

21st Century Terrorism Business Model: ISIS v. Al-Qaeda

By: Alexandra L. Boll¹

There are two things a brother must always have for jihad, the self and money. -
An Al-Qaeda operative.²

I. INTRODUCTION

In the last two years, the Islamic State in Iraq and Syria (“ISIS”) has accomplished more than Al-Qaeda has been able to in three decades.³ Unlike Al-Qaeda who fell short in these areas, ISIS has been very successful in the different strategic aspects of funding, recruiting, survival, and capturing the world’s undivided attention.⁴ Proclaiming itself a caliphate in 2014,⁵ known as the Islamic State, ISIS has attempted to legitimize their organization and be the forefront leader of the

¹ Juris Doctor Candidate, 2017, Creighton University School of Law.

² MICHAEL J. FAGEL, PRINCIPLES OF EMERGENCY MANAGEMENT: HAZARD SPECIFIC ISSUES AND MITIGATION STRATEGIES 352 (2011).

³ Andrew Costly, *Islamist Terrorism From 1945 to the Rise of ISIS*, CONST. RTS. FOUND., <http://www.crf-usa.org/america-responds-to-terrorism/islamist-terrorism-from-1945-to-the-death-of-osama-bin-laden.html> (last updated 2016).

⁴ See generally Stephen Dinan, *Like a sibling spat for attention, Islamic State-al Qaeda ‘competition’ could prompt U.S. strikes*, THE WASH. TIMES (Sept. 17, 2014), <http://www.washingtontimes.com/news/2014/sep/17/isis-al-qaeda-competition-could-prompt-strikes-aga/>.

⁵ Gil Avriel, *Terrorism 2.0: The Rise of the Civilitary Battlefield*, 7 Harv. Nat’l Sec. J. 199, 230 (2016); See Also Caliphate governance operates under Islamic Law. (The last known caliphate, the ottoman empire, was abolished in 1924.) Adam Withnall, *Iraq Crisis: What is a Caliphate?*, THE INDEP. - MIDDLE EAST, (Jun. 30, 2014), <http://www.independent.co.uk/news/world/middle-east/iraq-crisis-what-is-a-caliphate-9572100.html>.

Muslim movement.⁶ ISIS differs from other terrorist organizations by recognizing the importance of internal funding, as it reveals a new structure for operations that has proven very successful.⁷ ISIS has proven this to be successful by establishing and operating a business model unlike anything seen before; within a year of departing from Al-Qaeda, ISIS was labeled the, “World’s Richest Terrorist Group,” by Business Insider, while Forbes ranked ISIS the, “richest terrorist organization the world has known.”⁸ They have accomplished this by structuring a well-built business model utilized to establish dangerous strongholds.

This business model is defined as, “a design for the successful operation of a business, identifying revenue sources, customer base, products, and details of financing.”⁹ ISIS has created a business foundation that has allowed them to maintain operations and grow at alarming rates.¹⁰ The ideological and theological implications surrounding their caliphate present a significant challenge to other terrorist organizations, particularly Al-Qaeda.¹¹ ISIS has suffered financial strain in 2016, and as a result has faced significant territory loss.¹² While ISIS’s business foundation has proven overwhelmingly successful, recently, the sustainability of said model has

⁶ Yasmine Hafiz, *What is A Caliphate?*, HUFFINGTON POST, (June 30, 2014), http://www.huffingtonpost.com/2014/06/30/what-is-a-caliphate-meaning_n_5543538.html.

⁷ Ana Swanson, *How the Islamic State Makes Its Money*, WASH. POST, (Nov. 18, 2015), <https://www.washingtonpost.com/news/wonk/wp/2015/11/18/how-isis-makes-its-money/>.

⁸ Jason Dozier, *Who is funding ISIS?*, GLOBAL RISK INSIGHTS (Feb. 18, 2016), <http://globalriskinsights.com/2016/02/who-is-funding-isis/>.

⁹ “Business Model.” Encyclopedia.com. 2009. <http://www.encyclopedia.com/doc/1O999-businessmodel.html> (10 Aug. 2016).

¹⁰ Charles Lister, *Cutting off ISIS’ Cash Flow*, BROOKINGS (Oct. 24, 2014), <https://www.brookings.edu/blog/markaz/2014/10/24/cutting-off-isis-cash-flow/>.

¹¹ See generally Jamie Dettmer, *Al Qaeda to ISIS: Get Off My Lawn – The Theological Debate Behind the Caliphate*, THE DAILY BEAST (Jul. 9, 2014), <http://www.thedailybeast.com/articles/2014/07/09/al-qaeda-to-isis-get-off-my-lawn-the-theological-debate-behind-the-caliphate.html>.

¹² See generally Michael Weiss, *Leaked ISIS Documents Show Internal Chaos*, THE DAILY BEAST (Aug. 30, 2016), <http://www.thedailybeast.com/articles/2016/08/30/leaked-isis-documents-show-internal-chaos.html>.

come into question. Despite ISIS's fragile state, their swift surges and atrocities will continue to draw enemies, elicit recruits, and further permeate their existence.¹³

This article focuses on the importance of understanding modern day terrorist organization business models.¹⁴ Terrorism is currently at the forefront of global issues and the means by which these organizations operate and commit atrocities are of the utmost importance.¹⁵ A comparative analysis of organization foundations and operations will iterate the evolution of financing and highlight the need of subsequent remedial measures to minimize operations and halt further expansion.¹⁶

This article will begin by discussing terrorist organization's business models, the importance of their individual structures, and the requisite means to operate an organization.¹⁷ The remaining portion of the background section will discuss the Al-Qaeda organization and the framework on which they have historically and currently operate.¹⁸ This article will argue ISIS's business model is more effective than Al-Qaeda's due to its heavy reliance on internal funding, adaptability, advanced technology and territory control.¹⁹ Finally, the conclusion will re-iterate the importance of terrorist organization's business foundations by discussing current operations, organization evolution, and the desperate need of modern counter-terrorist financing measures.²⁰

II. BACKGROUND

Thoroughly investigating the infrastructure of terrorist groups is critical to understanding an organization's current capabilities and future objectives as "[s]uccessful groups are often

¹³ See generally Christine Williams, *Islamic State reportedly preparing for loss of caliphate, group focusing on jihad abroad*, JIHAD WATCH (Jul. 13, 2016), <https://www.jihadwatch.org/2016/07/islamic-state-reportedly-preparing-for-loss-of-caliphate-group-focusing-on-jihad-abroad>.

¹⁴ *Infra* section I Introduction.

¹⁵ *Infra* section III Argument.

¹⁶ *Infra* section III Argument.

¹⁷ *Infra* section II Background.

¹⁸ *Infra* section II Background.

¹⁹ *Infra* section III Argument.

²⁰ *Infra* section IV Conclusion.

defined as much by their skills as financial managers as they are by their military expertise and ability to recruit fighters.”²¹ Terrorist organizations require significant funds for operations, propaganda, recruitment, training, salaries, and social services.²²

Historically, terrorism financing took a hand to mouth existence approach and was funded by state sponsors or large donors.²³ In order to establish any level of financial independence in the 21st century, terrorist groups are required to move from primarily external funding to internal, self-generated funding.²⁴ This self-generated funding is more difficult for the international community to track and disrupt.²⁵ If terrorist groups are to grow and be sustainable, they need to develop reliable sources of financing based on the territory, population, and resources where they are located.²⁶ The on-going conflict in Syria and Iraq is morphing the nature of the terrorist threat²⁷ and this self-sufficiency is what differentiates ISIS from Al-Qaeda.²⁸ It is important to recognize these differences as terrorist organizations operate with different fundraising and expenditure priorities.²⁹ During their existence, these priorities and methods of operation will evolve as they establish their infrastructure, influence, and operational capabilities.³⁰

In August of 1988, Soviet troops began to withdraw from Afghanistan following an eight-

²¹ Tom Keatinge, *Finances of Jihad: How Extremist Groups Raise Money*, BBC NEWS: MIDDLE EAST (Dec. 12, 2014), <http://www.bbc.com/news/world-middle-east-30393832>.

²² FAFT REPORT: EMERGING TERRORIST FINANCING RISKS, FAFT 5 (Oct. 2015), <http://www.fatf-gafi.org/media/fatf/documents/reports/Emerging-Terrorist-Financing-Risks.pdf> [hereinafter FAFT 2015].

