

## **EVENT SUMMARY AND CEP POLICY RECOMMENDATIONS**

***CEP Webinar Supported by the Federal Foreign Office of Germany  
on Nov. 29, 2021:***

***“Financing of Transnational Violent Right-Wing Extremist and  
Terrorist Structures – Misuse of Online Services”***

**Dr. Hans-Jakob Schindler, Alexander Ritzmann, and Marco Macori**

**Counter Extremism Project (CEP) Germany**

© 2021 Counter Extremism Project | [www.counterextremism.com](http://www.counterextremism.com) | @CEP\_Germany

**COUNTER  
EXTREMISM  
PROJECT**

## Table of Contents

EVENT CONCEPT .....	2
EVENT AGENDA .....	3
EVENT VIDEO RECORDING.....	3
SUMMARY OF PRESENTATIONS.....	4
CEP POLICY RECOMMENDATIONS .....	13

## EVENT CONCEPT

The financing of violent right-wing extremist and terrorist networks and milieus—highlighted in a 2020 study by the Counter Extremism Project (CEP)<sup>1</sup>—has become the focus of national and multilateral expert discussions, with the Financial Action Task Force (FATF) publishing its first ever report on this issue in June 2021.<sup>2</sup> Clearly, the financial structures underpinning the violent right-wing extremist and terrorist scenes have professionalized and are generating significant profits through a range of financial strategies.

In addition to self-financing and donation drives, including crowdfunding drives using cryptocurrencies, the milieus finance themselves via commercially organized music events, festivals, and mixed martial art tournaments. Additional income is generated via the sale of merchandize offline and online, including via global social media platforms as well as real estate. Real estate is purchased to generate “fortresses” for right-wing extremist events, but it is also used as an investment and money laundering tool. Finally, some networks within the violent right-wing extremist and terrorist scenes are involved in criminal activities, such as the illegal drugs and arms sale as well as prostitution.<sup>3</sup>

Within these financing strategies, Internet services—such as online stores on social media platforms,<sup>4</sup> crowdfunding websites, as well as cryptocurrencies—are increasingly used to solicit donations, to transfer funds internationally, or be deployed as alternative payment mechanisms. Unfortunately, there is little incentive for the tech industry to act, and its defensive mechanisms against the misuse of their services for terrorist financing remain weak. Similarly, regulatory challenges and gaps concerning the misuse of cryptocurrencies also continue to exist.<sup>5</sup>

This webinar explored the current situation and discussed the various challenges encountered by governments and industry in countering this threat. This webinar was the third event in a virtual

---

<sup>1</sup> Rekawek, Kacper; Ritzmann, Alexander; Schindler, Hans-Jakob: Violent Right-Wing Extremism and Terrorism – Transnational Connectivity, Definitions, Occurrences, Structures and Countermeasures, Counter Extremism Project 2020, [https://www.counterextremism.com/sites/default/files/CEP-Studie\\_Gewaltorientierter%20Rechtsextremismus%20und%20Terrorismus\\_Nov%202020.pdf](https://www.counterextremism.com/sites/default/files/CEP-Studie_Gewaltorientierter%20Rechtsextremismus%20und%20Terrorismus_Nov%202020.pdf)

<sup>2</sup> Financial Action Task Force (FATF): Ethnically or Racially Motivated Terrorism Financing, FATF Report, June 2021, <https://www.fatf-gafi.org/media/fatf/documents/reports/Ethnically-or-rationally-motivated-terrorism-financing.pdf>

<sup>3</sup> For Germany see: Ritzmann, Alexander, Schindler, Hans-Jakob, Hindrichs, Thorsten, Kreter, Maximilian, Financing patterns and networks of violence-oriented right-wing extremist actors in Germany, CEP Report, September 2021, [https://www.counterextremism.com/sites/default/files/2021-09/CEP%20Report\\_Financing%20patterns%20and%20networks%20of%20violence-oriented%20right-wing%20extremist%20actors%20in%20Germany\\_Sept%202021.pdf](https://www.counterextremism.com/sites/default/files/2021-09/CEP%20Report_Financing%20patterns%20and%20networks%20of%20violence-oriented%20right-wing%20extremist%20actors%20in%20Germany_Sept%202021.pdf)

<sup>4</sup> For Germany see: Ritzmann, Alexander and Holznagel, Daniel, Wo Wölfe Kreide Fressen. Die Rechtsextreme Infrastruktur auf Facebook, Instagram, YouTube und Twitter, CEP Report, November 2021, <https://www.counterextremism.com/sites/default/files/2021-11/CEP%20Bericht%20-%20Die%20rechtsextreme%20Infrastruktur%20auf%20Facebook%2C%20Instagram%2C%20Youtube%20und%20Twitter%20-%20public%20version.pdf>

