

Financing the Toronto 18

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ABSTRACT

The thwarted Toronto 18 terrorist plot was an early indication of things to come for terrorist financing in Canada and internationally. The self-financed plot demonstrated how terrorist cells, even those not directed by a terrorist group, could obtain enough money to fully fund a sophisticated and complex attack. In total, the main elements of the Toronto 18 plot likely cost thousands of dollars, but the organizers of the plot had accumulated far more than they needed for the components of the attack and had enough money to rent a safe house, pay for plane tickets to escape prosecution after the attack, and develop a plausible cover story for their activities. Despite the financial elements of the plot, no terrorist financing charges were laid in the case. This may have been due to the lack of international funding of the plot and a conceptualization within Canada's law enforcement and security services at the time that terrorist financing came from "abroad." The lack of financing charges, in this case, may have had longstanding implications in Canada, where, to date, very few charges of this nature have been laid, even 15 years after the plot was disrupted.

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I. INTRODUCTION

The Toronto 18 terrorist cell was a harbinger of things to come in terms of terrorist financing in Canada and abroad. From 2005 onwards, self-financing, and the challenges present when terrorists lack funds, would be seen repeatedly in terrorist incidents in Canada and abroad, and these were all trends that were seen in the case of the Toronto 18. The Toronto 18 case also foreshadowed another important trend in Canadian national security: the failure of the Toronto 18 investigation to generate any terrorist financing charges. The lack of charges may have laid the groundwork for the subsequent lack of terrorist financing charges in Canada in following years that call into question Canada's commitment to tackling the financing of terrorism.

The Toronto 18 terrorist cell¹ that developed over the course of 2005 and 2006 was responsible for one of the most ambitious plots² in Canada in recent history. The complexity of the plot itself stemmed from the number of individuals involved or associated with it and was also partially the result of a schism within the group that ultimately resulted in two separate plots led by two very different individuals. Zakaria Amara led a plot to detonate truck bombs in downtown Toronto, while Fahim Ahmad led a plot to behead then-Prime Minister Stephen Harper in Ottawa.³

This chapter will explore the financing of the Toronto 18 cell and its terrorist plots. A brief overview of terrorist financing will be provided and will include a discussion of the difficulties inherent in analyzing the financing of a terrorist plot compared to a terrorist attack, as well as a description of expansive vs. narrow analyses of terrorist financing. The

¹ A terrorist cell is two or more individuals who seek to conduct terrorist activity. Cells have no upper limit, although, in practical terms, most cells are composed of less than a dozen individuals. In the case of the Toronto 18, the broader terrorist cell ultimately developed two separate plots and can be conceptualized as two separate cells. For the sake of simplicity, these will be referred to as plots, while the broader group will be referred to as the cell that spawned the plots.

² A terrorist plot is a terrorist attack that was thwarted, most often by law enforcement or security services. Not all plots have the same or even similar levels of development; some plots may be disrupted very early in their development, while other disruption activity may take place at the last minute.

³ Both of these individuals can be considered as “entrepreneurs” of their plots, but the capabilities that each brought to bear on their respective plots varied significantly. The concept of terrorist entrepreneur is drawn from Petter Nesser, *Islamist Terrorism in Europe* (London: C. Hurst & Co. Ltd, 2015).

majority of the analysis will focus on the financing of the cell and the two separate plots that emerged in this case. To date, there has been no comprehensive analysis of the financing of the Toronto 18 plot. This analysis will illustrate the very different levels of preparedness of the two cells and explore questions about the approach to charges pursued. The conclusion will focus on counter-terrorism financing in Canada in 2006, and now.

The financing of the Toronto 18 cell took place in three distinct phases, with some overlap. The first phase involved financing the cell's preparatory activities (primarily training), while the second and third phases involved the financing of the plots. These three phases demonstrate different sources and use of funds, as well as very different strategies to move, manage, store, and obscure those funds. The Toronto 18 cell and its preparatory activities were primarily self-financed by members of the group. Ahmad's plot was limited in scope, in part because of his inability to obtain funds (as well as by other operational and organizational limitations). On the other hand, Amara's plot was well funded and managed, and he was able to obtain (or so he thought) all the required material for his improvised explosive devices.

II. TERRORIST FINANCING

Terrorist financing is often conceptualized as the raising and moving of funds⁴ for terrorist purposes. While this is certainly a core component, terrorist financing encompasses a much broader range of activities. Equally important and worthy of analysis is how terrorists use, move, store,⁵ manage, and obscure the source and ultimate use⁶ of their money.⁷ An analysis of

⁴ Maurice R. Greenberg, William F. Wechsler, and Lee S. Wolosky, *Terrorist Financing: Report of an Independent Task Force Sponsored by the Council on Foreign Relations* (New York: Council on Foreign Relations, 2002).

⁵ Matthew Levitt and Michael Jacobson, "The U.S. Campaign to Squeeze Terrorists' Financing," *Journal of International Affairs* 62, no. 1 (Fall 2008).

⁶ Phil Williams, "Terrorist Financing," in *Fighting Back: What Governments Can Do About Terrorism*, ed. Paul Shemella (Palo Alto: Stanford University Press, 2011), 44.

⁷ This is a modified version of the framework used by the Financial Action Task Force (FATF). In 2015, FATF described their model of terrorist financing; their typology focuses on the generation of revenue, the movement and use of funds, and the management of resources. See *FATF Report: Emerging Terrorist Financing Risks* (Paris, France: FATF, 2015), 5, 11, <http://www.fatf-gafi.org/media/fatf/documents/reports/>

terrorist financing also requires a distinction between organizational financing (i.e., the financing of a terrorist group or organization) and the operational use of these funds, which includes the direct financing of terrorist plots and attacks.⁸ The financing of the Toronto 18 falls squarely in the domain of operational financing as there was no organizational financial support from a foreign/external entity, nor did the group aspire to provide an international terrorist organization with money. Their focus was exclusively on their plots.

Many (if not most) aspects of terrorist activity have a financial component to them, but generally speaking, the more elaborate or ambitious the plot or attack, the more elaborate and intentional the financial activity is. The Toronto 18 case is no exception. Fundamentally, terrorist financing is about much more than just raising funds for terrorist purposes. As such, this chapter will explore the various financing mechanisms employed by the Toronto 18 as a case study in the full spectrum of terrorist financing activities.