²³ Keatinge, *supra* note 21.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

²⁷ Daniel L. Byman & Jeremy Shapiro, *Be Afraid. Be A Little Afraid: The Threat of Terrorism from Western Foreign Fighters in Syria and Iraq*, BROOKINGS (Jan. 12, 2015), <https://www.brookings.edu/research/be-afraid-be-a-little-afraid-the-threat-of-terrorism-from-western-foreign-fighters-in-syria-and-iraq/>.

²⁸ *Terrorism Financing and the Islamic State: Before the H. FIN. Services Comm.*, 113th Cong. (2014) (statement of Dr. Matthew Levitt, Fromer-Wexler fellow and director of the Stein Program on Counterterrorism and Intelligence at The Washington Institute for Near East Policy).

²⁹ FATF 2015, *supra* note 22.

³⁰ *Id.*

year intervention against the rebels, promoting a communist and pro-Soviet government.³¹ Amongst the turmoil, Osama Bin Laden and other top officials met in Pakistan where they determined it was time to initiate a global jihad movement.³² Bin Laden envisioned a group of elite fighters who would lead the global jihad initiative by bringing together hundreds of struggling and unorganized small jihadist groups.³³ This group became known as Al-Qaeda.³⁴ By the mid-1990's Osama Bin Laden re-directed the movement to focus on what he believed was corrupting all local regimes, American influence.³⁵ Seeking to re-shape the Muslim world, Al-Qaeda sought to avenge the wrongdoings of Jews and Christians against Muslims around the world.³⁶ As years went on, Al-Qaeda continued to grow and facilitate terrorist attacks around the world claiming the lives of many women, men, and children.³⁷ Despite the 2011 death of their leader, Bin Laden, the

³¹ *Soviets begin withdrawal from Afghanistan*, HISTORY.COM (May 5, 2016), <http://www.history.com/this-day-in-history/soviets-begin-withdrawal-from-afghanistan>.

³² Scott Stewart, *Death and Destruction: Bin Laden's True Legacy*, STRATFOR (last visited Oct. 26, 2016), <https://www.stratfor.com/weekly/death-and-destruction-bin-ladens-true-legacy>.

³³ Daniel Byman, *Terrorism in Africa: The Imminent Threat to the United States* (Washington, DC: Brookings Institution, 2015), <http://docs.house.gov/meetings/HM/HM05/20150429/103382/HHRG-114-HM05-Wstate-BymanD-20150429.pdf>.

³⁴ Al-Qaeda in Arabic translates to “the base.” Laura Hayes et al., *Al-Qaeda Osama bin Laden's Network of Terror*, INFOPLEASE (Sept. 12, 2001), <http://www.infoplease.com/spot/al-qaeda-terrorism.html>.

³⁵ Daniel L. Byman, *Comparing Al Qaeda and ISIS: Different goals, different targets*, BROOKINGS (Apr. 29, 2015), <https://www.brookings.edu/testimonies/comparing-al-qaeda-and-isis-different-goals-different-targets/>.

³⁶ *Quick Guide: Al-Qaeda*, BBC, http://news.bbc.co.uk/2/shared/spl/hi/pop_ups/04/world_al_qaeda/html/2.stm (last visited Oct. 6, 2016).

³⁷ *See, e.g.*, White House Office of Press Secretary, *Remarks of John O. Brennan, Assistant to the President for Homeland Security and Counterterrorism, on Ensuring al-Qa'ida's Demise -- As Prepared for Delivery* (June 29, 2011), <https://www.whitehouse.gov/the-press-office/2011/06/29/remarks-john-o-brennan-assistant-president-homeland-security-and-counter>.

group continued to grow and commit atrocities.³⁸ Al-Qaeda capitalized on their anger and spread their ideology to Iraq by waging an insurgency against the United States troops in Iraq.³⁹ Following the gassing and genocide of his own people, an uprising against Syrian dictator Bashar al-Assad became evident.⁴⁰ Al-Qaeda in Iraq saw this uprising as a key opportunity to spread its presence into Syria and renamed themselves ISIS.⁴¹ Al-Qaeda did not approve of this new organization due to an existing counterpart.⁴² As distaste with their organization and their atrocities grew, Al-Qaeda disavowed and distanced them from ISIS.⁴³

A sound and well thought out business plan is what can lead to the immense success or utter failure of an organization.⁴⁴ “A business model is the plan implemented by a company to generate revenue and makes a profit from operations. The model includes the components and functions of the business, as well as the revenues it generates and the expenses it incurs.”⁴⁵ Understanding how terrorist organizations have generated revenues, organization operations, and

³⁸ Nicole Gaouette, *5 Years Ago the U.S. Killed Osama Bin Laden. Did It Matter?*, CNN: POL., <http://www.cnn.com/2016/05/02/politics/terrorism-bin-laden-raid-2016-isis/> (last updated May 2, 2016).

³⁹ Tewfik Cassis, *A brief history of ISIS*, THE WEEK: FEATURE FROM DAILY PNUT (Nov. 21, 2015), <http://theweek.com/articles/589924/brief-history-isis>.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ Liz Sly, *Al-Qaeda disavows any ties with radical Islamic ISIS group in Syria, Iraq*, WASH. POST, (Feb. 3, 2014), https://www.washingtonpost.com/world/middle_east/al-qaeda-disavows-any-ties-with-radical-islamist-isis-group-in-syria-iraq/2014/02/03/2c9afc3a-8cef-11e3-98ab-fe5228217bd1_story.html.

⁴⁴ Dr. Moira Scerri, *Why are business models so important?* SEPIA CONSULTING, (SEPT. 15, 2015), <http://www.sepiaconsulting.com.au/why-are-business-models-important/>.

⁴⁵ *Business Model*, INVESTOPEDIA, <http://www.investopedia.com/terms/b/businessmodel.asp> (last visited Aug. 10, 2016).

maintains expenses is of crucial importance.⁴⁶ Absent this understanding, counter terrorism financing measures will be ineffective.⁴⁷

With a global overhaul to eliminate funding sources, organizations are constantly required to think ahead of their combatants and do so in secrecy.⁴⁸ The means necessary to carry out a terrorist attack are relatively small compared to the damage they can inflict and the cost of an organization's daily operations.⁴⁹ The costs of a plane ticket, homemade explosives, detonators or guns are a very small portion of organization costs.⁵⁰

Substantial structural costs of growing, maintaining, and operating extreme ideologies are what drive a strategic and efficient business model.⁵¹ In order to maintain a stable infrastructure and continue to promote objectives, terrorist groups require a steady flow of income.⁵² A large portion of organization funds includes living costs for members and their families; secure methods of communication, member training, and extensive propaganda.⁵³ As technology continues to evolve, organization ideologies are easier to spread yet costs remain significant.⁵⁴ Organizations

⁴⁶ See generally FATF GUIDANCE: NATIONAL MONEY LAUNDERING AND TERRORIST FINANCING RISK ASSESSMENT, (Feb. 2013), http://www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf [hereinafter FATF 2013].

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ See FATF GAFI: FINANCIAL ACTION TASK FORCE: TERRORIST FINANCING, (Feb. 29, 2008), Terrorist Financing Typologies Report, FATF, Paris, <http://www.fatf-gafi.org/media/fatf/documents/reports/FATF%20Terrorist%20Financing%20Typologies%20Report.pdf> [hereinafter FAFT 2008].

⁵⁰ *Id.*

⁵¹ See generally Juan Miguel del Cid Gómez, *A Financial Profile of the Terrorism of Al-Qaeda and its Affiliates*, PERSP. ON TERRORISM (Vol. 4 No. 4, 2010), <http://www.terrorismanalysts.com/pt/index.php/pot/article/view/113/html>.

⁵² GREGORY A. PASCO, CRIMINAL FINANCIAL INVESTIGATIONS: THE USE OF FORENSIC ACCOUNTING TECHNIQUES AND INDIRECT METHODS OF PROOF, 256 (2nd ed. 2013).

⁵³ Gómez, *supra* note 51.

