



FinCEN

ALERT

FIN-2023-Alert006

October 20, 2023

FinCEN Alerts Financial Institutions to Hamas's Terrorist Financing

Suspicious Activity Report (SAR) Filing Request:

FinCEN requests that financial institutions reference this alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the key term “**FIN-2023-TFHAMAS**” and select SAR field 33(a) (Terrorist Financing-Known or suspected terrorist/terrorist organization.).

The Financial Crimes Enforcement Network (FinCEN) is issuing this alert to assist financial institutions in identifying funding streams for the terrorist organization Hamas.¹ FinCEN is urging financial institutions to be vigilant in identifying suspicious activity relating to financing Hamas and reporting such activity to FinCEN.

Hamas's horrific terrorist attack on the people of Israel on October 7, 2023, which left more than 1,000 innocent civilians, including citizens of the United States and dozens of other countries, wounded, killed, or taken hostage,² was funded by Hamas's terrorist finance network and practices. Hamas raises funds to support its operations

and members in a variety of ways, including through: support from Iran; a global portfolio of investments; the control of border crossings and avenues of commerce; racketeering business frameworks; extortionary practices around local populations; fundraising campaigns involving virtual currency and fictitious charities raising both fiat and virtual currency, and diverting aid and support from legitimate charities.³ Hamas moves funds through the smuggling of physical currency as well as a regional network of complicit money transmitters, exchange houses, and Hizballah-affiliated banks.⁴

1. The U.S. Department of State (State) designated Hamas as a foreign terrorist organization in October 1997. For an overview of Hamas, *see* Office of the Director of National Intelligence (ODNI), Counter Terrorism Guide, “[Hamas](#)” (as of Sept. 2022). State designated Hamas pursuant to Executive Order 13224 on October 12, 2001. *See* “[Designations of Terrorists and Terrorist Organizations Pursuant to Executive Order 13224 of September 23, 2001](#),” 67 FR 12633 (Mar. 19, 2002).
2. *See* White House, “[Remarks by President Biden on the Terrorist Attacks in Israel](#)” (Oct. 10, 2023), and “[Statement from President Joe Biden on American Citizens Impacted in Israel](#)” (Oct. 9, 2023).
3. See U.S. Department of the Treasury (Treasury), “[Remarks by Under Secretary for Terrorism and Financial Intelligence Brian Nelson at Deloitte's 15th Annual Anti-Money Laundering Conference](#)” (Oct. 17, 2023). Iran provides Hamas with funds, weapons, and training. During certain periods, Iran's support to Hamas has been estimated to be as high as \$300 million per year, but at a baseline amount, is widely assessed to be in the tens of millions per year. *See* FinCEN, “[Imposition of Fifth Special Measure Against the Islamic Republic of Iran as a Jurisdiction of Primary Money Laundering Concern](#),” 84 FR 59302 (Nov. 4, 2019); *see also* State, “[Country Reports on Terrorism 2021: Iran](#)” (2021).
4. *See* Treasury, “[Treasury Targets Facilitators Moving Millions to HAMAS in Gaza](#)” (Aug. 29, 2019). State designated Lebanese Hizballah as a foreign terrorist organization in October 1997. For an overview of Hizballah, *see* ODNI, Counter Terrorism Guide, “[Lebanese Hizballah](#)” (as of Sept. 2022).

Financial institutions, including virtual asset service providers (VASPs), should identify and report suspicious transactions associated with Hamas's financing as quickly as possible.⁵

As part of a whole-of-government response, the U.S. Department of the Treasury (Treasury) is taking all necessary steps, including by issuing this Alert and engaging with foreign counterparts, to deny Hamas the ability to raise and use funds worldwide.⁶ Building on previous actions against Hamas, Treasury's Office of Foreign Assets Control (OFAC) recently designated numerous Hamas members, operatives, and financial facilitators located in Gaza and elsewhere, including Sudan, Türkiye, Algeria, and Qatar.⁷

FinCEN has identified the following red flag indicators to help detect, prevent, and report potential suspicious activity related to Hamas's terrorist financing activity. As no single red flag is determinative of illicit or suspicious activity, financial institutions should consider the totality of available facts and circumstances, such as a customer's historical financial activity, whether the transactions are in line with prevailing business practices, and whether the customer exhibits multiple red flags, before determining that a behavior or transaction is suspicious.

