

United States House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

February 22, 2021

## Memorandum

**To:** Members, Committee on Financial Services  
**From:** FSC Majority Staff  
**Subject:** February 25, 2021, NSIDMP hearing entitled, “Dollars Against Democracy: Domestic Terrorist Financing in the Aftermath of the Insurrection”

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The Subcommittee on National Security, International Development, and Monetary Policy will hold a hearing entitled, “Dollars Against Democracy: Domestic Terrorist Financing in the Aftermath of the Insurrection” on Thursday, February 25, 2021, at 10:00 AM Eastern Daylight Time on the virtual meeting platform Cisco Webex. There will be one panel with the following witnesses:

- **Iman Boukadoum**, Senior Manager, The Leadership Conference on Civil and Human Rights
- **Lecia Brooks**, Executive Director, Southern Poverty Law Center
- **Daniel L. Glaser**, Global Head Jurisdictional Services and Head of Washington, DC Office, K2 Integrity, Senior Advisor at the Foundation for Defense of Democracies, and former Assistant Secretary for Terrorist Financing and Financial Crimes, U.S. Department of the Treasury
- **Dr. Daniel Rogers**, Co-Founder and Chief Technical Officer, Global Disinformation Index
- **Daveed Gartenstein-Ross**, CEO, Valens Global

### American Domestic Extremism

On January 6<sup>th</sup>, every Member of Congress and their staffs were put in grave danger by a violent, extremist mob. The insurrection, which was incited by former President Trump, is part of a history of domestic extremism and terrorism with its roots in white supremacy in the United States beginning with the founding of the KKK in the 1860s, the 1921 Tulsa Race Massacre, the lynchings of innocent Black Americans like Emmett Till in 1955, and more modern events such as the deadly “Unite the Right” Charlottesville rally in 2017. More recently, there has been a sharp increase in the number of hate-crime incidents towards targeted groups, including the LGBTQ+, Latinx, Black, Asian American and Pacific Islander, and Jewish communities.<sup>1</sup> There has also been a year-over-year increase of domestic-terrorism fatalities,<sup>2</sup> with 90% of U.S. extremist murders in 2019 tied to right-wing extremism, including white supremacy. Since 9/11, Washington has been primarily concerned with foreign ideologies inspiring American terrorists; it is now clear

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<sup>1</sup> Balsamo, M. [Hate crimes in US reach highest level in more than a decade](#). AP. Nov. 16, 2020

<sup>2</sup> [Murder and Extremism in the United States in 2019](#). Anti-Defamation League. Feb.2020

that domestic extremism and terrorism is as severe a threat.<sup>3,4</sup> While the means of financing has evolved since the abolition of slavery, domestic extremism continues to rely on informal financing networks and terrorist acts that do not necessarily require significant planning or funding. The hearing will provide an opportunity to look at the current and future avenues of financing and how those avenues can be thwarted to impede the ability of extremists, such as those who were seen on January 6th, to recruit and radicalize individuals and fund future attacks.

## How Extremists Fund their Activities

As with most terrorist attacks, it costs little to break the windows of the Capitol and threaten Members of Congress and other U.S. Capitol employees. Those acts, however, were the product of costlier activities such as radicalization, organization, planning, training, and travel designed to move individuals from passively supporting extremist ideologies to participating in the acts of domestic terrorism witnessed on January 6<sup>th</sup>.<sup>5</sup> Much of this activity runs through traditional bricks-and-mortar financial institutions (FIs), and some of it may be illegal or suspicious enough to raise red flags, causing the filing of Suspicious Activity Reports with the Financial Crime Enforcement Network (FinCEN) and potential account closure. Most domestic terrorist-related transactions, however, can be impossible to distinguish from licit transactions (e.g., a plane ticket or a store purchase) without other information. Additionally, the documentation seen by banks and payment processors does not include an itemized list of a customer's purchase, thus they cannot evaluate the content of a purchase for suspicious activity.