⁵⁴ Pierluigi Paganini, *The Role of Technology in Modern Terrorism*, GENERAL SECURITY (Feb. 3, 2016), <http://resources.infosecinstitute.com/the-role-of-technology-in-modern-terrorism/>.

such as ISIS incur the most expenses and require the most operational costs.⁵⁵ In declaring a caliphate, ISIS assumes responsibility for the land, people, and resources within that territory.⁵⁶ As organizations mirror the operations of ISIS, they too will be required to rely on significant financing to survive and thrive.⁵⁷

A. AL-QAEDA'S BUSINESS MODEL

Since their inception, Al-Qaeda has relied on foundations, mosques, banks, and fundraisers as its financial backbone.⁵⁸ Responsible for the deadliest terrorist attack in US history, Al-Qaeda quickly became the main target of terrorism suppression.⁵⁹ Prior to September 11, 2001 "9/11" their financial requirements for operation were estimated to be 30 million annually.⁶⁰ This income was used for carrying out attacks, supporting and maintaining the military, training, indoctrination, and support to other terrorist groups.⁶¹ Ultimately bombed into submission, the post 9/11 years were the central focus for lawmakers in counter-terrorism.⁶² Following 9/11, President George W. Bush declared the global war on terror maintaining two objectives; to freeze terrorist assets and to disrupt their financial infrastructures.⁶³

Al-Qaeda's business foundation of relying on external funding has significantly hindered their ability to maintain effectiveness on a global scale.⁶⁴ Al-Qaeda operates a lean business model

⁵⁵ Center for the Analysis of Terrorism, *ISIS Financing in 2015*, (May 2016), <http://cat-int.org/wp-content/uploads/2016/06/isis-financing-2015-report.pdf>.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ See generally John Roth, Douglas Greenberg & Serena Wille, Nat'l. Comm'n. on Terrorist Attacks Upon the U.S., 8, *Monograph on Terrorist Financing: Staff Report to the Commission* (2004) http://govinfo.library.unt.edu/911/staff_statements/911_TerrFin_Monograph.pdf.

⁵⁹ See generally *Press Release*, White House, Nat'l. Strategy for Combating Terrorism (Sept. 2006) <https://georgewbush-whitehouse.archives.gov/nsc/nsct/2006/>.

⁶⁰ Gómez, *supra* note 51.

⁶¹ *Id.*

⁶² Center for the Analysis of Terrorism *supra* note 55

⁶³ See generally Exec Order 13224, 66 Fed. Reg. 49079 (Sept. 24, 2011), <http://fas.org/irp/news/2001/09/wh092401.html>.

⁶⁴ Denise N Baken & Ioannis Mantzikos, *Al Qaeda: The Transformation of Terrorism in the Middle East and North Africa*, 59-60 (2015).

with a hierarchical leadership structure.⁶⁵ A lean business model is a strategy that strives to eliminate wasteful spending and increase quality and productivity.⁶⁶ Unlike ISIS, Al-Qaeda is not concerned with extravagant spending and luxury commodities.⁶⁷ Holding the most important role in Al-Qaeda's financing, Saeed al-Masri is the former accountant for Osama Bin Laden.⁶⁸ Killed in a US airstrike in 2010, Saeed's reputation for being notoriously reserved and frugal has lived on.⁶⁹

Orchestrated by Al-Qaeda, September 11, 2001 marks the largest terrorist attack in the history of the United States.⁷⁰ The entire operation responsible for the deaths of thousands of Americans cost a mere \$500,000.⁷¹ In the months and years following the attack, the 9/11 commissions determined a majority of their income was through cash donations siphoned from legitimate charities, wealthy donors, and mosques.⁷² The cash donations were funneled by numerous amounts of radical clerics and corrupt administrators.⁷³ Nonetheless, donations are not a reliable and consistent means to an income responsible for operating an entire organization.⁷⁴

⁶⁵ Bhaskar Chakravorti, *ISIS: the Internet's biggest disruptor*, FORTUNE (Mar. 24, 2015), <http://fortune.com/2015/03/24/isis-the-internets-biggest-disruptor/>

⁶⁶ My Accounting Course, *Lean Business Model* (10 Aug. 2016) <http://www.myaccountingcourse.com/accounting-dictionary/lean-business-model>.

⁶⁷ Matthew Levitt & Michael Jacobson, *Follow the Money*, LOS ANGELES TIMES (Dec. 23, 2008), <http://articles.latimes.com/2008/dec/23/opinion/oe-levitt23>.

⁶⁸ Zeeshan Haider and Sanjeev Miglani, *Who was al Qaeda's operations chief Sa'id al-Masri?*, REUTERS (Jun. 1, 2010), <http://www.reuters.com/article/us-pakistan-usa-qaeda-qa-idUSTRE65017Q20100601>

⁶⁹ *Id.*

⁷⁰ Peter L Bergen, *September 11 attacks*, ENCYCLOPEDIA BRITANNICA (May 17, 2016), <https://www.britannica.com/event/September-11-attacks>.

⁷¹ Katie Benner, *Bin Laden's gone, but what about al Qaeda's finances?*, FINANCE (May 2, 2011), <http://fortune.com/2011/05/02/bin-ladens-gone-but-what-about-al-qaedas-finances/>.

⁷² Roth, *supra* note 58, at 19.

⁷³ Greg Bruno, *Al-Qaeda's Financial Pressures*, COUNCIL ON FOREIGN RELATIONS (Feb. 1, 2010), <http://www.cfr.org/terrorist-organizations-and-networks/al-qaedas-financial-pressures/p21347>.

⁷⁴ See generally Michael Freeman, *The Sources of Terrorist Financing: Theory and Typology, Studies in Conflict and Terrorism*, (Volume 34, Number 6, June 2011),

When the means of Al-Qaeda's financing were discovered, the world leaders quickly assembled a handful of counter-terrorism financing measures and initiatives.⁷⁵ These measures acted as a financial chokehold and significantly minimized the group's ability to function effectively.⁷⁶ Al-Qaeda quickly learned the nature of relying heavily on external funding was easily interrupted.⁷⁷ Post 9/11, Al-Qaeda was required to adapt and protect reliable financial sources to ensure their existence.⁷⁸

Al-Qaeda's organization is ran by a financial committee consisting of many leaders and headed by a finance minister.⁷⁹ Al-Qaeda's financial committee is no longer as effective as it once was because many committee members have been killed throughout the global war on terror.⁸⁰ Many of the remaining leaders continue to rely on external sources for organization funding.⁸¹

http://calhoun.nps.edu/bitstream/handle/10945/47781/Freeman-The-Sources-of-Terrorist-Financing_2010.pdf?sequence=1.

⁷⁵ See generally Roth, *supra* at 58.

⁷⁶ See generally *The Global Regime for Terrorism*, COUNCIL ON FOREIGN RELATIONS (June 19, 2013), <http://www.cfr.org/terrorism/global-regime-terrorism/p25729> (The United Nations rallied international efforts for counterterrorism. Many conventions, committees, and countries have placed counter-terrorism efforts at the top of their agenda.).

The Global Regime for Terrorism, Council on Foreign Relations (June 19, 2013), <http://www.cfr.org/terrorism/global-regime-terrorism/p25729>.

⁷⁷ See generally Center for the Analysis of Terrorism, *supra* note 55.

⁷⁸ Trina Powell et al., *Al-Qaeda as an Adaptive Organization: A Case Study*, INCOSE 1303 (2010), <http://onlinelibrary.wiley.com/doi/10.1002/j.2334-5837.2010.tb01141.x/pdf>.

⁷⁹ Center for the Analysis of Terrorism, *supra* note 55 at 7.

⁸⁰ See generally Bill Roggio, *US Strikes in Pakistan, HVTs*, *The Long War Journal* (May 23, 2016), <http://www.longwarjournal.org/pakistan-strikes-hvts>; See Generally David Blair, *Assassinating al-Qaeda's leaders crushed its power. Will the same happen with Isil?*, *The Telegraph* (Sept. 3, 2016), <http://www.telegraph.co.uk/news/2016/09/03/assassinating-al-qaedas-leaders-crushed-its-power-will-the-same/>.

⁸¹ See generally Victor Comras, *AL Qaeda Finances and Funding to Affiliated Groups*, *Strategic Insights*, (Vol IV, Issue 1, Jan. 2005), <http://calhoun.nps.edu/bitstream/handle/10945/11147/comrasJan05.pdf>.

Although the organization is loosely run and decentralized, groups are still linked.⁸² Al-Qaeda's priorities include terrorist attacks, destabilization, and the decimation of the western world.⁸³ Presently, Al-Qaeda acts through a large number of cells and satellite terror groups.⁸⁴ A global enterprise, its decentralized nature permitted its existence when anti-terrorism campaigns were at their biggest height.⁸⁵ Morphing into their own distinct cells, Al-Qaeda is a large network with three interlinked entities under their umbrella.⁸⁶ These networks include Al-Qaeda in Iraq, the Islamic Meghreb, and Al-Qaeda in the Arabian Peninsula.⁸⁷ Although Al-Qaeda still relies on traditional funding methods, the cells within them are largely responsible for their own income.⁸⁸ These groups have turned to criminal activities, such as drug trafficking and kidnapping in order to obtain a consistent and reliable stream of revenue.⁸⁹ The individual income and decentralized command under Al-Qaeda leaders has minimized the control they have over their affiliates.⁹⁰ Although this specific structure has minimized the control over their affiliates, it has allowed them to adapt individually to counter-terror measures and broaden its fundraising strategies.⁹¹ Directed by the organization's leaders, businesses and shell organizations have been created to generate

⁸² Nic Robertson and Paul Cruickshank, *Recruits Reveal Al Qaeda's Sprawling Web*, CNN, (Jul. 31, 2009), <http://www.cnn.com/2009/CRIME/07/30/robertson.al.qaeda.full/index.html?iref=nextin>.

