventing access to the global system. Treasury has issued hundreds of designations and undertaken extensive engagement, which have hindered Russia's efforts to evade sanctions in third countries.<sup>16</sup> Treasury has restricted Russia's energy revenues, through implementation of the oil price cap, alongside Treasury's partners' actions on oil, presenting Moscow with difficult tradeoffs as it funds the war. Treasury has established a new secondary sanctions<sup>17</sup> regime that has hindered Russia's attempts to abuse third country banks to support its military-industrial base. Russia's macroeconomic performance has been constrained due to the impact of the war and Treasury's multilateral sanctions, even as Treasury has taken innovative measures to spare the global economy from collateral damage.<sup>18</sup>

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<sup>16</sup> A "third country" refers to a nation that is neither the target of sanctions nor an adopter of sanctions against another country. These third countries are not legally bound by the sanctions but can play a significant role in facilitating or evading them. For instance, countries like Armenia, Cyprus, and Saudi Arabia have been involved in sanctions evasion and avoidance related to the sanctions imposed on Russia. Their actions can impact the effectiveness of sanctions and influence international relations. For additional information, see Treasury's press release, "U.S. Continues to Degrade Russia's Military-Industrial Base and Target Third-Country Support with Nearly 300 New Sanctions" (May 1, 2024).

<sup>17</sup> Primary sanctions generally prohibit U.S. persons from engaging in specified activities, as well as transactions in or involving the United States, with certain countries, entities, and individuals. Secondary sanctions target non-U.S. persons for activities that occur outside of U.S. jurisdiction.

<sup>18</sup> For more information, see Treasury's featured story, "Sanctions and Russia's War: Limiting Putin's Capabilities" (December 14, 2023).