Further, due to privacy rights and civil liberties and because "domestic terrorism" is not a chargeable federal crime,<sup>6</sup> the bounds of domestic terrorism investigations are strictly limited. Different from U.S.-based international terrorism cases where there are authorities such as electronic surveillance, delayed notification of search warrants, and orders for business and bank records through Foreign Intelligence Surveillance Act (FISA) Courts,<sup>7</sup> with domestic terrorism, law enforcement cannot pursue the same proactive investigations, potentially missing data on those who have been radicalized to violence.<sup>8</sup>

Domestic extremists are aware that FIs may report their activity for law enforcement use, so as seen in some of the arrests related to the January 6<sup>th</sup> attack, they are increasingly choosing non-traditional forms of finance to support their activities. Non-traditional forms of financing are described below.

**Crowdfunding** – The same sites that are used to solicit donations for medical expenses or to support victims of a natural disaster are being openly exploited to support terrorists and their causes. Ahead of January 6<sup>th</sup>, the "#1 Christian crowdfunding site" GiveSendGo.com, hosted campaigns to raise funds for organizer Ali Alexander's "Stop the Steal" rally expenses and other

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<sup>3</sup> Levitt, M. [Trump's aiding Capitol violence as world watches shows U.S. is now exporting extremism](#). NBC News. Jan. 7, 2021

<sup>4</sup> Cai, W., Landon, S. [Attacks by White Extremists Are Growing. So Are Their Connections](#). New York Times. Apr 3, 2019

<sup>5</sup> ["Bankrolling Bigotry: An overview of the Online Funding Strategies of American Hate Groups."](#) Institute for Strategic Dialogue/Global Disinformation Index. October 2020

<sup>6</sup> While [18 U.S. Code § 2331](#) defines "domestic terrorism", unlike "international terrorism", there are no criminal penalties associated.

<sup>7</sup> ["The USA PATRIOT Act: Preserving Life and Liberty"](#) Justice Department website (Last accessed: Jan 7, 2020)

<sup>8</sup> See hearing memo, ["A Persistent and Evolving Threat: An Examination of the Financing of Domestic Terrorism and Extremism"](#) House Financial Services Committee. Jan 15, 2020

individuals' campaigns to underwrite "protective gear" and rally-related travel costs.<sup>9</sup> The site also raised over \$100,000 for the legal defense of Enrique Tarrio, the leader of the Proud Boys terrorist group who was arrested in Washington, D.C. prior to the rally.<sup>10, 11</sup> Similarly, a RallyPay.com campaign was set up by the far-right terrorist militia group, the Oath Keepers, to fund the defense of Jessica Watkins, a member charged with seditious conspiracy and other alleged crimes related to her participation in the January 6<sup>th</sup> events.<sup>12, 13</sup> These campaigns are themselves radicalization and recruitment efforts, calling on "patriots" to back their members and activities propaganda and urging supporters to visit their websites. GiveSendGo.com, for example, hosted two campaigns by The Gateway Pundit website, a far-right disinformation source, raising over \$135,000 to fund a voter-fraud investigation and to combat the "censorship of conservative voices."<sup>14</sup> Payment processors have voluntarily taken steps to deny some access to their services, as seen when PayPal ended its relationship with GiveGoSend.com after January 6<sup>th</sup>, but some feel that these actions should have happened sooner, given the quantity of extremist campaigns and dollars that have already passed through the user accounts.<sup>15</sup>

Cryptocurrencies – As scrutiny by traditional banks and payment platforms increases, extremists are turning to solicitations of cryptocurrencies. The rise is commensurate with the overall increase in cryptocurrency's popularity. While there have been some high-profile, high-value transfers to known alt-right cryptocurrency "wallets" (e.g., a post-death transfer of over \$500,000 in Bitcoin from a suicidal French extremist to a number of US-based, extremist-owned wallets, including one held by the leader of the white-nationalist Groyper Army<sup>16</sup>), it is unknown whether the funds from these Bitcoin transfers or others were used in the planning and execution of the January 6<sup>th</sup> Trump rally or the Capitol insurrection that followed. Nonetheless, since it is increasingly common to find cryptocurrency wallet addresses listed on extremist websites, this is a potential and growing source of funds for domestic extremists.