<sup>5</sup> Schindler, Hans-Jakob, Hanely-Giersch, Jennifer, Eisermann, Daniel, Further Development of European Union Regulatory Framework for Cryptocurrencies Necessary to Mitigate Risks of Terrorism Financing, CEP and Berlin Risk Policy Paper, April 2020, page 6, [https://www.counterextremism.com/sites/default/files/CEP-Berlin%20Risk\\_Policy%20Paper%20EU%20Crypto%20Currency%20Final.pdf](https://www.counterextremism.com/sites/default/files/CEP-Berlin%20Risk_Policy%20Paper%20EU%20Crypto%20Currency%20Final.pdf)

event series during which CEP, supported by the Federal Foreign Office of Germany, examines the various challenges emanating from the transnational right-wing extremist and terrorist movement.<sup>6</sup>

## **EVENT AGENDA**

### **Moderator**

***Dr. Hans-Jakob Schindler***

Senior Director, Counter Extremism Project

### **Introductory remarks**

***Gabriele Scheel***

Head of Division “International Cooperation against Terrorism, Drug Trafficking, Organized Crime and Corruption”, Federal Foreign Office of Germany

### **Part 1: Methods of misuse**

***Dr. Thorsten Hindrichs***

Research Associate, Department of Musicology, Johannes Gutenberg University Mainz

***Maximilian Kreter***

PhD candidate at the Hannah Arendt Institute for Totalitarianism Studies e. V. (HAIT) and doctoral fellow at the Centre for Analysis of the Radical Right (CARR)

***Alexander Ritzmann***

Senior Advisor, Counter Extremism Project

### **Part 2: Government countermeasures, challenges, and role of industry**

***Michael Hertzberg***

Assistant Director, Office of Terrorist Financing and Financial Crimes, U.S. Department of the Treasury

***Millie Radovic and Neil Everitt***

Financial Action Task Force (FATF): Risk, Trends and Methods Group

## **EVENT VIDEO RECORDING**

Please find the available video recordings here (playlist):

<https://www.youtube.com/playlist?list=PLMgGq1NecSpYz7tjdkZtdSCIKC2SZvmic>

---

<sup>6</sup> For an overview of the events series see: Counter Extremism Project (CEP): Virtual Event Series 2021. Violent Right-Wing Extremism and Terrorism, CEP Briefing Paper, May 2021, [https://www.counterextremism.com/sites/default/files/2021-05/CEP%20Briefing%20Paper\\_vXRW%20Event%20Series%202021\\_0.pdf](https://www.counterextremism.com/sites/default/files/2021-05/CEP%20Briefing%20Paper_vXRW%20Event%20Series%202021_0.pdf)

## **SUMMARY OF PRESENTATIONS**

### **Introductory remarks**

#### **Gabriele Scheel**

*Head of Division “International Cooperation against Terrorism, Drug Trafficking, Organized Crime and Corruption”, Federal Foreign Office of Germany*

Violent right-wing extremist and terrorist networks are one of the most significant security threats in Germany as recent official statistics concerning violence emanating from this scene demonstrate. These actors continue to misuse online services in order to distribute hateful and extremist content as well as for financing purposes. In this context, the global online networking of these actors is of significant concern, not least because of its decentralized nature via alternative online platforms. Moreover, research by CEP has shown that these actors have professionalized their funding schemes and strategies, especially by using online services and tools (such as web shops, e-commerce platforms, and potentially cryptocurrencies). Thus, it is essential to develop effective countermeasures to disrupt these financial activities. The Federal Foreign Office of Germany has been highly committed in various international fora such as the FATF in this regard and will continue to do so in the future.

### **Part 1: Methods of misuse**

#### **Dr. Thorsten Hindrichs**

*Research Associate, Department of Musicology, Johannes Gutenberg University Mainz*

The distinction between the social network of the right-wing rock music scene and the extreme right-wing milieu as a whole is difficult and only possible on an abstract conceptual level. This is particularly the case as far as commercial networks and businesses within this milieu are concerned. The organization of right-wing rock concert, regardless of whether they are small and clandestine or large and public, the extreme right always falls back on those structures. These have the necessary local and regional contacts, both socially and in terms of infrastructure. Worldwide, but especially in Germany, it is generally the two large extreme right-wing (and right-wing terrorist) networks Blood & Honour (B&H) and HammerSkinNation (HSN). B&H and HSN and their respective support structures, such as Combat 18 (C18; belongs to B&H) and Crew 38 (C38; belongs to HSN) that provide precisely this social and infrastructural network.