⁸³ Chris Tognotti, *The Difference Between ISIS & Al Qaeda Comes Down To Their End Goals*, BUSTLE (Nov. 20, 2015), <http://www.bustle.com/articles/125320-the-difference-between-isis-al-qaeda-comes-down-to-their-end-goals>.

⁸⁴ Baken & Mantzikos, *supra* note 67.

⁸⁵ See generally Paul R. Pillar, *Counterterrorism after Al Qaeda*, 27 *The Washington Quarterly* 101–113 (2004), available at: <http://bdi.mfa.government.bg/info/Module%2004%20-%20Diplomacia%20i%20sigurnost/dopalnitelna%20literatura/counterterorizm.pdf>.

⁸⁶ Gómez, *supra* note 51.

⁸⁷ See Carla E. Humud, U.S. Cong. Res. Serv., *Al Qaeda-Affiliated Groups: Middle East and Africa*, (2014), R43756, <https://fas.org/sgp/crs/mideast/R43756.pdf>.

⁸⁸ Comras, *supra* note 81, at 464.

⁸⁹ *Id.* at 466.

⁹⁰ Michael Jacobson & Matthew Levitt, *Staying Solvent: Assessing Al-Qaeda's Financial Portfolio*, JANE'S STRATEGIC ADVISORY SERVS., Nov. 2009, at 13.

⁹¹ See generally Humud, *Supra* note 87

self-funds through various scams.⁹²

Affiliate cells and satellite terror groups established in an estimated 16 countries⁹³ have provided support for one another and subsidized other affiliates in financially difficult times.⁹⁴ According to the New York Times, it is believed that a significant portion of Al-Qaeda's activities are financed through ransoms paid to free Europeans.⁹⁵ While affiliates are still reliant on donors and charities, some of the more successful affiliates act as franchises of Al-Qaeda and subsidize one another.⁹⁶

III. ARGUMENT

Claim: ISIS's business model is more effective than Al-Qaeda's due to their adaptable nature, advanced technology, extensive propaganda, exploitation of the weak, reliance on internal funding, and vast territory control.

ISIS follows a similar business model to that of a large corporation.⁹⁷ ISIS has structured themselves in a manner that cannot easily be eliminated with existing counter-terrorism measures by relying on nothing but their own independence.⁹⁸ By financing themselves, ISIS has been able to maintain political, economic and religious autonomy.⁹⁹ ISIS operates as a bureaucratic and

⁹² Powell, *supra* note 78.

⁹³ Ty McCormick, *Al Qaeda core: A Short History*, FOREIGN POLICY (Mar. 17, 2014), <http://foreignpolicy.com/2014/03/17/al-qaeda-core-a-short-history/>.

⁹⁴ Drake Bennett, *Al-Qaeda's New Business Plan*, BLOOMBERG, (Aug. 6, 2014, 2:05 PM), <http://www.bloomberg.com/news/articles/2014-08-06/al-qaedas-new-business-plan>.

⁹⁵ *Id.*

⁹⁶ Comras, *supra* note 81.

⁹⁷ Sophie McBain, *Isis's strangely corporate approach to terror makes them all the more scary*, NEW STATESMAN (Jun. 18, 2014), <http://www.newstatesman.com/world-affairs/2014/06/isiss-strangely-corporate-approach-terror-makes-them-all-more-scary>.

⁹⁸ Audrey Kurth Cronin, *ISIS is Not a Terrorist Group: Why Counterterrorism Won't Stop The Latest Jihadist Threat*, FOREIGN AFFAIRS (Apr. 2016), <https://www.foreignaffairs.com/articles/middle-east/isis-not-terrorist-group>.

⁹⁹ Center for the Analysis of Terrorism, *supra* note 55 at 6.

administrative organization ensuring its own success and stability with its predefined financial strategy.¹⁰⁰

An internal document drafted by ISIS describes its strategy as follows: “The wealth of the State is the principal component and source of financing for all internal and external operations, and the existence of secure financial resources whose value does not change in every time and place is a must.¹⁰¹” ISIS relies on multiple revenue streams for organization operations, which maintains the rules of conventional economics.¹⁰² ISIS’s economic system progressively escalated their goals, organizational structure, and revenue sources.¹⁰³ The progressive escalation has risen to the level of self-sufficiency seen in ISIS today.¹⁰⁴ Once the organization reached this level of self-sufficiency, they were able to utilize the funding against its targets, payment for its members, and public services for those within its territory.¹⁰⁵ Once self-sufficient and fully operational, ISIS was able to provide public services to the people that included street cleaning, power, and telephones.¹⁰⁶

“The administration of wealth within the territory under ISIS control is based on several principles illustrating an economic and political strategy based upon the maintenance of technical and executive staff within all productive and administrative sectors, alongside a hierarchy affiliated with the group.”¹⁰⁷

¹⁰⁰ *Id.* at 25.

¹⁰¹ *Id.* at 6 (quoting Abu Abdullah al-Masri “*Islamic State Caliphate on the prophetic methodology*” IS internal document, 2013-2014).

¹⁰² *See generally* Faisal Dahmouh Al Mashhour et al., *The Impact of International Coalition Operations on the Economy of “Islamic State” in Syria*, Justice for Life Observatory in Deir Ezzor, (Jan. 2016), <https://jfldz.org/wp-content/uploads/2016/02/The-Impact-of-International-Coalition-Operations-on-the-Economy-of.pdf>.

¹⁰³ *See generally* Center for the Analysis of Terrorism, *supra* note 55.

¹⁰⁴ *Id.* at 5.

¹⁰⁵ *See generally* Center for the Analysis of Terrorism, *supra* note 55.

¹⁰⁶ *Id.* Recently the group has been under financial strain and cut back on some of the public services provided.

¹⁰⁷ *Id.* at 8.

ISIS's operations and their internal sources present a new intelligence and policy challenge on a global level.¹⁰⁸ "This non-state actor's ability to survive and grow independent of external funding and exploitation of ungoverned spaces make it difficult for the U.S.-led coalition to target the group's funding using traditional measures."¹⁰⁹

A. EXPLOITATION, TERRITORY CONTROL, RESOURCES

ISIS has gained significant traction in areas of instability by exploiting war-torn and weak governments.¹¹⁰ Taking advantage of those that are economically marginalized was something Al-Qaeda never pursued.¹¹¹ By seizing and controlling large portions of territory in both Syria and Iraq, the proclaimed caliphate has quickly surpassed Al-Qaeda as the dominant and preeminent force in the international jihadist movement.¹¹² The vast territory controlled by ISIS provides the caliphate with a location for training, governing, and housing.¹¹³ The organization extracts all the resources within the territory by taking administrative and civil control over the conquered territories.¹¹⁴ Despite a lack of reliance on donations for financing operations, ISIS's estimated donations in 2015 were around \$50,000,000.¹¹⁵ The independence of this organization has enabled them to avoid measures implemented to combat the financing of terrorism and to maintain power.¹¹⁶ Absent ties to major donors or state sponsors, they are not restricted from any

¹⁰⁸ See generally Rebecca Kaplan, *Rise of ISIS poses fresh challenges for U.S. Intelligence*, CBS NEWS (Jun. 27, 2014), <http://www.cbsnews.com/news/rise-of-isis-poses-fresh-challenges-for-u-s-intelligence-community/>.

¹⁰⁹ Amanda Zeidan, *Counter Threat Finance in the Age of ISIL*, HUFFINGTON POST, (Feb. 20, 2016), http://www.huffingtonpost.com/young-professionals-in-foreign-policy/counter-threat-finance-in_b_9283212.html.

¹¹⁰ David Choi, *ISIS is recruiting desperate jihadists in a way al Qaeda 'never even considered'*, BUSINESS INSIDER (Sept. 7, 2016), <http://www.businessinsider.com/isis-is-tempting-recruits-in-a-way-al-qaeda-never-even-considered-2016-9>.