A. Analyzing Plots vs. Attacks

Analyzing the financing of terrorist attacks can be a complex endeavour. Effective analysis requires a full accounting of a terrorist cell or individual's activities, their related costs, and the financial logistics involved. To

Emerging-Terrorist-Financing-Risks.pdf. Versions of this framework can be found throughout the terrorist financing literature, as noted in the preceding footnotes. This is not the only framework that addresses terrorist financing: the terrorist resourcing model is an alternate model, and it was put forward by John Schmidt in his testimony to the Air India Inquiry. While Schmidt asserts during his testimony that the model has been well-received by domestic and international partners, it has not been widely adopted in either international practice, nor in academic writing on terrorist financing. As part of the author's PhD dissertation, nearly 300 books, articles, and policy papers on terrorist financing were reviewed. Less than one percent of this literature has adopted the resourcing model. For more on the model, see Canada, *Commission of Inquiry into the Bombing of Air India Flight 182*, in *Air India Flight 182: A Canadian Tragedy*, vol. 3, Catalogue No. CP32-89/5-2010E (Ottawa: Supply and Services, 2010).

⁸ This distinction is first made in the terrorist financing literature by Horgan & Taylor. See John Horgan and Max Taylor, "Playing the 'Green Card' - Financing the Provisional IRA: Part 2," *Terrorism and Political Violence* 15, no. 2 (2003): 39. Freeman also makes this distinction in Michael Freeman, "The Sources of Terrorist Financing: Theory and Typology," *Studies in Conflict & Terrorism* 34, no. 6 (June 2011): 461-75, <https://doi.org/10.1080/1057610X.2011.571193>. Ridley, too, makes this distinction in Nicholas Ridley, *Terrorist Financing: The Failure of Counter Measures* (Cheltenham, U.K.: Edward Elgar Publishing, 2012), 1.

determine how an attack was financed, the analysis needs to include all the elements of its financing, from how the individuals raised funds, what they used their money to purchase, how they moved money to cell members or to people who were assisting the plot, etc. This analysis also needs to determine if they stored and managed funds in a particular way and if they employed any financial tradecraft (operational security measures⁹ aimed directly at the financial components) to hide the source, destination, or use of funds.

A lack of information contributes to the difficulty in analyzing the financing of a terrorist attack; much of the required information is difficult to locate and has to be collated from court reports and media reporting. In many cases, much of the information related to an analysis of terrorist financing activity is not released publicly as part of trials or following a successful terrorist attack. Even in closed sources, the financing component is not always fully analyzed and understood, simply because of lack of time, analytic capability, or interest.

Analyzing the financing of a terrorist plot is often more complex than a completed attack because of the lack of concrete actions that may have occurred. The very nature of the plot itself (an incomplete or disrupted attack) contributes to the lack of clear information. The hypothetical nature of some or all of the activity must be considered, and even in jurisdictions where after-action reports of terrorist attacks are conducted regularly, plots are less likely than successful attacks to get a full public accounting. This lack of information means that each piece of financial information must be considered in the context of the plot, but also take into consideration the credibility of the source of information. While this is also true for terrorist attacks, the level of certainty in assessing terrorist plots is lower due to the incomplete nature of the activity.

In the case of the Toronto 18, the availability of information is relatively good due to the number of court proceedings and convictions of many of

⁹ Terrorists often employ operational security measures during the preparation for their attacks or other terrorist activity. These measures are meant to hide their activities from authorities and can include acts such as developing a cover story for travel, splitting purchases of components for improvised explosive devices into multiple transactions to avoid detection, and using burner cell phones. For more on operational security measures employed by terrorists, see Bart Schuurman et al., “Lone Actor Terrorist Attack Planning and Preparation: A Data-Driven Analysis,” *Journal of Forensic Sciences* 63, no. 4 (2018): 1191–1200.

the individuals involved. However, this information had to be gathered piecemeal from multiple records, as Canada did not pursue terrorist financing charges against the main financier of the plot (Amara). In addition, there may well have been other financial activity that took place that was never captured in the court proceedings, media reporting, etc.

Compounding the usual challenges that exist in analyzing the financing of a terrorist plot is the issue of Ahmad's credibility. Ahmad makes assertions repeatedly throughout the development of the plots about his weapons acquisition and intent to acquire more. Other cell members were also unconvinced by Ahmad's assertions. For instance, Amara found Ahmad to lack credibility: Amara believed that Ahmad was exaggerating and lying about his acquisition of plot-related material. He further wondered where Ahmad had spent "the money,"¹⁰ a potential reference to Ahmad having had a role in managing the cell's funds at an early stage. Another example of Ahmad's less than truthful nature is his claim to have filmed a video of atrocities in Iraq; there is no indication he ever went to Iraq.¹¹

Ahmad's credibility did not improve during his trial: his evidence was "riddled with lies and exaggerations."¹² Fundamentally, Ahmad's credibility issues make a financial analysis of the cell and plots less certain. Differentiating between what Ahmad said he did and what actually took place requires a close reading of the material, and even then, uncertainty remains.

B. Expansive vs. Narrow Financial Analysis

One of the core issues in the analysis of terrorist financing and, specifically, in the analysis of terrorist plots and attacks, is the issue of what is "counted." Some analysts consider only the narrowest aspects of the attack or plot, such as the direct cost of the components or weapons procured. Others take a hybrid approach and include elements like a safe house, transportation to the attack site, and other miscellaneous expenses. Still, others take a more expansive approach and include anything that a terrorist individual or cell engaged in from a financial perspective, including foreign travel (even months or years in advance of the plot or attack) or other activities and expenses incurred or undertaken that may not directly relate to the terrorist activity but helped the group or individual increase

¹⁰ R v. N.Y., 2008 CanLII 51935 at para 96 (ON SC).

¹¹ N.Y., CanLII at para 25.

¹² R v. N.Y., 2012 ONCA 745 at para 63.

their capabilities.¹³ All of these are valid ways to consider the financing of a terrorist plot or attack. The issue that arises is when analysts are not explicit in the type of analysis they are undertaking and their rationale for doing so.