Initially after the formation of HSN (1986) and B&H (1987), there was hardly any contact or joint activities between the two networks. Instead, their relationship was characterized by rivalries and sometimes open competition. In Germany, however, at the beginning of the 2000s, actors from the German HSN chapters filled the organisational gap left by B&H's official ban in 2000. This enabled HSN to take over a large part of the German right-wing rock industry. During the 2000s, there was only sporadic cooperation between HSN and B&H, mainly on a transnational and less on a national level. It was not until 2012 that a cautious rapprochement between B&H and HSN could be observed in the run-up to the founding of a German offshoot of the B&H support structure, C18. Since then, continuous cooperation between the two networks can be documented at the transnational level, especially as far as the organisation of larger concert events is concerned.

At the national level, cooperation between B&H and HSN is not immediately apparent. However, when the view is broadened beyond the pure right-wing rock music market and includes the extreme right-wing martial arts scene, the analysis changes. When taking this broader view, cooperation also on a national level is apparent. Here, in particular the so-called Kampf der Nibelungen (KdN) [Battle of the Nibelungen] has developed from a purely HSN event (2013) to a cross-organisational event in which both HSN and B&H or C18 actors are involved, which then also has an effect back on the extreme right music scene via the integration of the KdN at the "Schild und Schwert" [Shield and Sword] festival in Ostritz (organised in the fall 2018).

Although the networks of HSN and B&H operating in the background are extremely difficult to understand, it goes without saying that social networks are not abstract entities. They are always constituted by the joint actions of individual actors. Accordingly, it is not surprising that the business area of concert events cannot be immediately linked with the names and addresses of corresponding companies. However, a second look at right-wing rock concert life reveals (more or less) astonishing similarities in personnel with the rest of the right-wing rock music market. Quite a few right-wing rock entrepreneurs from the field of recording media production and/or distribution also are leading cadres of HSN or B&H and thus occupy key positions both in right-wing rock music and in the extreme right as a whole, both at the national and transnational level.

Nonetheless, it would be short-sighted to reduce the right-wing rock music market, including the concert business, exclusively to the networks of B&H and HSN. There are sufficient examples of 'independent' right-wing rock entrepreneurs, i.e. those who initially operate independently of B&H and HSN, who play for extreme right-wing networks from Ukraine ('Asgardsrei' festival / 'Regiment Asow') to Italy (Hot Shower festival / Veneto Fronte Skinheads) to Scandinavia and the USA in several respects.

Despite, or rather because of, the sometimes extremely intricate and non-transparent business relations of the German right-wing rock music market, both on a national and transnational level, it is urgently necessary to take a closer look at its individual actors, not as 'individual perpetrators', but as individual representatives of the right-wing terrorist networks that are always working in the background. This applies in particular to the HSN. The role and influence of this network is currently massively underestimated. The essential ideological point of reference of HSN are the so-called "Turner Diaries", which, as is well known, encourage 'leaderless resistance'.

If the state security and regulatory authorities do not succeed in disrupting the "commercial success" invoked by Axel Schlimper, the extreme right-wing will continue to work not only on "developing" structures, but expanding and consolidating them, especially with and through music. In view of the numerous documented right-wing terrorist attacks of the past and knowing that right-wing rock and the extreme right as a whole are inseparable, intervention and repression are urgently needed. This is especially true with regard to the right-wing rock music market in all its ramifications. If the popular slogan of the milieu "*One day you will wish we'd only played music,*" is not to come true in a terrible manner, broader counter measures are urgently needed.

## Maximilian Kreter

*PhD candidate at the Hannah Arendt Institute for Totalitarianism Studies e. V. (HAIT) and doctoral fellow at the Centre for Analysis of the Radical Right (CARR)*

In order to carry out its political activities and develop structures, in addition to willing grassroots activists who donate their time and skills, the extreme right-wing movement needs money. These resources essentially come from four sources: party funding, organised crime, donations, and proceeds from the music and martial arts business. The business of White Power Music is divided into two major areas: First, the area of concerts or events, where revenue is generated primarily from admission fees, and second, the sale of recordings as well as merchandise. These are sold either at these events or through mail order.<sup>7</sup>

Assessments of the financial scope and significance for the extreme right-wing movement diverge widely. Some assessments are characterized by massive overestimation: "[I]t is obvious that the above-average profits that can be earned in the field of White Power Music are de facto only attainable with drug and arms dealing."<sup>8</sup> Alternatively, White Power Music is also referred to as "the right-wing extremist million-dollar business"<sup>9</sup>—without differentiating between sales and profits—or presented as a largely self-sustaining economic construct.<sup>10</sup> Differentiated, deliberative assessments that use specific examples to approach the financial volumes and the resulting significance of the respective areas from a journalistic,<sup>11</sup> civic,<sup>12</sup> or security policy perspective,<sup>13</sup> without claiming the interpretive sovereignty, are less likely to find their way into the public debate.