¹¹¹ *Id.*

¹¹² Jared Malsin and Cairo, *What to Know About the Deadly ISIS vs. al-Qaeda rivalry*, TIME.COM (Nov. 24, 2015), <http://time.com/4124810/isis-al-qaeda-rivalry-terror-attacks-mali-paris/>.

¹¹³ See generally Center for the Analysis of Terrorism, *supra* note 55.

¹¹⁴ Swanson, *supra* note 7.

¹¹⁵ Center for the Analysis of Terrorism, *supra* note 55, at 20.

¹¹⁶ *Id.*

demands.¹¹⁷ Donations can give an organization a source of initial "seed-funding", but they are vulnerable to disruption and ultimately unreliable.¹¹⁸

1. Oil

ISIS exploits oil for two reasons: economic value, and political pressure.¹¹⁹ Mocking oil-trading operations of a state oil company, they possess the biggest advantage over other groups because they have taken control of existing fields in Syria and Iraq and exploit oil via Turkey.¹²⁰

As one of their most lucrative streams of revenue, ISIS expends vast resources on the extraction, refining, and selling of oil.¹²¹ According to the U.S. Treasury department, oil provides ISIS annual revenue of \$500 million per year.¹²² Analysts have discovered that a combination of revenues from extortion, bank robbery, and taxation together account for a little more revenue than from oil.¹²³ Through mocking oil-trading operations of a state oil company, ISIS has been able to derive significant funds from oil.¹²⁴ Recent coalition air strikes have hindered extraction and production of oils fields within their territory.¹²⁵

The complex nature of oil does not permit ISIS to possess the individual expertise or machinery to effectively run oil fields.¹²⁶ When ISIS first seized territory containing oil fields there

¹¹⁷ See generally Center for the Analysis of Terrorism, *supra* note 55.

¹¹⁸ Keatinge, *supra* note 21.

¹¹⁹ See generally Center for the Analysis of Terrorism, *supra* note 55.

¹²⁰ See generally Center for the Analysis of Terrorism, *supra* note 55, at 12. See also Oscar Williams-Grut, *Here's where terrorist groups like ISIS and Al Qaeda get their money*, BUSINESS INSIDER (Dec. 7, 2015), <http://www.businessinsider.com/how-isis-and-al-qaeda-make-their-money-2015-12>.

¹²¹ Financial Action Task Force (FATF), "*Financing of the Terrorist Organization Islamic State in Iraq and the Levant (ISIL)*", FATF Report, February 2015.

¹²² Jose Pagliery, *Inside the \$2 Billion ISIS War Machine*, CNN (Dec. 6, 2015), <http://money.cnn.com/2015/12/06/news/isis-funding/>.

¹²³ Kathy Gilsinan, *How is ISIS Still Making Money?*, THE ATLANTIC (Nov. 21, 2015), <http://www.theatlantic.com/international/archive/2015/11/how-is-isis-still-making-money/416745/>.

¹²⁴ See generally Center for the Analysis of Terrorism, *supra* note 55, at 9-11.

¹²⁵ Swanson, *supra* note 7.

¹²⁶ Suleiman Al-Khalidi, *How Islamic state uses Syria's oil to fuel its advances*, REUTERS (Sept. 18, 2014), <http://www.reuters.com/article/us-syria-oil-idUSKBN0HD20J20140918>.

was still a significant amount of industry specialists remaining in the area.¹²⁷ As the population dwindled, ISIS brokered agreements with the Syrian regime and public companies in the oil sector.¹²⁸

Managing complex entities in tandem has proven very successful as they exchange some of its gas production for expertise.¹²⁹ This relationship has provided ISIS with the qualified staffing and elaborate equipment required to operate their refineries.¹³⁰ Selling barrels at almost half of the current industry norm, the line for purchasing said resource is never short.¹³¹ ISIS follows the practice of local black market vendors, by selling oil to the highest bidder.¹³² ISIS is able to minimize transportation and storage costs by selling through the shortest distribution circuits and local markets.¹³³ When controlling both the oilfields and distribution circuits, ISIS is able to heavily regulate the process and ultimately its profit margin.¹³⁴

As of September 2016, ISIS is no longer in possession of oil fields in Iraq.¹³⁵ The recapture by Iraqi soldiers of oil rich cities Shargat and Qayyarah has left the organization unable to produce, smuggle and sell oil out of Iraq.¹³⁶ In losing these oilfields ISIS's revenue have been reduced to that of what they incurred during the time of rapid expansion.¹³⁷ ISIS possesses six key oilfields in Syria and is heavily dependent on this for income, as it now constitutes 70% of its overall income.¹³⁸

2. Banks & Finances

¹²⁷ Erika Solomon, *The ISIS economy: Meet the new boss*, FINANCIAL TIMES (Jan. 5, 2015), <http://www.ft.com/cms/s/0/b2c6b5ca-9427-11e4-82c7-00144feabdc0.html#axzz4Hz8UzvIT>.

¹²⁸ Center for the Analysis of Terrorism, *supra* note 55, at 12.

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ *See generally* Center for the Analysis of Terrorism, *supra* note 55, at 9-11.

¹³² Center for the Analysis of Terrorism, *supra* note 55, at 10.

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ *ISIS no longer controls any Iraqi oil*, RUDAW (Sept. 27, 2016), <http://rudaw.net/english/kurdistan/270920164>.

¹³⁶ *Id.*

¹³⁷ *Id.*

¹³⁸ *Id.*

ISIS Stole \$425 million in cash in mid-June of 2014 from the Mosul branch of the Central Bank of Iraq, which was previously unheard of from a Terrorist Organization.¹³⁹ By 2015, ISIS had a total of 115 bank branches under its control.¹⁴⁰ Although ISIS controls a large number of bank branches, they are limited to acting solely as deposit banks.¹⁴¹ Regulators and large banks preclude ISIS from accessing the global financial system through the banks within their control.¹⁴² No longer tied to the global financial system, ISIS has been hindered in their efforts to buy critical military and communications.¹⁴³

ISIS has manipulated the Iraqi banking system and utilized an external trade system called Hawala.¹⁴⁴ Through network currency exchange offices, the Hawaladars throughout the region can instantaneously send or receive money.¹⁴⁵ ISIS is able to trade with agents in Jordan and Turkey by using the Hawala system.¹⁴⁶ Also utilized by Al-Qaeda, bypassing regulations and neutralizing the Hawala system is difficult to do.¹⁴⁷ The agents shuffle funds across borders benefiting from the exchange rate fluctuations.¹⁴⁸ This has made funding sources of ISIS difficult to trace.¹⁴⁹

3. Taxes, Fees, Fines, and Confiscations

¹³⁹ Jean-Charles Brisard and Damien Martinez, *Islamic State: The Economy-Based Terrorist Funding*, REUTERS (Nov. 2014), <http://catint.org/index.php/2014/10/31/islamic-state-the-economy-based-terrorist-funding/>.

¹⁴⁰ Center for the Analysis of Terrorism, *supra* note 55, at 23.

¹⁴¹ *Id.*

¹⁴² Matthew Levitt, *The Islamic State's Backdoor Banking*, THE WASHINGTON INSTITUTE (Mar. 24, 2015), <http://www.washingtoninstitute.org/policy-analysis/view/the-islamic-states-backdoor-banking>.

¹⁴³ Alanna Petroff and Jose Pagliery, *US Details Financial War against ISIS*, CNN (Dec. 10, 2015), <http://money.cnn.com/2015/12/10/news/us-isis-banks-finance-money/>.

¹⁴⁴ Center for the Analysis of Terrorism, *supra* note 55, at 23.

¹⁴⁵ *Id.*

¹⁴⁶ Center for the Analysis of Terrorism, *supra* note 55, at 24.

¹⁴⁷ *Id.*

¹⁴⁸ Patrick Wintour, *Oil Revenue Collapse Means Isis Reliant on Gulf Funds, Inquiry Hears*, THE GUARDIAN (Jul. 19, 2016), <https://www.theguardian.com/world/2016/mar/08/oil-revenue-collapse-isis-reliant-gulf-funds-inquiry-hears>.

¹⁴⁹ al-Masri, *supra* note 101.