For the purposes of the Toronto 18 cell and plots, an expansive analysis of their financing will be undertaken. This is particularly important in this context because of the complexity and the dynamics in the cell. Terrorist activity was undertaken (with a financial component) from very early on in the development of the cell, likely starting with Jamaal's travel to Pakistan seeking terrorist training. While not everything following that event constitutes terrorist cell or plot financing, this is a starting point for the analysis. The information presented in the financing sections below is the very least of what occurred; other goods and services may have been procured that the investigators were not aware of, was not made public, or simply was not deemed to be relevant or of enough significance to be included in the trials or related documents. This accounting of the plot is intended to provide an assessment demonstrating that attacks are often more expensive than they initially appear, there is more involved in financing than simply raising or using funds, and the ability to raise funds for terrorist activity is a critical aspect of whether or not it will be successful.

III. FINANCIAL ANALYSIS OF THE TORONTO 18 CELL

Understanding the financing of the Toronto 18 plot requires an understanding of the timeline of events (see Annex B) and the group dynamics of the plot (see Annex A). As such, this section examines how the group financed its activities as a whole and then how the two separate plots financed their plans. This section will also compare the various strategies employed by the two plots and demonstrate that while Amara's plot had the financial resources at hand to realize its terrorist intent, Ahmad's plot was hamstrung by a lack of concrete planning and financial resources.

A. Phase 1 Toronto 18 Cell Financing

The Toronto 18 cell undertook a number of preparatory activities for what would become two separate plots. The majority of these activities

¹³ Arabinda Acharya, "Small Amounts for Big Bangs? Rethinking Responses to 'Low Cost' Terrorism," *Journal of Money Laundering Control* 12, no. 3 (August 2009): 285–98, <https://doi.org/10.1108/13685200910973655>.

involved weapons acquisition and training camps. While these activities were relatively low cost, they demonstrated commitment on the part of the members (or, at the very least, the organizers) and did require some funding, albeit small and easily obtained amounts of money. There is little indication that the cell was involved in other aspects of financing such as the movement, storage, management, or obscuring of funds, other than working in cash.

The first terrorist financing activity undertaken by a member of the Toronto 18 was when Jahmaal James travelled to Pakistan and (unsuccessfully) sought out military training in 2005.¹⁴ His intention was to learn firearms and explosives training and bring those skills back to the group.¹⁵ There is no information that indicates how James paid for the trip but given its relatively low cost (likely around \$1,000¹⁶), he probably financed the trip himself.

On August 13, 2005, in a separate preparatory activity, Ali Dirie¹⁷ was arrested following his attempt to cross into Canada from the United States at the Fort Erie border crossing. He had two loaded handguns taped to his inner thigh as part of a plan to acquire weapons, potentially in anticipation of a terrorist plot, although plans were not well-developed at this stage. Ahmad had paid for the rental vehicle used by Dirie to travel to Ohio and purchase the guns and may have also provided some of the funds used to purchase the guns that were seized at the border.¹⁸ The weapons acquisition likely occurred in order to facilitate some yet-undetermined terrorist activity.

¹⁴ Michelle Shephard, "What Happened to the Toronto 18 Plotters?," *The Toronto Star*, May 29, 2016, <https://www.pressreader.com/canada/toronto-star/20160529/282295319449966>.

¹⁵ Isabel Teotonio, "Toronto 18: An Exclusive Account of How Canada's First Homegrown Terror Cell Was Created," *Toronto Star*, July 3, 2010.

¹⁶ All monetary amounts are represented in Canadian dollars and represent the cost or value at the time of the incident. In order to compare these amounts to subsequent plots or attacks, adjusting for inflation is required, as is controlling for variations in currency values.

¹⁷ Dirie's engagement in terrorism did not end with the Toronto 18 case. In 2012, Dirie left Canada, likely on a borrowed or stolen passport, and travelled to Syria. Once there, he joined an extremist group and died in 2013. See "'Toronto 18' member Ali Mohamed Dirie reportedly died in Syria," *CBC News*, September 25, 2013, <https://www.cbc.ca/toronto-18-member-ali-mohamed-dirie-reportedly-died-in-syria-1.1868119>.

¹⁸ N.Y., ONSC at para 9.

Between August and November 2005, there is little evidence that any material or weapons acquisition took place, although Amara had access to weapons early in the development of the cell.¹⁹ Ahmad alleged that he buried weapons in a park that were later stolen,²⁰ but Ahmad’s credibility issues mean that this is quite possibly untrue. No other information supports potential weapons acquisition.

In December 2005, the confidential police informant Mubin Shaikh²¹ was introduced to the Toronto 18 cell; subsequently, reporting on their activities became more granular. On December 4, 2005, Amara told Shaikh that he was taking a course that would allow him to purchase firearms.²² It is unclear if this actually occurred or if Amara was simply stating an aspiration as a fact, but regardless, the training or intent to engage in it demonstrates planning and preparation activities and may also demonstrate that Amara was willing to put financial resources (albeit modest ones) in place in order to advance his aspiration to engage in terrorist activity. This is a key distinction between individuals who are simply radicalized and those who intend to take action on their ideas. Committing financial resources is a concrete activity that can demonstrate the seriousness of the individual’s terrorist intent.²³

The cell’s activity in December was largely focused on the upcoming training camp and preparations. On December 5, 2005, Shaikh purchased a rifle and about 1,000 rounds of ammunition²⁴ at Amara’s request.²⁵ It remains unclear who provided the funds for the purchase. Less than two weeks later, between December 18 and 31, 2005, the terrorist cell (encompassing most of the main members) went to the “Washago camp.”²⁶ The cover story for the camp was that it was a religious retreat, but in actual

¹⁹ Anne Speckhard and Mubin Shaikh, *Undercover Jihadi: Inside the Toronto 18 – Al Qaeda Inspired, Homegrown, Terrorism in the West* (Advances Press, 2014), 2692, Kindle.

²⁰ Speckhard and Shaikh, *Undercover Jihadi*, 2692.

²¹ See the interview with Shaikh in Chapter 4 of this book. Shaikh had previously worked as a confidential informant of CSIS. See *N.Y., ONCA* at para 12.