It is obvious to assume that, similar to other social movements or political parties, only a small circle of people can benefit financially and (partly) live from movement-related activities, both politically and financially. Such individuals have previously invested material, time, and ideological resources to achieve this status. In most cases they are also involved in the development of organisational structures, such as "Blood & Honour" or the "Hammerskins". Grassroots activists, supporters, and followers usually have to earn their living with non-scene or movement-related activities. The

---

<sup>7</sup> Cf. Martin Döring (2012): Geld verdienen mit Hass – rechtsextremistische Musik im Freistaat Sachsen zwischen Ideologie und Kommerz. In: Ministerium des Innern des Landes Brandenburg (eds.): Verfassungsfeinde und das Kapital. Finanzströme im Rechtsextremismus, Potsdam, pp. 9-14; Jan Raabe, Jan (2019): Rechtsrock in Deutschland. Funktionen, Entwicklung, zentrale Akteure - Umriss eines wachsenden Problems. In: Gideon Botsch, Jan Raabe und Christoph Schulze (eds.): Rechtsrock. Aufstieg und Wandel neonazistischer Jugendkultur am Beispiel Brandenburgs. Berlin: Bebra Verlag, pp. 19-44, here p. 39-41.

<sup>8</sup> Sven Pötsch, Sven (2002): Rechtsextreme Musik. In: Thomas Grumke and Bernd Wagner (eds.): Handbuch Rechtsradikalismus. Personen - Organisationen - Netzwerke vom Neonazismus bis in die Mitte der Gesellschaft. Opladen: Westdeutscher Verlag, pp. 117–127, here p. 127.

<sup>9</sup> Georg-Stefan Russew, "Das rechtsextreme Millionengeschäft", August 23, 2012, Die Zeit, <https://www.zeit.de/gesellschaft/zeitgeschehen/2012-08/rechtsextremismus-finanzierung-musiklabel>.

<sup>10</sup> Cf. Florian Flade/Marcel Pauly, "Wie sich die Neonazi-Szene ungestört selbst finanziert," Welt, October 30, 2016, <https://www.welt.de/politik/deutschland/article159101345/Wie-sich-die-Neonazi-Szeneungestoert-selbst-finanziert.html>.

<sup>11</sup> Cf. Maik Baumgärtner, "Millionen mit Hass", November 13, 2014, Bundeszentrale für politische Bildung, <https://www.bpb.de/politik/extremismus/rechtsextremismus/185061/rechtsrock-millionen-mit-hass>.

<sup>12</sup> Cf. Interview with Jan Raabe in: Schmidbauer, Hannah (2020): Musik im Zentrum des Rechtsextremismus. Die Bedeutung von Musik und Musikwirtschaft für die Entstehung rechtsradikaler Strukturen und Netzwerke. Stuttgart: Popakademie Baden-Württemberg, pp. LII-LXX.

<sup>13</sup> Cf. Martin Döring (2012): Geld verdienen mit Hass – rechtsextremistische Musik im Freistaat Sachsen zwischen Ideologie und Kommerz. In: Ministerium des Innern des Landes Brandenburg (eds.): Verfassungsfeinde und das Kapital. Finanzströme im Rechtsextremismus, Potsdam, pp. 9–14

business of White Power Music thus moves between the two poles of a professionalized, political business operations and ideological and socially motivated commitment, which can extend to (self-)exploitation.<sup>14</sup> How these functional mechanisms of an ideology-driven, social movement interact with the economic logic and practices of the music business will be calculated and classified. They can be classified in four event formats of different sizes and a leading music publisher with an affiliated mail-order business.

The four event formats are described in terms of their financial possibilities and limitations with regard to financing the extreme right movement. This is done based on three model calculations and empirical reconstructions.<sup>15</sup> These four formats represent recurring events, which are also held at recurring locations. They are:

1. Singer/songwriter concerts with an average of 50 visitors (closed society, partly conspiratorial, partly public)
2. Small concerts with 120 to 150 visitors (closed society, mainly conspiratorial, partly public)
3. Medium concerts with 200 to 250 visitors (closed society, partly publicly advertised, partly conspiratorial)
4. Large events with 1000 to 6000 visitors: exemplary "Rock gegen Überfremdung II" on 15.7.2017 in Themar.