Although commonly used as a revenue source by criminal organizations and enterprises, ISIS's widespread extortion from their population possesses ingenuity.¹⁵⁰ The greater the population within their control, the more revenue they obtain.¹⁵¹ With an administrative structure, ISIS's department of the Diwan al-Khadamat (Services Department) is dedicated solely to extortion.¹⁵² The department also consists of a large militant team that actively engages in tax collection.¹⁵³ Taxes implemented under ISIS include; truck driving tolls, satellite installation or repair, exit fees for leaving the city, tax on cash withdrawals from bank accounts, a road tax, customs tax, tax on archeological sites, telecommunication company taxes, looting taxes, protection taxes for non-Muslim communities, and taxes for being Christian.¹⁵⁴ All establishments within ISIS territory are under sanctions and international monitoring.¹⁵⁵

ISIS offers services to their residents such as water and electricity but requires them to pay a steep fee on a monthly basis to maintain these.¹⁵⁶

Imposing strict rules based off Sharia Law, ISIS gathers financial penalties on all transgressions.¹⁵⁷ Fines on transgressions range from \$100 US dollars to \$500 US dollars.¹⁵⁸ The types of transgressions warranting these fines include smoking, wearing of non-regulatory clothing, and much more.¹⁵⁹ Residents within ISIS control are often quizzed on the contents of the

¹⁵⁰ Center for the Analysis of Terrorism, *supra* note 55, at 4.

¹⁵¹ *Id.* at 18.

¹⁵² *Id.*

¹⁵³ *Id.*

¹⁵⁴ *Id.* at 15-18.

¹⁵⁵ *See generally id.*

¹⁵⁶ *Id.* at 16.

¹⁵⁷ Hadil Aarja, *ISIS enforces strict religious law in Raqqa*, AL-MONITOR (Mar. 21, 2014), <http://www.al-monitor.com/pulse/security/2014/03/isis-enforces-islamic-law-raqqa-syria.html>.

¹⁵⁸ Lizzie Dearden, *Isis' Attempt to Topple US Economy with Own Currency "Failing" as Reliance on American Dollars Increases*, THE INDEPENDENT - MIDDLE EAST (Mar. 25, 2016), <http://www.independent.co.uk/news/world/middle-east/isis-attempt-to-topple-us-economy-with-own-currency-failing-as-reliance-on-american-dollars-a6952566.html>.

¹⁵⁹ *Id.*

Qur'an.¹⁶⁰ If answered incorrectly, ISIS will publicly discipline that individual.¹⁶¹ In an attempt to collect more revenue, ISIS has held back public discipline and replaced these repercussions with fines.¹⁶²

When seizing territory, ISIS often carries out confiscations and requisitions of all individuals within their control.¹⁶³ Upon conquering different communities, ISIS systematically loots any goods possessed by citizens.¹⁶⁴ ISIS sells confiscated goods on the local markets and gives preferential purchases and steeper discounts to members within their caliphate buying goods.¹⁶⁵

Although taxes and fees provide ISIS with a significant amount of funding, their attempt to regulate all goods and services has yielded a frustrating level of red tape.¹⁶⁶ The growing pain incurred in ISIS' attempt to expand is similar to that of a newly established and growing business.¹⁶⁷

4. *Kidnap & Ransom*

Targeting businessman, politicians, international travelers, and religious dignitaries, ISIS has always resorted to kidnapping for ransom.¹⁶⁸ It is estimated that in 2013, ISIS raised up to \$45 million in kidnapping ransoms.¹⁶⁹ Exploiting its caliphate's population in more ways than one,

¹⁶⁰ Robert Spencer, *Islamic State introduces fines for not knowing the Qur'an well enough*, JIHAD WATCH (Apr. 19, 2016), <https://www.jihadwatch.org/2016/04/islamic-state-introduces-fines-for-not-knowing-the-quran-well-enough>.

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ See generally Center for the Analysis of Terrorism, *supra* note 55.

¹⁶⁴ Center for the Analysis of Terrorism, *supra* note 55, at 16.

¹⁶⁵ *Id.*

¹⁶⁶ Weiss, *supra* note 12.

¹⁶⁷ Marira Abi-Habib, *Splits in Islamic State Emerge as its Ranks Expand*, THE WALL STREET JOURNAL (Mar. 9, 2015), <http://www.wsj.com/articles/islamic-state-feels-growing-pains-1425903933>; See generally Dan Reich, *How To Deal With Company Growing Pains*, FORBES (Oct. 16, 2014), <http://www.forbes.com/sites/danreich/2014/10/16/how-to-deal-with-company-growing-pains/#4aeaecd530fc>.

¹⁶⁸ Weiss, *supra* note 12.

¹⁶⁹ Keatinge, *supra* note 21.

ISIS is known for supplementing a portion of their revenue through the sale of women and children.¹⁷⁰

5. *Antiquities Trafficking*

Although contradictory in nature, ISIS continues to call for the destruction of antiquity sites, yet receives significant revenue by exploiting these sites and looting the antiquities within.¹⁷¹ Whether it is sold for profit or destroyed, it is important to acknowledge the decimation of cultural heritage and history amongst these territories that can be dated back to 9000 B.C.¹⁷² Under ISIS's current business model, they have established a bureau called the Diwan of Natural Resources.¹⁷³ Divided into two regions, this department is purely dedicated to the excavation, exploration, and surveying of archaeological sites containing artifacts.¹⁷⁴ This department is run in similar fashion to a corporation with their own marketing team, research and development, exploration and identification, and administration.¹⁷⁵ ISIS has legitimized the systematic looting by issuance of licenses permitting authorized traffickers to search, excavate and sell any objects discovered at a 20-50% tax rate.¹⁷⁶ In order to get the highest profit margin, ISIS often performs the explorations, excavation, and sale through the Diwan of Natural Resources.¹⁷⁷

¹⁷⁰ See generally Center for the Analysis of Terrorism, *supra* note 55.

¹⁷¹ Christopher Jones, *New documents prove ISIS heavily involved in antiquities trafficking*, GATES OF NINEVEH (Sept. 30, 2015), <https://gatesofnineveh.wordpress.com/2015/09/30/new-documents-prove-isis-heavily-involved-in-antiquities-trafficking/>.

¹⁷² Fiona Rose-Greenland, *How Much Money Has ISIS Made Selling Antiquities? More than Enough to Fund Its Attacks*, WASHINGTON POST (Jun. 3, 2016), https://www.washingtonpost.com/posteverything/wp/2016/06/03/how-much-money-has-isis-made-selling-antiquities-more-than-enough-to-fund-its-attacks/?utm_term=.92a178a7e1bf.

¹⁷³ Jones, *supra* note 171.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ Center for the Analysis of Terrorism, *supra* note 55, at 19.

¹⁷⁷ *Id.*

In early 2015, ISIS was estimated to control 2,500 archeological sites in Iraq¹⁷⁸ and 4,500 sites in Syria.¹⁷⁹ With the antiquities industry poorly regulated, ISIS is easily able to smuggle artifacts through neighboring countries, Turkey and Jordan.¹⁸⁰ The estimated revenue derived from the sale of artifacts in 2015 was around \$30 million.¹⁸¹ The revenue generated from antiquities only represented 1% of their total revenue.¹⁸² The estimated revenue for the 2016 fiscal year is predicted to be significantly less than \$30 million as they have already ravaged many sites and lost control of the ancient city of Palmyra.¹⁸³ Although not confirmed, it is believed that ISIS still has a large amount of valuable items hidden in storage that will be sold in the future when the attraction of stolen antiquities subsides.¹⁸⁴

6. *Agriculture*

A common theme throughout ISIS's business model is the utilization of resources within the territory they have seized as a revenue source.¹⁸⁵ The agriculture resource is exploited for income through taxes at varying levels of the production process in addition to taking a certain percentage of the income made from farmers.¹⁸⁶ Taxes on the agricultural industry are applied at all different levels of production and transportation.¹⁸⁷ ISIS commonly invests in cultivating the lands for farming wheat and other public lands.¹⁸⁸ In December of 2015, ISIS was estimated to control one-third of Iraq's wheat and barley land.¹⁸⁹

¹⁷⁸ *Id.*

¹⁷⁹ Andrew Osborn, *Islamic state looting Syrian, Iraqi sites on industrial scale - UNESCO*, REUTERS UK (Jul. 2, 2015), <http://uk.reuters.com/article/uk-mideast-crisis-unesco-idUKKCN0PC1OS20150702>.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² Powell, *supra* note 78.

¹⁸³ *Id.* at 6.

¹⁸⁴ *Id.* at 20.

¹⁸⁵ *See generally id.*

¹⁸⁶ *Id.* at 16 (farmers are forced to pay a tax of 5-10% for their harvests).

¹⁸⁷ *See generally id.*

¹⁸⁸ *Id.*

¹⁸⁹ Pagliery, *supra* note 122.