²² *N.Y., ONCA* at para 12.

²³ Canadian Security Intelligence Service, *Mobilization to Violence (Terrorism) Research: Key Findings* (Ottawa: CSIS, last modified May 3, 2018), <https://www.canada.ca/en/security-intelligence-service/publications/mobilization-to-violence-terrorism-research-key-findings.html>.

²⁴ Teotonio, “Toronto 18; An Exclusive Account.”

²⁵ *N.Y., CanLII* at para 17.

²⁶ *N.Y., CanLII* at paras 20–26.

fact, the purpose of the camp was to provide basic military-style training to some of the members of the cell and to test physical fitness. Preparations for the camp itself may have also involved the procurement of camouflage clothing, although there is no indication of who or how this was purchased other than that the clothing was handed out by Ahmad.²⁷ A pellet gun and scope were also used at the Washago camp,²⁸ and Shaikh was sent to buy targets and at least 250 rounds of ammunition. Thirty-five spent rounds of 9mm ammunition were also found at the camp.²⁹ Other material acquired for the training camp included propane canisters, a gas stove, an axe, and 2,000 rounds of paintball ammunition.³⁰

Cell members likely contributed personal funds to support the camp's preparation. They may have also brought equipment that they already had in their possession or acquired the goods themselves, with the exception of weapons and ammunition. The use of existing goods and materials complicates the financial analysis of the plot in that there is less of a trail of financial activity, yet many of these goods provided real benefit to the members of the plot and advanced some aspect of their preparation to engage in terrorist activity.

With the exception of Shaikh's weapon acquisition, there is no mention of Ahmad or anyone else providing Shaikh with the funds for the weapons and ammunition, suggesting that Shaikh purchased them himself. In doing so, Shaikh may have provided resources for the training camp, assisting the cell in developing limited familiarity with weapons and other aspects of survival. This would have done little in the way of contributing to the overall capabilities of the group or the actual acquisition of materials for the plots. At most, the weapons and ammunition provided by Shaikh may have increased the cell members' familiarity with weapons but would not have been sufficient for them to develop any expertise or skills. However, the rifle itself could have been used in a low-complexity terrorist attack.

In the context of an undercover operative, it is also important to consider that any funds or goods that Shaikh provided to the group were likely necessary in order to prove his "bona fides" to the group and maintain access. Many terrorist cells and organizations assume that most counter-

²⁷ N.Y., CanLII at para 23.

²⁸ Teotonio, "Toronto 18: An Exclusive Account."

²⁹ Teotonio, "Toronto 18: An Exclusive Account."

³⁰ Teotonio, "Toronto 18: An Exclusive Account."

terrorism agents will not provide funds to a terrorist group, as this constitutes a terrorism offence. For Shaikh, or any undercover operative, providing a small amount of funds or goods can be critical in gaining trust. Ensuring that those resources do not actually enhance the capabilities of the group (such as through the procurement of weapons) is critical in ensuring that agents or under-cover operatives are not advancing the terrorist plot.

At Ahmad's behest and in preparation for another training camp, two of the youth involved in the cell shoplifted camping supplies from a Canadian store.³¹ N.Y. and S.M.³² were arrested for stealing camping utensils, an LED clip light, an axe, and an 18-inch machete.³³ The request by Ahmad to have the youth steal goods for the training camp demonstrates the lack of financial resources at Ahmad's disposal and also exposed the group to additional police scrutiny, exactly what many of the cell members would have been trying to avoid at this stage.

On February 3 and 4, 2006, some of the cell's members travelled to Opasatika to look at a property listed for sale³⁴ that was considered a contender for the cell's safe house, staging area, and/or weapons storage site. The property was listed at over \$13,000 and within the financial resources of the group, as Amara had amassed a significant amount of personal funds that could be used to support the plot through a combination of personal savings and loans. While the property itself was not deemed to be suitable for their purposes, the inquiry demonstrated the cell's interest in operational security and their willingness to commit financial resources to it.

In March 2006, the schism in the group occurred,³⁵ and Amara and Ahmad began pursuing separate terrorist plots. Amara's activities after this point focused on constructing and testing a remote detonator and constructing bombs to be used in Toronto,³⁶ while Ahmad focused on training camps and the attack of government targets.

³¹ N.Y., CanLII at para 204.

³² The initials represent young offenders in the case. It is worth noting that Ahmad's plot involved a number of young offenders, which may speak to his maturity and competence.

³³ N.Y., CanLII at para 65.

³⁴ R v. Chand, 2010 ONSC 6538.

³⁵ N.Y., CanLII at para 5.

³⁶ N.Y., CanLII at para 5.

While many of the preparatory activities that the Toronto 18 cell engaged in would not have cost significant amounts of money, the individuals involved also had limited financial means. As such, finding the money to rent a van and obtaining the goods required to conduct camping trips in late fall/early spring in Canada (even if those preparations were insufficient) would require some commitment of scarce resources.

B. Phase 2 (Ahmad's Plot)

After the schism occurred in the main Toronto 18 terrorist cell, Ahmad pursued his own terrorist plot, which involved a plan to storm Parliament Hill and behead politicians.³⁷ Ahmad's plot was far less developed than Amara's at the time of the arrests, and he had only undertaken a few preparatory activities.

Ahmad's main terrorist activity in preparation for his plot involved organizing another training camp. The Rockwood camp took place between May 20 and 22, 2006, at which time Durrani and Ahmad had 18-inch knives.³⁸ These knives may have been stolen in advance of the camp.³⁹ Knives of this length are not common or "everyday" knives and may have been procured specifically to undertake the stated intent of the plot: to behead members of parliament, specifically the Prime Minister. There is less clarity on what happened at the Rockwood camp or what other goods may have been procured as Shaikh was not invited to attend.

There is some indication that throughout the course of events, Ahmad had access to at least some funds since he rented the car for Dirie's ill-fated attempt to procure weapons in Ohio in phase 1 of the plot.⁴⁰ Ahmad may have raised whatever meagre resources he had from his own personal funds (self-financing), but he also solicited funds from members of his plot. In one instance, one of the young offenders agreed to give Ahmad his \$20 weekly allowance⁴¹ as a contribution towards the plot.