If the income structure of these four event types is analysed, it becomes apparent that these include significant commercial risks are involved. Even small operational disruptions can reduce or even wipe-out the potential profit margins.<sup>16</sup>

However, when analysing the turnover of the mail order business, it becomes clear that even the individual business that was investigated for this study saw a steady increase in turnover over the

---

<sup>14</sup> Cf. Henning Flad (2006): Zur Ökonomie der rechtsextremen Szene - Die Bedeutung des Handels mit Musik. In: Andreas Klärner und Michael Kohlstruck (eds.): *Moderner Rechtsextremismus in Deutschland*. Bonn: Bundeszentrale für Politische Bildung, p. 102–115; Thomas Grumke (2008): *Die rechtsextremistische Bewegung*. In: Roland Roth und Dieter Rucht (eds.): *Die sozialen Bewegungen in Deutschland seit 1945. Ein Handbuch*. Frankfurt am Main: Campus, p. 475–491; Tobias Hoff/Jan Raabe, Jan (2020): *Music is the key. Die Mechanismen und Netzwerke des RechtsRock*. In: Robert Claus (eds.): *Ihr Kampf. Wie Europas extreme Rechte für den Umsturz trainiert*. Bielefeld: Verlag Die Werkstatt, p. 89–102.

<sup>15</sup> The classification of the three concert types was developed based on the quarterly "Small Inquiries" of the parliamentary group "Die Linke" in the German Bundestag concerning "music events of the extreme right" of the past five years and validated with analyses of civic organisations (among others Mobit, Exif Recherche, Recherche Nord, Rechercheportal Jena-SHK). In addition, the Small Inquiries on the "Real Estate of the Extreme Right Scene in Germany" as well as "Small Inquiries" from the state parliaments on the topic of White Power Music were used. For references see the chapter by Maximilian Kreter in: Ritzmann, Alexander, Schindler, Hans-Jakob, Hindrichs, Thorsten, Kreter, Maximilian, *Financing patterns and networks of violence-oriented right-wing extremist actors in Germany*, CEP Report, September 2021, [https://www.counterextremism.com/sites/default/files/2021-09/CEP%20Report\\_Financing%20patterns%20and%20networks%20of%20violence-oriented%20right-wing%20extremist%20actors%20in%20Germany\\_Sept%202021.pdf](https://www.counterextremism.com/sites/default/files/2021-09/CEP%20Report_Financing%20patterns%20and%20networks%20of%20violence-oriented%20right-wing%20extremist%20actors%20in%20Germany_Sept%202021.pdf)

<sup>16</sup> For detailed data and the various model calculations see the chapter by Maximilian Kreter in: Ritzmann, Alexander, Schindler, Hans-Jakob, Hindrichs, Thorsten, Kreter, Maximilian, *Financing patterns and networks of violence-oriented right-wing extremist actors in Germany*, CEP Report, September 2021, [https://www.counterextremism.com/sites/default/files/2021-09/CEP%20Report\\_Financing%20patterns%20and%20networks%20of%20violence-oriented%20right-wing%20extremist%20actors%20in%20Germany\\_Sept%202021.pdf](https://www.counterextremism.com/sites/default/files/2021-09/CEP%20Report_Financing%20patterns%20and%20networks%20of%20violence-oriented%20right-wing%20extremist%20actors%20in%20Germany_Sept%202021.pdf)



past nearly two decades, based on available commercial data and the continuous growth of its product range. Therefore, it must be expected that profits also increased accordingly.

## **Alexander Ritzmann**

*Senior Advisor, Counter Extremism Project*

The financing of violent right-wing extremist organisations and actors in Germany is diverse and multifaceted. However, broadly speaking, there is a lack of up-to-date and well-founded analysis of the financial strategies employed by these groups and individuals and of their sources of income. There does not yet seem to be a “*follow the money*” approach to the uncovering of network structures in the area of violent right-wing extremism, as has become established in many cases in the prevention and fight against Islamist extremism and terrorism, for example.<sup>17</sup> Until a few years ago, it was stressed by state authorities, including in Germany, that right-wing extremists tended to be self-financing,<sup>18</sup> namely through their own savings or inheritances, or even through blood donations. The focus was also on financing political parties, in this case in particular the National Democratic Party of Germany (NPD).<sup>19</sup>

However, some sections of the right-wing extremist milieu, in particular those that are closely integrated into transnational networks,<sup>20</sup> seem to have agreed some years ago to adopt a more professional approach to their financial strategies. “*The only way to create structures is through commercial success,*”<sup>21</sup> a leading right-wing extremist publicly stated at a major right-wing rock festival in 2017.

The spectrum of financial strategies used ranges from those with minimal income, for example from blood donations, through to online trading platforms and international music festivals, where revenues amounting to millions of euros can apparently be generated in some cases, with profits of several hundred thousands of euros.<sup>22</sup> Detailed explanations and calculations on the potential level of revenues and profits achieved at right-wing extremist music events and by a large store or online business can be found in the contribution supplied by Maximilian Kreter.