It is not uncommon for ISIS to seize agricultural machines and rent them out back to the farmers.¹⁹⁰ Although not common, ISIS has been known to smuggle livestock to Turkish lands.¹⁹¹ ISIS's agriculture involvement accurately portrays their business model of utilizing resources in as many ways as possible within the territories they seize.¹⁹² Expanding revenue past a farmer's tax allows them to collect revenue at different levels of production and in different manners.¹⁹³ This versatility is what has made ISIS so successful.¹⁹⁴

7. *Phosphate Mines*

The phosphate mines within ISIS control represent their thoughtful business foundation and fiscal strategy.¹⁹⁵ With a miniscule profit margin, low international prices, and difficulties associated with the transportation of phosphates, ISIS has limited their action within that industry.¹⁹⁶ Although the resource phosphate is abundant and has been utilized for financial gain in the past, ISIS's business model does not give heavy consideration to revenue sources with miniscule profit margins.¹⁹⁷

B. VIOLENCE & BRUTALITY

Worldwide, ISIS exploits fear and instability by branding and advertising indiscriminate killings.¹⁹⁸ Despite the indiscriminate tactics utilized by Al-Qaeda on September 11, they publicly renounce the violent nature surrounding ISIS.¹⁹⁹ A significant disagreement from their predecessors, Al-Qaeda was not accepting of the violence and brutality ISIS sought.²⁰⁰ ISIS has

¹⁹⁰ *Id.*

¹⁹¹ Al Mashhour et al., *supra* note 102.

¹⁹² *See generally* Center for the Analysis of Terrorism, *supra* note 55.

¹⁹³ *Id.*

¹⁹⁴ *See generally*, Swanson, *supra* note 7.

¹⁹⁵ *See generally* Center for the Analysis of Terrorism, *supra* note 55, at 12.

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ Dennis M. Lormel, *Business Model for a Terrorist Organization*, DML Associates, LLC (2015).

¹⁹⁹ CNN Library, *ISIS Fast Facts*, CNN (Jul. 4, 2016), <http://www.cnn.com/2014/08/08/world/isis-fast-facts/>.

²⁰⁰ *Id.*

started to spread their ideology of indiscriminate violence urging lone-wolf militants with elementary improvised explosives and weapons to commit atrocities.²⁰¹

C. TECHNOLOGY, RECRUITMENT, & PROPAGANDA

Closely linked with violence and brutality, ISIS pushes its violent ideologies and actions through propaganda and technology.²⁰² Utilizing the production of gruesome acts on footage, ISIS strives to outbid Al-Qaeda in the realm of cruelty.²⁰³ With an online presence more prominent and sophisticated than Al-Qaeda, ISIS reaches many prospective fighters.²⁰⁴ Given the organization's recent birth, they have been afforded technology that was not available to Al-Qaeda during their prime years.²⁰⁵ Al-Qaeda's propaganda videos typically consisted of the group's former president, Osama Bin Laden, sitting in a cave.²⁰⁶ "Hiding in an Afghan cave or in a modest Pakistani compound without access to internet is just so last decade."²⁰⁷ These videos revealed a rugged lifestyle plagued with location secrecy and continuing evasion.²⁰⁸ "The Al-Qaeda people were Afghan warriors. Great warriors – horrible people but great warriors. They didn't have the ability

²⁰¹ Joseph V. Micallef, *The Islamic State in Defeat: Is Nice the Future?*, HUFFINGTON POST (Jul. 17, 2016), http://www.huffingtonpost.com/joseph-v-micallef/the-islamic-state-in-defe_b_11041114.html.

²⁰² Greg Miller and Souad Mekhennet, *Inside the Surreal World of the Islamic State's Propaganda Machine*, WASHINGTON POST (Nov. 20, 2015), https://www.washingtonpost.com/world/national-security/inside-the-islamic-states-propaganda-machine/2015/11/20/051e997a-8ce6-11e5-acff-673ae92ddd2b_story.html.

²⁰³ Malsin and Cairo, *supra* note 112.

²⁰⁴ *Id.*

²⁰⁵ Rebecca Kaplan, *ISIS a bigger threat than pre-9/11 al Qaeda?*, CBS NEWS (Aug. 11, 2014), <http://www.cbsnews.com/news/is-isis-more-dangerous-now-than-al-qaeda-was-pre-911/>.

²⁰⁶ *See generally* Benjamin Weiser, *Bin Laden Aide Began Qaeda Propaganda Day After 9/11, U.S. Says*, THE NEW YORK TIMES (Mar. 5, 2014), <http://www.nytimes.com/2014/03/06/nyregion/bin-laden-aide-began-qaeda-propaganda-day-after-9-11-us-says.html>.

²⁰⁷ *The ISIS Leader Abu Bakr al-Baghdadi Wears The Same Watch As James Bond (It Seems)*, THE HUFFINGTON POST (Jul. 7, 2014), http://www.huffingtonpost.co.uk/2014/07/07/al-baghdadi-isis-watch-ca_n_5563484.html.

²⁰⁸ *Id.*

to use the Internet, they didn't have the ability to infiltrate."²⁰⁹ Al-Qaeda's propaganda was limited to its words by promising eternity to its followers.²¹⁰ ISIS takes a different approach by glorifying all communication and social media.²¹¹ Promising virgins, luxurious accommodations, and a steady income; ISIS conveys this lifestyle to prospective recruits through advanced technology.²¹² ISIS has created a mobile application called "The Dawn of Glad Tidings."²¹³ This application has allowed the organization to post content to supporters and gain income from those purchasing the application.²¹⁴

Due to its global expansion, ISIS devotes significant resources and educators to teaching its followers and members the proper use of different encrypted communications.²¹⁵ These encrypted communications are difficult to track as technology and media platforms continually evolve and develop.²¹⁶ This sophisticated technology is used for recruiting, member communication, and fundraising.²¹⁷

D. ADAPTABILITY

Adaptability is key to the success and operations of terrorist organizations.²¹⁸ ISIS represents an unprecedented level of risk.²¹⁹ With a global initiative targeting the caliphate and

²⁰⁹ Melanie Hunter, *Giuliani: Resiliency Is One of the Best Defenses Against Terrorism*, CNSNEWS (Sept. 12, 2016), <http://www.cnsnews.com/news/article/melanie-hunter/giuliani-resiliency-one-best-defenses-against-terrorism>.

²¹⁰ Patrick Goodenough, *Al-Qaeda Encourages 'Lone Jihad' Attacks Promises Virgins in Paradise*, CNSNEWS (Dec. 29, 2014), <http://www.cnsnews.com/news/article/patrick-goodenough/al-qaeda-encourages-lone-jihad-attacks-promises-virgins-paradise>.

²¹¹ See generally Malsin and Cairo, *supra* note 112.

²¹² *Id.*; See generally Dr. Nabeel Fabbour, *10 Reasons Muslims are Eager to Join ISIS*, ZWEMER CENTER FOR MUSLIM STUDIES, <http://www.zwemercenter.com/sample-post-with-a-title/>.

²¹³ Emily Goldberg Knox, *The Slippery Slope of Material Support Prosecutions: Social Media Support to Terrorists*, 66 *Hastings L.J.* 295, 297 (2014).

²¹⁴ *Id.*

²¹⁵ *How ISIS Is Using High-Tech Tools for Planning and Propaganda*, THE FISCAL TIMES (2015), <http://www.thefiscaltimes.com/2015/12/04/how-isis-using-high-tech-tools-planning-and-propaganda> (last visited Jun 18, 2016).

²¹⁶ *Id.*

²¹⁷ Paganini, *supra* note 54.

²¹⁸ See generally Center for the Analysis of Terrorism, *supra* note 55.

²¹⁹ Brisard & Martinez, *supra* note 139.

their revenue sources, ISIS has been forced to compensate for a loss of revenue utilizing its population as an adjustment variable.²²⁰ Through extortion and population variables, ISIS is able to compensate for its loss of production of oil due to coalition airstrikes.²²¹

As of October 1, 2016 the swaths of territory controlled by the ISIS organization has significantly dwindled.²²² Once deemed unstoppable, the U.S. led air coalition has driven ISIS out of Tikrit, Ramadi, Fallujah, Sargat, and Qayyara.²²³ The airstrikes carried out thus far have resulted in a significant loss of leadership.²²⁴ This continuing loss of leadership has weakened the organization, but a pre-planned succession of replacements has long been part of ISIS's strategic operations.²²⁵

Since the airstrikes and bombings by the coalition have intensified in the year 2016, ISIS sells the oil it produces to independent traffickers at the oilfields in order to avoid the risks associated with transportation.²²⁶ In the wake of intense airstrikes, ISIS has developed teapot refineries to boost its decreasing oil revenue.²²⁷

Other adaptable variables of ISIS include: decreased salaries for organization fighters, a tax increase, search for new resources, and the expansion and infiltration of surrounding populations.²²⁸ "While we see our core structure in Iraq and Syria under attack, we have been able

²²⁰ See generally Center for the Analysis of Terrorism, *supra* note 55.