Ahmad's main financing activities involved obtaining weapons, or at least talking about obtaining weapons. In February 2006, Ahmad said that he had paid a \$4,000 deposit on guns but was unable to pay the balance.⁴²

³⁷ Teotonio, "Toronto 18: An Exclusive Account."

³⁸ N.Y., CanLII at para 109.

³⁹ Speckhard and Shaikh, *Undercover Jihadi*, 3905.

⁴⁰ Shephard, "Toronto 18 Plotters."

⁴¹ Teotonio, "Toronto 18: An Exclusive Account."

⁴² N.Y., CanLII at para 70.

He indicated that the deposit also covered hand grenades and high-powered firearms that were to be sourced from Mexico.⁴³ Due to Ahmad's lack of credibility, it remains unclear if this actually occurred and, in all probability, did not. Following his arrest, police seized camping equipment, machetes, and a dozen two-way radios from his house. Given his prior theft and encouragement of theft in others, these goods were likely stolen.⁴⁴

The police informant, Mubin Shaikh, appears to have made the most concrete use of funds to support Ahmad's activities. He purchased 250 rounds of ammunition for a handgun in Ahmad's possession⁴⁵ and on December 30, 2005, Ahmad asked Shaikh to buy a box of 9mm Luger ammunition and 14 targets.⁴⁶ It is unclear from the extant material whether Shaikh used his personal resources to buy these supplies, if the police provided him with the funds, or if Ahmad did. Regardless, Shaikh was the main mechanism for obtaining these goods.⁴⁷ In some cases, the RCMP provided funds for the plot, such as when Ahmad found a surveillance camera and Mubin suggested selling the camera. In fact, Mubin "sold" the camera to the RCMP.⁴⁸

From the court records and media reporting, there is no indication that Ahmad undertook other financing activities, such as the management, storage, or obscuring of funds, and, in all likelihood, his plot was significantly constrained by a lack of funds (as well as a lack of concrete planning and preparation, a related issue). Ahmad did have access to some funds, potentially money he diverted away from his social assistance benefits.⁴⁹ His plot also suffered from a common terrorist issue: efforts to conduct large-scale, complex, high-casualty attacks. At one point, Ahmad suggested that he needed \$50,000 and 600 men for his attack.⁵⁰

⁴³ Teotonio, "Toronto 18: An Exclusive Account."

⁴⁴ N.Y., ONCA at para 84.

⁴⁵ N.Y., CanLII at para 26.

⁴⁶ R v. Amara, 2010 ONSC 441.

⁴⁷ In the trial of one of the young offenders, defence counsel argued that Shaikh was "liable for prosecution under virtually every provision [in the *Criminal Code*] relating to terrorism," but the trial judge did not accept this argument and found that "even if Shaikh had engaged in the criminal and other conduct alleged, the conduct was not 'sufficient egregious' to justify the 'rare case' imposition of a stay of conviction." See N.Y., ONCA at paras 136–37.

⁴⁸ Speckhard and Shaikh, *Undercover Jihadi*, 3845.

⁴⁹ Speckhard and Shaikh, *Undercover Jihadi*, 2811.

⁵⁰ Speckhard and Shaikh, *Undercover Jihadi*, 2753.

1. *Alternative Efforts to Finance Ahmad's Plot*

Only one individual was charged with a terrorism-financing-related offence in the entire cell: Steven Chand. Chand was convicted of “counselling to commit fraud over \$5,000, for the benefit of, at the direction of, or in association with the same terrorist group, thereby committing an offence contrary to s. 83.2 of the *Criminal Code*.”⁵¹ However, Chand’s activities were entirely hypothetical. He provided suggestions or advice on how to obtain money through the counselling of fraud, but this never actually occurred. The distinction between hypothetical and actual terrorist financing activities is critical: terrorist actors may have elaborate plans to raise and use funds, but few put them into practice.

Ahmad recognized that his plot was limited in scope and execution, in part due to a lack of financial resources, and he sought out assistance from Chand to rectify this shortcoming. Chand’s fundraising efforts were directed towards raising the rest of the money for the assault rifles that Ahmad claimed to have put a down payment on.⁵² Chand introduced Ahmad to Thomas Stella who could help him generate funds through financial schemes to help fund the plot.⁵³ The plot members believed that Stella engaged in bank and mortgage fraud through identity theft and the creation of false identities.⁵⁴ Stella detailed two moneymaking schemes. The first involved recruiting drug users (namely “white girls”) who would use fake IDs to secure loans of between \$10,000 and \$25,000, which would then be cashed at an outlet.⁵⁵ The second scheme involved creating a false identity using the social insurance number of someone who had died or left Canada. Over time, this number would be used to build a good credit rating. Later, drug users would be recruited to apply for a mortgage or large-scale loan using this number.⁵⁶ Neither of these schemes were actually carried out to finance the Toronto 18 terror cell or its plots, and they were longer-term schemes that would have likely been detected given the plot members’ relative lack of expertise in this type of financial crime and

⁵¹ Chand, ONSC at para 2.

⁵² Chand, ONSC at para 47.

⁵³ Teotonio, “Toronto 18: An Exclusive Account.”

⁵⁴ Chand, ONSC at para 48.

⁵⁵ Isabel Teotonio, “Blondes part of plot, court told,” *Toronto Star*, June 6, 2008, https://www.thestar.com/news/gta/2008/06/06/blondes_part_of_terror_plot_court_told.html.

⁵⁶ By obtaining, using, and re-paying credit using the stolen SIN number, they would potentially be able to obtain a higher credit amount, such as for a mortgage or loan.

financial institutions’ relatively advanced ability to detect fraud. These schemes would have taken months, if not years, to execute.