Following a report published by CEP at the beginning of November 2020 on the transnational connectivity of right-wing extremists, which also examined the financial activities of right-wing

---

<sup>17</sup> Ritzmann, Alexander: Kein Bier für Nazis (No beer for Nazis), ZEIT ONLINE, <https://www.zeit.de/gesellschaft/2021-02/transnationaler-rechtsextremismus-eu-bewegung-gewalt-judenfeindlichkeit-fluechtlingspolitik-osteuropa-alexander-ritzmann>

<sup>18</sup> Conference transcript of the Office for the Protection of the Constitution of the states of Brandenburg and Saxony, Enemies of the Constitution and the Capital – financial flows in right-wing extremism, 2012

<sup>19</sup> Senate administration for Internal Affairs and Sport, Department: Protection of the Constitution, sources of finance in right-wing extremist circles, 2007

<sup>20</sup> Rekawek, Kacper; Ritzmann, Alexander; Schindler, Hans-Jakob: Violent Right-Wing Extremism and Terrorism – Transnational Connectivity, Definitions, Occurrences, Structures and Countermeasures, Counter Extremism Project 2020 [https://www.counterextremism.com/sites/default/files/CEP-Studie\\_Gewaltorientierter%20Rechtsextremismus%20und%20Terrorismus\\_Nov%202020.pdf](https://www.counterextremism.com/sites/default/files/CEP-Studie_Gewaltorientierter%20Rechtsextremismus%20und%20Terrorismus_Nov%202020.pdf)

<sup>21</sup> Ibid. Axel Schlimper starting at 20:43 mins. (A. Schlimper:

[https://blog.zeit.de/stoerungsmelder/2018/06/15/das-moerderische-netz-der-holocaustleugner\\_26533](https://blog.zeit.de/stoerungsmelder/2018/06/15/das-moerderische-netz-der-holocaustleugner_26533))

<sup>22</sup> “Right-wing rock in Germany – the network of the neo-Nazis,” ZDF (Mainz, 2019), 20:43 - 20:50 mins., <https://www.zdf.de/dokumentation/zdfinfo-doku/rechtsrock-in-deutschland-das-netzwerk-der-neo-nazis-102.html> (Interview Stefan Kramer, LfV Thuringia)

extremist groups,<sup>23</sup> the German Conference of the Minister for the Interior resolved to *"further improve efforts to uncover the structures and interconnections of nationally and transnationally networked right-wing extremism, with a focus on sources of income and in particular on the further flows of finance and financial transactions."*<sup>24</sup>

A working group was set up for this purpose with the task of producing a report in time for the 2021 autumn conference.

On the international level there is also an increased focus on the financial strategies of right-wing extremists, for example in meetings of experts organised by the United Nations or by the German Federal Foreign Office in cooperation with other nation states<sup>25</sup>. In particular the most recent report issued by the Financial Action Task Force (FATF) in June 2021 looks at the diversity of relevant financial strategies.<sup>26</sup>

As shown by a recent CEP study,<sup>27</sup> a large proportion of these key actors in the various German right-wing extremist milieus are still present on Facebook, Instagram, YouTube, and Twitter. Since many of the above mentioned key right-wing extremist actors explicitly pursue economic interests, they use social media to promote their merchandise stores, martial arts associations, music labels, bands, and survivalist (or prepper) organizations and to reach new customers and to recruit new followers and members.

In general, they no longer carry out illegal activities there. For the most part, they also do not violate the respective companies' general terms and conditions or community standards with regards to hate speech or similar offences in order to avoid being permanently blocked from the platforms.

The question of whether users can legally compel social media platforms to enforce their own community standards and delete profiles of, for example (violence-oriented) extremist actors or hate organizations, is discussed in detail in this paper. On the one hand, this would break new legal ground in Germany; on the other, some community standards promise a somewhat "safe space" to users which needs to be honored.

---

<sup>23</sup> Rekawek, Kacper; Ritzmann, Alexander; Schindler, Hans-Jakob: Violent Right-Wing Extremism and Terrorism - Transnational Connectivity, Definitions, Occurrences, Structures and Countermeasures, Counter Extremism Project 2020 [https://www.counterextremism.com/sites/default/files/CEP-Studie\\_Gewaltorientierter%20Rechtsextremismus%20und%20Terrorismus\\_Nov%202020.pdf](https://www.counterextremism.com/sites/default/files/CEP-Studie_Gewaltorientierter%20Rechtsextremismus%20und%20Terrorismus_Nov%202020.pdf)