²²¹ Al Mashhour et al., *supra* note 102.

²²² *What is 'Islamic State'*, BBC (Dec. 2, 2015), http://news.bbc.co.uk/2/shared/spl/hi/pop_ups/04/world_al_qaeda/html/2.stm.

²²³ John J. Xenakis, *World View: As Islamic State Loses Territory, It Turns Increasingly to Terrorism*, BREITBART (Sept. 28, 2016), <http://www.breitbart.com/national-security/2016/09/28/28-sep-16-world-view-isis-loses-territory-turns-increasingly-terrorism/>.

²²⁴ Pamela Engel, *ISIS official's death could have major implications for the future of the group*, BUSINESS INSIDER (Aug. 30, 2016), <http://www.businessinsider.com/adnani-isis-killed-implications-2016-8>.

²²⁵ *Id.*

²²⁶ See generally Center for the Analysis of Terrorism, *supra* note 55.

²²⁷ Nicolas Torres, *ISIS turns to "teapot" refineries as airstrikes cripple oil revenue*, PETRO GLOBAL NEWS (Jul. 11, 2016), <http://petroglobalnews.com/2016/07/isis-turns-teapot-refineries-airstrikes-cripple-oil-revenue/>.

²²⁸ Al Mashhour et al., *supra* note 102.

to expand and have shifted some of our command, media and wealth structure to different countries,” said a longtime Islamic State Operative.²²⁹

E. SUSTAINABILITY

Hand-in-hand with their adaptability is the success of long-term sustainability.²³⁰ Relying on a loose network of foreign fighters and small militant cells, ISIS sends fighters back to their home state after visiting Syria and Iraq.²³¹ These fighters are allowed to plan and execute attacks in their home states with the approval of ISIS leaders.²³² With little direction from the central command the attacks have been less detrimental.²³³ Attackers are poorly trained and the death tolls from these attacks reflect that.²³⁴ Although not as effective, these attacks are minimal investments that do not cause harm to the organization in the event a plan is foiled.²³⁵ This new and loose approach of self-initiating violence is more expansive than what Al-Qaeda exhibited a decade prior.²³⁶ Lone wolf and low profile attacks make it difficult for counter-terrorism forces to detect them and uncover plans prior to attacks.²³⁷ A collapse of the caliphate would place heavier reliance

²²⁹ Joby Warrick and Souad Mekhennet, *Inside ISIS: Quietly Preparing for the Loss of the “Caliphate”* WASHINGTON POST (Jul. 12, 2016), https://www.washingtonpost.com/world/national-security/inside-isis-quietly-preparing-for-the-loss-of-the-caliphate/2016/07/12/9a1a8a02-454b-11e6-8856-f26de2537a9d_story.html.

²³⁰ See generally Center for the Analysis of Terrorism, *supra* note 55.

²³¹ Saagar Enjeti, *CIA Director Warns ISIS Plans to Exploit Immigration Policies to Attack West*, THE DAILY CALLER (Jun. 16, 2016), <http://dailycaller.com/2016/06/16/cia-director-warns-isis-sending-terrorists-to-attack-west/>.

²³² Malsin and Cairo, *supra* note 112.

²³³ Daniel L. Byman, *Comparing Al Qaeda and ISIS: Different goals, different targets*, BROOKINGS (Apr. 29, 2015), <https://www.brookings.edu/testimonies/comparing-al-qaeda-and-isis-different-goals-different-targets/>.

²³⁴ Angus McDowall, *Saudi Arabia’s new generation of jihadists poses a whole new kind of threat*, BUSINESS INSIDER (Jul. 13, 2016), <http://www.businessinsider.com/r-saudi-arabias-new-jihadists-poorly-trained-but-hard-to-stop-2016-7>.

²³⁵ *Id.*

²³⁶ Malsin and Cairo, *supra* note 112.

²³⁷ McDowall, *supra* note 234.

on foreign fighters.²³⁸ If the caliphate were to collapse, ISIS would surely continue to spread their ideologies on a global level through propaganda, social media, and messages.²³⁹

IV. CONCLUSION

ISIS has proven to be a very successful and dangerous organization that will continue to spread their extreme ideologies and dangerous activities. They have done so by operating an efficient and well planned business model encompassing adaptability, advanced technology, extensive propaganda, exploitation, internal funding and territory control.

“What most criminal enterprises want and cherish above all is money. Though it may not have been the motivating force at the beginning, it slowly corrupts the organization from within so that radical terrorists become nothing more than corrupt conflict entrepreneurs. Just check out the \$7,000 Rolex Oyster on the wrist of the caliphate leader, Abu Bakr Al Baghdadi.²⁴⁰” Without money, an organization like ISIS cannot sustain operations or spread ideologies.²⁴¹ The Rolex on the wrist of the caliphate leader not only symbolizes the success of ISIS operations but also acts as a lucrative draw for potential members.²⁴²

Disregarding Al-Qaeda’s classic business model of reliance on rich donors and state sponsorship, the Islamic State is a self-funded power house operating as a non-state actor.²⁴³ ISIS has found success in surpassing the one-time exploitation standard of most terrorist organizations

²³⁸ Lydia Khalil & Dr. Rodger Shanahan, *Foreign Fighters in Syria and Iraq: The Day After*, Lowy Institute for International Policy (Sept. 13, 2016), <http://www.lowyinstitute.org/publications/foreign-fighters-syria-and-iraq-day-after>.

²³⁹ See generally Williams, *supra* note 13.

²⁴⁰ Greg Kleponis & Tom Creal, *The 21st Century Answer to ?Burning their Crops and Salting their Fields?: Interdicting and Destroying The ISIS Financial Network*, SMALL WARS JOURNAL (2015), [http://smallwarsjournal.com/jrnl/art/the-21st-century-answer-to- %E2%80%9Cburning-their-crops-and-salting-their-fields%E2%80%9D-interdicting-and](http://smallwarsjournal.com/jrnl/art/the-21st-century-answer-to-%E2%80%9Cburning-their-crops-and-salting-their-fields%E2%80%9D-interdicting-and).

²⁴¹ *Id.*

²⁴² See generally The ISIS Leader Abu Bakr al-Baghdadi Wears The Same Watch As James Bond (It Seems) *supra* note 207.

²⁴³ Council on Foreign Relations, *supra* note 76.

as they continue to benefit from resources on a long-term scale. With leadership similar to that of a strong corporate board, ISIS places thoughtful consideration in their structure and operations.²⁴⁴ Due to this new funding approach, current counter-terrorism financing measures originally targeted at Al-Qaeda do not carry a similar effectiveness against ISIS. “Fighting a sophisticated 21st century enemy is going to take more than mid-20th century tactics.”²⁴⁵ New tactics will need to be created and implemented to hamper financial efforts and thwart further organization expansion.

Given ISIS immense success, Al-Qaeda and its affiliates are starting to mirror a business foundation similar to the caliphate. Despite near extinction in the past, special attention should be given to Al-Qaeda. In copying ISIS’s business model, Al-Qaeda has taken a slightly different approach to the people and social services within their control avoiding gruesome and brutality. Absent resistance from local groups, Al-Qaeda’s approach could eventually be more dangerous than that of ISIS. Porous borders and interconnected international systems will continue to permit finance, transit and communications to all areas of the globe.²⁴⁶

Business model expert Alexander Osterwalder once said “In today’s climate, it’s best to assume that most business models, even successful ones, will have a short lifespan.”²⁴⁷ As ISIS continues to be at the forefront of international terrorism, they will be required to pivot the goal of their model from seizing territory to launching attacks in-order to ensure success.²⁴⁸ Although the long-term fate of these groups is unknown, it has become evident their influence and operations has guaranteed their existence for the near future. Their guaranteed existence in the future will be heavily dependent on the business model in which they operate.

²⁴⁴ Patrick Devenny, *ISIS goes to business school? The Islamic state’s leadership advantage*, THE NATIONAL INTEREST (Jul. 28, 2014), <http://nationalinterest.org/feature/isis-goes-business-school-the-islamic-state%E2%80%99s-leadership-10960>.

²⁴⁵ Kleponis & Creal, *supra* note 240.

²⁴⁶ Council on Foreign Relations, *supra* note 76.

²⁴⁷ Scerri, *supra* note 44.

²⁴⁸ Engel, *supra* note 224.