C. Phase 3 (Amara’s Plot)

By March 24, 2006, Amara was proceeding with his own plot⁵⁷ to construct improvised explosive devices and deliver them to (likely) three locations in downtown Toronto.⁵⁸ In terms of the source of funds, Amara worked at a Canadian Tire gas bar,⁵⁹ but most of that money likely went to support his family, and little (if any) was diverted to his terrorist activity. Amara may have been given funds by other members of the plot, but there is no information to suggest that this is the case. Amara acquired money for the plot by maxing out his credit cards, using a student loan,⁶⁰ and receiving contributions from the group.⁶¹ At the time of his arrest, he had a significant amount of cash on hand; he likely withdrew the funds from his accounts and conducted much of his acquisition activities in cash, a basic form of financial tradecraft meant to obscure the use of funds. Over the next decade, self-financing of terrorist activity through loans would become a significant method of terrorist financing for plots and attacks,⁶² and, in fact, had already formed the basis of funding for both the London 7/7 terrorist attacks,⁶³ as well as a terrorist plot in Sydney in 2005.⁶⁴

A potential alternative source of funds for Amara’s plot was Abdelhaleem, who had the most financial resources of anyone in the Toronto 18. He was a computer engineer, earned a six-figure salary, and

⁵⁷ Amara, ONSC at para 18.

⁵⁸ N.Y., CanLII at paras 5, 73.

⁵⁹ Shephard, “Toronto 18 Plotters.”

⁶⁰ Teotonio, “Toronto 18: An Exclusive Account.”

⁶¹ Speckhard and Shaikh, *Undercover Jihadi*, 3130.

⁶² For instance, the San Bernardino shooters funded their attack, in part, through a personal loan. See Maggie McGrath, “Why it Would Have Been Perfectly Legal for the San Bernardino Shooter to Borrow \$28,500 From Prosper,” *Forbes*, December 8, 2015, <https://www.forbes.com/sites/maggiemcgrath/2015/12/08/why-it-would-have-been-perfectly-legal-for-the-san-bernardino-shooter-to-borrow-28500-from-prosper/>.

⁶³ U.K., HC, *Report of the Official Account of the Bombings in London on 7th July 2005*, (Cm 1087, 2006), 23, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228837/1087.pdf.

⁶⁴ Austl, AUSTRAC, *Terrorism Financing in Australia 2014*, Commonwealth of Australia (2014), <http://www.austrac.gov.au/publications/corporate-publications-and-reports/terrorism-financing-australia-2014>.

drove a BMW convertible. He also sought to profit from the attacks by playing the stock market (one of the potential targets).⁶⁵ However, while Abdelhaleem was involved in communicating with the second police agent with regard to the amount of chemicals Amara was seeking to make the bombs, there is no indication that he actually provided the funds for the improvised explosive devices. Other possible methods to finance the attack could include diverting money by other plot members from student loans or bursaries. For instance, Saad Gaya was a McMaster University student at the time of the plot,⁶⁶ but there is no evidence that he provided funds for the plot.

Amara's intent was to use the funds acquired to stage the "Battle of Toronto." This attack would involve three U-Haul trucks: one parked at the corner of Bay and King streets in Toronto with one tonne fertilizer bombs containing shrapnel (metal chips). This location was chosen for its proximity to the Exchange tower and the Toronto offices of the Canadian Security Intelligence Service.⁶⁷ There would be a similar setup at the CN Tower, and potentially a third target as well: a military base along Highway 401 (likely Canadian Forces Bases Trenton or Kingston).

Amara demonstrated significant flexibility in his planning and acquisition of material, particularly as part of his operational security. He had two plans for the purchase of the material for the bomb: one involved a bulk purchase through a friend (the second police agent in the case), while the other involved smaller purchases of chemicals (fertilizer, bleach, and household items) to make the bomb.⁶⁸ Amara ultimately purchased three tonnes of ammonium nitrate fertilizer (that was instead replaced with a benign substance) in bulk from an undercover agent. These chemicals cost \$5,500, and Amara paid cash.⁶⁹ Amara also purchased material to make his improvised explosive devices such as a circuit board, a black box, a battery pack,⁷⁰ transistors, wires, electronic supplies, and multiple cell phones.⁷¹ Amara also ordered three phone kits that created the ability to remotely turn equipment on or off with your phone from a company in Texas,⁷² at a

⁶⁵ Shephard, "Toronto 18 Plotters."

⁶⁶ Shephard, "Toronto 18 Plotters."

⁶⁷ Teotonio, "Toronto 18: An Exclusive Account."

⁶⁸ *Amara*, ONSC at para 22.

⁶⁹ Teotonio, "Toronto 18: An Exclusive Account."

⁷⁰ Teotonio, "Toronto 18: An Exclusive Account."

⁷¹ Teotonio, "Toronto 18: An Exclusive Account."

⁷² *N.Y.*, CanLII at para 73.

cost of approximately \$50 each. Amara also planned to rent 14-foot U-Haul trucks for the attack.⁷³ The improvised explosive devices alone would likely have cost at least \$6,000.

Amara’s main use of funds was for the bomb-making material, but he also spent money on operational security. Saad Khalid (likely with money from Amara) rented the warehouse (essentially a safe house for the construction of improvised explosive devices) where the fake explosive material was delivered.⁷⁴ “On May 1, Amara bought three pagers to be used by Khalid, Gaya and himself to communicate.”⁷⁵ On June 2, Khalid and Gaya purchased a large quantity of corrugated boxes and plastic bags in which the plotters intended to store the fertilizer.⁷⁶ The boxes were also part of their operational security measures as they were specifically purchased in order for the plotters to detect any tampering with the materials. Amara also purchased t-shirts with the logo “Student Farmers” on them⁷⁷ and ordered “Student Farmer” business cards (200),⁷⁸ an attempt to develop a cover story for buying the ammonium nitrate fertilizer.

Amara primarily moved and stored his funds in cash. When he was arrested, \$12,380 was found at his house along with \$50 USD. Amara also appears to have given Gaya some of the operational funds, as he had \$9,150 in cash in his backpack when he was arrested.⁷⁹ The funds were kept at Amara’s home in envelopes in his safe.⁸⁰ This was by no means extraordinary: the use of cash is very common in terrorist attacks and plots, as it helps to obscure the electronic trail created by purchases, and it is also how individuals involved in nefarious activity, such as dealers in illicit weapons, accept payment.

Amara’s management of funds for the attack was extensive. He conducted detailed planning for his terrorist plot and determined that the plan would cost \$20,000 for Canadian expenses, including the bomb-making material, rental of a storage facility, and U-Haul trucks,⁸¹ with

⁷³ Teotonio, “Toronto 18: An Exclusive Account.”