<sup>24</sup> Standing Conference of the Minister for the Interior and Senators for the Interior of the Federal States, collection of the resolutions released for publication on 10 December 2020, [https://www.innenministerkonferenz.de/IMK/DE/termine/to-beschluesse/20201209-11/beschluesse.pdf?\\_\\_blob=publicationFile&v=3](https://www.innenministerkonferenz.de/IMK/DE/termine/to-beschluesse/20201209-11/beschluesse.pdf?__blob=publicationFile&v=3) (Top 3)

<sup>25</sup> Counter Extremism Project (CEP): The Financing of Right-wing and Ethnically or Racially Motivated Terrorism, December 2020, <https://www.counterextremism.com/sites/default/files/CEP%20Virtual%20Side%20Event%2007.12.2020%20AFTER%20ACTION%20REPORT%20FINAL.pdf>

<sup>26</sup> Financial Action Task Force (FATF), Ethnically or Racially Motivated Terrorism Financing, FATF Report, June 2021, page 26, <https://www.fatf-gafi.org/media/fatf/documents/reports/Ethnically-or-rationally-motivated-terrorism-financing.pdf>

<sup>27</sup> Ritzmann, Alexander and Holznapel, Daniel, Wo Wölfe Kreide Fressen. Die Rechtsextreme Infrastruktur auf Facebook, Instagram, YouTube und Twitter, CEP Report, November 2021, <https://www.counterextremism.com/sites/default/files/2021-11/CEP%20Policy%20Brief%20-%20The%20extreme%20right-wing%20infrastructure%20on%20Facebook%20etc.%20Nov%202021.pdf>

## **Part 2: Government countermeasures, challenges, and role of industry**

### **Michael Hertzberg**

*Assistant Director, Office of Terrorist Financing and Financial Crimes, U.S. Department of the Treasury*

According to the U.S. Intelligence Community ethnically or racially motivated extremism/terrorism (REMT/REMV) is currently the greatest domestic security threat in the United States. Therefore, the U.S. Department of the Treasury supports various efforts countering the financial activities of these groups. Though most of the attacks emanating from this milieu are self-financed, for their activities these groups and networks use crowdfunding, often through social media, and (e-)commercial activities. In this context, it is a challenge to bring to bear existing countermeasures because most financing activities are not cross-border and often not illegal per se. Moreover, the potential use of digital currencies may pose a challenge. After the events of January 6 at the U.S. Capitol more focus has been put on the financial networks of ethnically or racially motivated extremist groups. On his first day in office, President Biden released a new National Strategy for Countering Domestic Terrorism. This strategy includes the strengthening of prevention programs and resilience to extremist messages; online counter-recruitment; increased support for local enforcement; increased collaboration with civil society. It is important to note that this strategy also emphasises the deployment of counter-terrorist financing tools. Finally, the U.S. administration is very engaged in international cooperation to counter this threat comprehensively, including at the level of the FATF. Here the U.S. government co-lead with Germany the new FATF project focusing on the ethnically or racially motivated terrorism financing.

### **Millie Radovic and Neil Everitt**

*Financial Action Task Force (FATF): Risk, Trends and Methods Group*

### **FATF Work on Ethnically or Racially Motivated Terrorism Financing (EoRMTF)**

This is a new project which was initiated in June 2020. The project is co-lead by the U.S.-government and Germany and involved the analysis of data from many FATF jurisdictions. It builds on previous work that the organization has done in the area of combatting the financing of terrorism.

#### **1. The FATF and Countering Terrorist Financing (TF)**

The key FATF recommendations to combat TF are:

- Assessing risks and the deployment of the “Risk Based Approach”
- Adjustment of national policies and coordination within government authorities
- Criminalization of TF by governments
- The use of targeted financial sanctions related to terrorism and TF
- Adjustment of regulations and effective supervision of financial institutions, designated non-financial businesses and professions (DNFPPs), such as for example the retail business as well as virtual asset service providers VASPs)
- Increase in international cooperation, in particular with regards to the powers/responsibilities of law enforcement, financial intelligence units (FIUs), etc.

These recommendations are the basis of the work of the Risk, Trends and Methods (RTMG) Working Group of the FATF which develops the following products for governments and regulatory authorities:

- Guidance on TF Risk Assessments
- Guidance on criminalization of terrorist financing
- Guidance on investigation and prosecution of TF
- Disruption strategies, information sharing

## **2. The EoRMTF Project**

The objectives of the project are:

- Identify common structural characteristics and patterns of EoRMTF;
- Provide a set of good practices to competent authorities on countering EoRMTF;
- Draw attention of AML/CFT experts to EoRMTF;
- Raise awareness amongst the public about EoRMTF.