Charities – Many of the groups and movements seen at the January 6<sup>th</sup> attack maintain charities to raise funds and awareness. "This Is Texas Freedom Force" (TITFF), identified by the FBI in January 6<sup>th</sup> charging documents as an "extremist militia group," manages a charity that is classified as an "Arts, Culture, and Humanities" organization by the Internal Revenue Service (IRS).<sup>17</sup> Additionally, the Three Percenters militia movement<sup>18</sup> and "Indiana Oath Keepers Inc." also maintain 501(c)(3) charitable organizations.<sup>19</sup> As registered non-profits, these extremist groups are legitimized and able to receive bank accounts, conduct fundraising campaigns, and use

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<sup>9</sup> [Right-wing extremists and their supporters use Christian website to raise funds](#). CNN. Jan. 20, 2021

<sup>10</sup> ["Enrique Tarrio Defense Fund"](#) GiveSendGo. (Last Accessed: Feb. 11, 2021)

<sup>11</sup> ["Proud Boys."](#) Anti-Defamation League. (Last Accessed: Feb. 11, 2021)

<sup>12</sup> ["Oath Keepers."](#) Anti-Defamation League. (Last Accessed: Feb. 11, 2021)

<sup>13</sup> [Jessica Watkins](#). Rallypay.com. (Last accessed Feb. 11, 2021)

<sup>14</sup> de Puy Kamp, M., Glover, S. [Right-wing extremists and their supporters use Christian website to raise funds](#). CNN. Jan. 20, 2021

<sup>15</sup> Solon, O. Miranda, L. ["Too Little, Too Late: Extremism Experts criticize payment companies"](#). NBC News. Jan. 13, 2021

<sup>16</sup> ["Alt-Right Groups and Personalities Involved In the January 2021 Capitol Riot Received Over \\$500K In Bitcoin From French Donor One Month Prior"](#). Chainalysis. Jan. 14, 2021

<sup>17</sup> Walsh, D. ["The FBI Calls It An 'Extremist Militia.' What Exactly Is 'This Is Texas Freedom Force?'"](#) High Plains Public Radio. Feb. 4, 2021

<sup>18</sup> ["Three Percenters"](#) Anti-Defamation League. (Last accessed Feb 11, 2021)

<sup>19</sup> ["Indiana Oath Keepers Inc."](#) Charity Navigator. (Last accessed Feb. 11, 2021)

services designed to help non-profits organize and grow. Notably, following January 6<sup>th</sup>, AmazonSmile, a program which allows Amazon customers to donate a percent of their purchases to a designated charity, removed five of these groups from its directory.<sup>20</sup> Additionally, there is evidence of “shelf charities” or inactive, “clean” charitable shells with registered status being bought and sold to avoid law enforcement and compliance scrutiny.<sup>21</sup>

Content Subscription and Livestreaming Platforms – White-supremacists, neo-fascists, and far-right fringe personalities have embraced the use of gaming websites and livestreaming platforms to reach wider audience and monetize their extremist ideologies. Social media, video-sharing, livestreaming, and gaming platforms such as Facebook, Instagram, TikTok, YouTube, and Twitch all offer financial incentives for individuals and organizations to broadcast their content and build audiences by giving these “content creators” a portion the advertising revenue for the material that they post (with the platform keeping the remainder of the revenue).<sup>22</sup> After allowing high-profile far-right, conspiracist, white supremacist figures to monetize their extremist views for years, many of these platforms have started taking steps to de-monetize or ban these accounts.<sup>23,24</sup>