- 1 A customer or a customer's counterparty conducts transactions with OFAC-designated entities and individuals, or transactions that contain a nexus to identifiers listed for OFAC-designated entities and individuals, to include, email addresses, physical addresses, phone numbers, or passport numbers, or virtual currency addresses.
- 2 Information included in a transaction between customers indicates support for terrorist campaigns.
- 3 A customer conducts transactions with a Money Services Business (MSB) or other financial institution, including one that offers services in virtual currency, operates in higher-risk jurisdictions tied to Hamas activity, and is reasonably believed or suspected to have lax customer due diligence (CDD) requirements, opaque ownership, or otherwise fails to comply with anti-money laundering/combatting the financing of terrorism (AML/CFT) best practices.

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5. For cyber-related transactions, financial institutions should include any relevant technical cyber indicators related to cyber events and associated transactions within the available structured cyber event indicator fields on the SAR form. Any data or information that helps identify the activity as suspicious can be included as an indicator. Examples include chat logs, suspicious IP addresses, suspicious email addresses, and suspicious digital asset addresses. Financial institutions are also encouraged to provide a citation to or clear explanation of the source of any external information triggering the determination that the activity was suspicious or linked to Hamas.
 6. See FinCEN, "[READOUT: FinCEN holds meeting with Israel's Financial Intelligence Unit](#)" (Oct. 18, 2023).
 7. See Treasury, Press Release, "[Following Terrorist Attack on Israel, Treasury Sanctions Hamas Operatives and Financial Facilitators | U.S. Department of the Treasury](#)" (Oct. 18, 2023). To date, Treasury has targeted nearly 1,000 individuals and entities connected to terrorism and terrorist financing by the Iranian regime and its proxies, including Hamas, Hezbollah, and other Iran-aligned terrorist groups in the region. *See also* State, Press Statement by Antony Blinken, U.S. Secretary of State, "[Designating Hamas Operatives and Financial Facilitators - United States Department of State](#)" (Oct. 18, 2023).

- 4 A customer conducts transactions that originate with, are directed to, or otherwise involve entities that are shell corporations, general “trading companies,” or other companies that have a nexus with Iran or other Iran-supported terrorist groups, such as Hezbollah and Palestine Islamic Jihad.⁸
- 5 A customer that is a charitable organization or nonprofit organization (NPO)⁹ solicits donations but does not appear to provide any charitable services or openly supports Hamas’s terrorist activity or operations. In some cases, these organizations may post on social media platforms or encrypted messaging apps to solicit donations, including in virtual currency.
- 6 A customer that is a charitable organization or NPO receives large donations from an unknown source over a short period of time and then sends significant wire transfers or checks to other charitable organizations or NPOs.
- 7 A customer conducts transactions with known or suspected virtual currency addresses tied to terrorism or terrorist financing donation campaigns.

FinCEN requests financial institutions reference this alert by including the key term “FIN-2023-TFHAMAS” in SAR field 2 (Filing Institutions Note to FinCEN) and the narrative to indicate a connection between the suspicious activity being reported and this alert.

The information contained in this alert is derived from FinCEN’s analysis of Bank Secrecy Act data, open-source reporting, and information provided by law enforcement partners.

The mission of the Financial Crimes Enforcement Network is to safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

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- 8. State designated Palestine Islamic Jihad (PIJ) as a foreign terrorist organization in 1997. For an overview of PIJ, see ODNI, Counter Terrorism Guide, “[Palestine Islamic Jihad](#)” (as of Sept. 2022).
 - 9. FinCEN continues to emphasize that legitimate charities should have access to financial services and can transmit funds through legitimate and transparent channels. As set out in the Joint Fact Sheet on BSA Due Diligence Requirements for Charities and Non-Profit Organizations, banks are reminded to apply a risk-based approach to CDD requirements when developing the risk profiles of charities and other non-profit customers. The application of a risk-based approach is consistent with existing CDD and other Bank Secrecy Act/ AML compliance requirements. FinCEN, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency, “[Joint Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and Non-Profit Organizations](#)” (Nov. 19, 2020).