⁷⁴ Shephard, “Toronto 18 Plotters.”

⁷⁵ *Amara*, ONSC at para 28.

⁷⁶ *Amara*, ONSC at para 35.

⁷⁷ Teotonio, “Toronto 18: An Exclusive Account.”

⁷⁸ *Amara*, ONSC at para 16.

⁷⁹ *Amara*, ONSC at para 36.

⁸⁰ *Amara*, ONSC at para 25.

⁸¹ Teotonio, “Toronto 18: An Exclusive Account.”

another \$10,000 for travel and living expenses in Pakistan for those that intended to flee after the attack.⁸² In total, Amara had acquired at least \$27,000 to use for the plot and his get-away plan, not counting the other, smaller expense he incurred in planning for his improvised explosive devices and constructing a cover story for his purchases. Amara's planning for the plot was detailed and specific, and he included accurate estimates for how much the material would cost. This level of detailed planning is rare; most terrorists ballpark their costs and finance their activities "on the fly" or on an as-needed basis.

While there was no terrorism financing charge applied in Amara's case, the funds found at his residence were subject to an order of forfeiture. This covered the \$12,380 Canadian dollars and \$30 U.S. dollars.⁸³

Ultimately, Amara was able to fund the entirety of what had the potential to be a spectacular, potentially high-casualty attack. He accurately identified the costs of his plan, self-funded the plot, and deployed those funds in cash to secure the goods and material required. Amara's plan would not have been limited by lack of operational funds, as so many terrorist plots are.

IV. COUNTER-TERRORIST FINANCING IN CANADA IN 2006

The Toronto cell and its subsequent plots demonstrate the importance of financing for the execution of successful terrorist activity. The broader Toronto 18 cell had minimal financing, most of which involved self-funding of preparatory activities like training camps by members of the group. Ahmad's plot was limited in scope and execution, in part because of his inability to obtain funds (as well as by other operational and organizational limitations). On the other hand, Amara's plot was well funded and managed, and he was able to obtain (or so he thought) all the required material for his improvised explosive devices.

In terms of countering the financing of the plot, there is little evidence that financing was taken into consideration as part of the investigation or that a separate, financially-focused, parallel investigation took place.⁸⁴ There

⁸² *Amara*, ONSC at para 23.

⁸³ *Amara*, ONSC at para 3.

⁸⁴ While this is a best practice, the implementation of parallel financial investigations in terrorism cases only became a formal recommendation from the Financial Action Task

were no specific terrorism financing charges laid (sections 83.02–83.04 of the *Criminal Code*), despite an abundance of financial activity on the part of Amara. There is also no indication that FINTRAC – Canada’s financial tracking intelligence unit – played a role in preventing or detecting the financing of the plot.

As the Toronto 18 cell was engaging in training activities and the separate plots were under development, FINTRAC would have been settling into its new mandate to facilitate the detection, prevention, and deterrence of terrorist financing.⁸⁵ The Toronto 18 plot would have been one of the first exposures to an ongoing terrorist investigation for the organization. However, the Centre would likely have had little in the way of information that would have been relevant to a terrorist financing investigation. Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, FINTRAC is mandated to collect information on a variety of transactions, including large cash transaction reports, electronic funds transfers, suspicious transaction reports, and terrorist property reports.⁸⁶ Some of Amara’s activities might have been reported to FINTRAC through suspicious transaction reports, but only if his withdrawal of funds raised suspicions at his financial institution. Even if his activity had been reported to FINTRAC, the Centre receives hundreds (at least) of these reports every year, meaning that FINTRAC would have had

Force (FATF) in 2012. See *FATF Report: Operational Issues Financial Investigations Guidance* (Paris, France: FATF, 2012), https://www.fatf-gafi.org/media/fatf/document/s/reports/Operational%20Issues_Financial%20investigations%20Guidance.pdf.

⁸⁵ The *Proceeds of Crime (Money Laundering) Act* was amended in 2001 to include terrorist financing, becoming the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17 [PCMLTFA]. See Financial Transactions and Reports Analysis Centre of Canada, *Proceeds of Crime (Money Laundering) and Terrorism Financing Act* (Ottawa: FINTRAC, last modified August 16, 2019), <http://www.fintrac-canafe.gc.ca/act-loi/1-eng.asp>. The Act was amended to comply with Canada’s international obligations to criminalize terrorist financing, as per UN Resolution 1373, which calls on states to prevent and suppress the financing of terrorist acts. See *Resolution 1373 (2001)*, S Res 1373, UNSC, https://www.unodc.org/pdf/crime/terrorism/res_1373_english.pdf.

⁸⁶ For a full list of FINTRAC reports, see Financial Transactions and Reports Analysis Centre of Canada, *Financial Transactions that Must be Reported* (Ottawa: FINTRAC, last modified August 16, 2019), <http://www.fintrac-canafe.gc.ca/reporting-declaration/rpt-eng.asp>.

little chance of identifying this as terrorist financing.⁸⁷ Minimal amounts of financial tradecraft⁸⁸ would have likely prevented any suspicions being raised, such as small and steady withdrawals of cash. It may have also been possible that FINTRAC would have received a large cash transaction report for any of the withdrawals that Amara made on his student loan or from his account (since he had cash well in excess of FINTRAC's reporting threshold of \$10,000). While either of these reports could have been filed noting a significant cash withdrawal, there would not have been any connection to terrorism. The only instance in which a terrorist link might have been drawn was if and when reporting entities became aware of the names of the individuals in the cell; then, suspicious transaction reports or terrorist property reports would have been submitted to FINTRAC. Fundamentally, the financing of Amara's plot was unlikely to trigger any reports from financial institutions in Canada, nor any proactive disclosures on the part of FINTRAC. Instead, any analysis and disclosure were likely to have been conducted post-arrest. This situation remains the case today. Whether or not FINTRAC, or other financial intelligence units, and indeed the international counter-terrorism financing regime, are well-positioned to detect operational terrorist financing remains an open question.⁸⁹

The Toronto 18 arrests took place in the summer of 2006, a little over two years after the arrest of Momin Khawaja, the first person arrested under Canada's revamped *Anti-Terrorism Act*. Khawaja's arrest is particularly significant because he was charged with terrorist financing, a first in Canadian history, but had not yet gone to trial – his terrorism financing conviction and the reasons for judgement would not be released until 2008.⁹⁰ The lack of terrorist financing convictions in Canada at the time of the Toronto 18 arrests, as well as the pending Khawaja trial, may have played a role in counter-terrorism investigators' understanding of terrorist

⁸⁷ FINTRAC's 2007 annual report (which covered 2005–2007), does not provide the total number of suspicious transaction reports received, but did note that approximately 125 cases disclosed involved these types of reports. See *FINTRAC Annual Report 2007* (Ottawa: Public Safety Canada, 2007), <https://www.publicsafety.gc.ca/lbrr/archives/cn000029669116-2007-eng.pdf>.