Prominent extremists who have been banned from these mainstream social media platforms have moved to alternative streaming platforms where content is not as rigorously moderated.<sup>25</sup> One such alternative streaming platform, DLive, owned by peer-to-peer file sharing service BitTorrent, has paid out “hundreds of thousands of dollars to extremists since its founding, largely through donations of cryptocurrency built into a service provided by the site.”<sup>26</sup> Tim Gionet, an avowed neo-Nazi known as “Baked Alaska,” livestreamed his participation in the January 6<sup>th</sup> events for more than 5,100 viewers on DLive.<sup>27</sup> The Southern Poverty Law Center’s Hatewatch blog estimates that DLive users “tipped” Gionet at least 229 times using the dollar-transferable, in-game currency (“lemons”) for a minimum of \$222, although the exact amount is unknown since his January 6<sup>th</sup> streams were removed.<sup>28</sup> Like other streaming platforms, DLive profits from this activity, through advertising, transaction fees, and by retaining 25% of every donation.<sup>29</sup>

Other Funding Mechanisms – Even as extremists branch out into other forms of financing, they continue to use traditional funding mechanisms without much scrutiny. This is due to the relatively low-dollar profiles of most domestic terrorism incidents and the fact that many involve legal financial transactions. The Anti-Defamation League’s (ADL) study, “Funding Hate” found that many white supremacists are self-funded.<sup>30</sup> They may raise funds through garage sales or

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<sup>20</sup> Peters, J. [Amazon bans Oath Keepers and Three Percenters groups from charitable shopping program](#) The Verge. Jan. 25, 2021

<sup>21</sup> [“Bankrolling Bigotry: An overview of the Online Funding Strategies of American Hate Groups.”](#) pg. 22. Institute for Strategic Dialogue/Global Disinformation Index. October 2020

<sup>22</sup> Lewis, R. [“Alternative Influence: Broadcasting the Reactionary Right on YouTube”](#). Data & Society Research Institute. 2018

<sup>23</sup> Carless, W. & Gynn, J. [“Google think tank’s report on white supremacy says little about YouTube’s role in driving people to extremism.”](#) USA Today. Dec. 15, 2020

<sup>24</sup> [“Our On-going Work to Tackle Hate.”](#) YouTube. Jun 5, 2019

<sup>25</sup> D’Anastasio, C. [“Gaming Sites Are Still Letting Streamers Profit From Hate”](#). Wired. Feb. 4, 2021

<sup>26</sup> Hayden, M. [“Meet DLive: The Livestreaming Platform Used by Trump’s Capitol Insurrectionists.”](#) Southern Poverty Law Center. Jan. 7, 2021

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> [“Funding Hate: How White Supremacists Raise Their Money: Organizational Funding”](#) Anti-Defamation League. 2020

auction sites, fraud,<sup>31</sup> or odd jobs. Some sell ideology or group-related paraphernalia (e.g., t-shirts, tattoos, literature, music), but those finance avenues are beginning to be blocked on online marketplaces like eBay, iTunes, and Spotify.<sup>32</sup>

## Legislation

- **H.R. \_\_\_, Domestic Terrorism Financing Study Act**, which would require GAO to study the fundraising aspects of domestic extremists and any nexus to or from foreign extremists.
- **H.R. \_\_\_, FinCEN Exchange Improvement Act**, which would establish a classified group within the FinCEN Exchange to allow for two-way discussion of terrorism and other concerns.
- **H.R. \_\_\_, Freezing Assets of Suspected Terrorists and Enemy Recruits (FASTER) Act of 2021 (Gottheimer)**, which would enable FinCEN to direct the freezing of assets of those charged with domestic-terrorism-related crimes such as insurrection and seditious conspiracy.
- **H.R. \_\_\_, Fraud and Terrorism Education Act**, would require FinCEN to create and disseminate educational materials to federal, state, local, and Tribal public benefits agencies on the nexus between terrorism (both international and domestic) and fraud, to assist in reducing this avenue of finance for bad actors.

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<sup>31</sup> Wood, H., Keatinge, T., Ditcham, K. Janjeva, A. [The Silent Threat: The Impact of Fraud on UK National Security](#). RUSI. Jan. 26, 2021

<sup>32</sup> *Id.*