⁸⁸ Jessica Davis, "New Technologies but Old Methods in Terrorism Financing," (2020) Project Craaft Research Briefing No. 2 at 7.

⁸⁹ Nicholas Ryder, "Is It Time to Reform the Counter-Terrorist Financing Reporting Obligations? On the EU and the UK System," *German Law Journal* 19, no. 5 (October 2018): 1169–189, <https://doi.org/10.1017/S2071832200022999>.

⁹⁰ *R v. Khawaja*, 2008 CanLII 92005 (ON SC).

financing and the willingness of the Crown to pursue a terrorist financing charge in the Toronto 18 case.

Another possible explanation for the lack of terrorist financing charges is that the RCMP may not have conceived of the financial activities of Amara and Ahmad as terrorist financing. Terrorist financing has often been conceptualized (especially in the immediate post-9/11 years) as an international activity that involves terrorist groups abroad. It may be that the RCMP did not consider the activities of the cell terrorist financing because of a lack of an international connection or outside funders of the plots.

Another possibility that may explain the lack of terrorist financing charges is that the RCMP did not have sufficient evidence to lay terrorist financing charges. Much of the financial activity that forms the basis of this analysis was disclosed through the course of the trials and pleas for members of the Toronto 18. As such, this information may have only come to light later in the process. If this is the case, it suggests that the RCMP may not have prioritized the collection of financial information or information relating to terrorist financing, possibly indicating a failure on the part of the RCMP to conceive of terrorist financing broadly and to collect evidence (including financial evidence) to support such an investigation.

In Canada, given that sentences for terrorist activities are served consecutively (rather than concurrently), there would have been an incentive for the prosecutors to pursue a financing charge, as this could have added several years to a sentence. However, given that the most likely candidate for a terrorist financing charge was Amara (and he was already facing charges that would result in a life sentence), it is also conceivable that the Crown determined that pursuing a terrorist financing charge was not in the public interest.

The Toronto 18 cell and subsequent plots were not without precedent in the international community. Significant parallels can be found, particularly in the financing, between the Toronto 18 and the terrorist attacks of July 7, 2005, in London. In those attacks, two of the perpetrators travelled to Pakistan, potentially to receive training. The attackers also engaged in a variety of outdoor activities during the lead-up to their attack planning and rented a flat that they used as a safe house and bomb factory. Like the Toronto 18 plot, one of the 7/7 bombers provided most of the funding for the attack. He had credit, multiple bank accounts, and a

£10,000 personal loan, withdrawing funds slowly over time to finance the attack.⁹¹

While the investigation into the London attack was likely still ongoing at the time of the Toronto 18 cell development, and the methods of financing not yet public, given the close working relationship between law enforcement in the Five Eyes,⁹² it is conceivable that the RCMP would have had information related to the financing of the London attack or that it would have been available to them had they asked. Understanding the financing of terrorist attacks and plots is critical to be able to proactively detect, and ultimately investigate and prosecute, operational terrorist financing activity. Understanding how the London attacks were financed, and indeed other plots such as one that was disrupted in Australia during the same time frame, would have provided the RCMP with a framework from which to understand how domestic operational terrorist activity is financed, potentially leading to a more robust terrorism financing investigation and more concrete counter-terrorist financing results.

The decision not to pursue terrorist financing charges in the case of the Toronto 18 may have resulted in long-standing repercussions for Canada. Following this case, there have been very few convictions for terrorist financing in Canada.⁹³ Why those charges have not been brought remains the subject of much conjecture. Whether the issue lies in prosecutorial or investigative capability remains unclear, but the reason behind the lack of charges is worth further study given the extensive financial resources that are dedicated to countering terrorist financing in Canada⁹⁴ (as well as

⁹¹ HC, *Official Account of the Bombings*, 23.

⁹² This is a colloquial term for several transgovernmental policy networks known as the “Five Eyes” that include Canada, the United States, the United Kingdom, Australia, and New Zealand. The “Five Eyes” multilateral agreement evolved from a U.K.-U.S.A. framework; the legal basis for the broader information-sharing agreement is not public, but likely constitutes a combination of bilateral and multilateral agreements. See Tim Legrand, “Transgovernmental Policy Networks in the Anglosphere,” *Public Administration* 93, no. 4 (2015): 973–91, <http://doi.org/10.1111/padm.12198>.

⁹³ Michael Nesbitt, “An Empirical Study of Terrorism Charges and Terrorism Trials in Canada between September 2001 and September 2018,” *Criminal Law Quarterly* 67, no. 1/2 (2019).

⁹⁴ Anita I. Anand, “Combating Terrorist Financing: Is Canada’s Legal Regime Effective,” *University of Toronto Law Journal* 61, no. 1 (2011): 59–72.

internationally)⁹⁵ and recent evidence that terrorist financing remains an issue in Canada.⁹⁶

⁹⁵ Niclas-Frederic Weisser, “The Effectiveness of the Global Combat against the Financing of Terrorism for Preventing Terrorist Activity,” *ZIS Online*, 2013, 347, http://www.zis-online.com/dat/artikel/2013_7-8_764.pdf.

⁹⁶ Financial Transactions and Reports Analysis Centre of Canada, *Terrorist Financing Assessment: 2018* (Ottawa: FINTRAC, last modified August 16, 2019), <https://www.fintrac-canafe.gc.ca/intel/assess/tfa-2018-eng>.