Deliverables:

- EoRMTF Typologies Report (delivered in June 2021<sup>28</sup>)
- EoRMTF Risk Indicators Report (delivered in October 2021<sup>29</sup>)

## **3. Challenges in Combatting EoRMTF:**

The project identified a range of challenges when countering EoRMTF:

- Legal challenges, which impact the investigative powers and even priorities of competent authorities. These are caused by a range of different regimes within national jurisdictions and few terrorism-related designations of EoRMT actors, especially with respect to local or domestic ERWs. Groups and individuals may seek to capitalize on these differences and operate uninhibited.
- Operational challenges, which make this threat particularly difficult to combat. This transnational threat is all the more complex to combat and requires greater multilateral cooperation. The perpetration of violence by lone wolves is particularly challenging to counter as their financial preparations are difficult to detect. Such attacks however generate important post-incident financial intelligence.
- Risk awareness challenges which relate to continuously building on existing expertise to keep up with this evolving threat. Therefore, information sharing is key, as is the case in every type of AML/CFT. It is evident that expertise exists, so the challenge is how to combine it.

---

<sup>28</sup> Financial Action Task Force (FATF): Ethnically or Racially Motivated Terrorism Financing, FATF Report, June 2021, <https://www.fatf-gafi.org/media/fatf/documents/reports/Ethnically-or-rationally-motivated-terrorism-financing.pdf>

<sup>29</sup> Available for FATF Delegations on the secure FATF website.

#### **4. Challenges in Information Sharing:**

- Securely sharing classified information with external stakeholders;
- Exchanging information in a timely manner without interfering in or disrupting ongoing investigations;
- Providing specific information and indicators to help the private sector detect and disrupt the financing of EoRMTF attacks which, as stated in the EoRMTF report, are mostly self-funded lost cost attacks;
- Legislative provisions which limit authorities' ability to carry out risk assessment profiling of certain financial behaviors or entities which may be a significant part of EoRMTF;
- Maintaining regular relationships with a growing and dispersed financial sector.

## **CEP POLICY RECOMMENDATIONS**

- Raise awareness among regulatory and investigative authorities, including on a multilateral level, that the financial strategies of right-wing extremist and terrorist actors have professionalized and are highly networked. This also includes transnational connections between key entrepreneurs of the milieu. Therefore, continuous work in multilateral fora focused on the compilation and analysis of data concerning these activities and the development and continuous adjustment of relevant risk indicators for the private industry.
- Move away from a perpetrator-centered investigative approach to the financial activities of violence-oriented right-wing extremist and terrorist actors and emphasize the important role that financial support networks play for the function of the relevant networks as a whole and therefore indirectly also for the enabling of so-called single actor attacks.
- Deploy a wide range of instruments to combat these financial activities, which should also include administrative instruments, such as disruption of the financial activities of violence oriented right-wing extremist entrepreneurs through the coordinated and effective enforcement of tax provisions or company safety regulations.
- Take advantage of the fact that some violence-oriented right-wing extremist networks are deploying criminal methods, such as the involvement in the illegal drugs and arms trade as well as illegal prostitution and money laundering to adopt the so-called “administrative approach”, already successfully deployed against organized crime organizations to combat these activities.
- Increase coordination, information sharing, and the compilation of risk assessments between local, national, and multilateral authorities to identify appropriate targets for disruptive measures and to develop joined and coordinated approaches.
- Identify appropriate networks, such as for example Blood & Honour or HammerSkinNation, which operate on a transnational level and are directly involved in the perpetration of violence in several jurisdictions, for a designation as terrorism related on a multilateral level.
- Following appropriate designation, deploy the full range of counter terrorism financing tools, including targeted financial sanctions against individuals and entities, including business entities connected to such networks.
- Raise awareness within the tech industry, including among global social media platforms that violence-oriented right-wing extremist entrepreneurs continue to misuse their services for commercial activities and require such platforms to effectively police their services to mitigate this threat. This should also include appropriate adjustments and effective enforcement of their respective terms of service, which should explicitly exclude the use of services for the financing of terrorism and violent extremism.
- Raise awareness within the financial sector of the significant reputational risks emanating from the misuse of their services for the financing of violence-oriented right-wing extremism and through the effective sharing of data enable the industry to understand the involved business risk and employ a risk-based approach.
- Continuing regulatory work, including on the multilateral level to close remaining regulatory loopholes concerning the misuse of cryptocurrencies, including by violence-oriented right-wing extremist actors, recognizing that some technical innovations, such as mixers, tumblers, privacy

coins, as well as non-custodial wallets and exchanges present particularly challenges for the transparency of cryptocurrency transactions.<sup>30</sup>

- Increase technical capacities and capabilities as well as expertise among regulatory and investigative agencies dealing with cryptocurrency regulation and investigations, including the misuse of this technology by violence-oriented right-wing extremist and terrorist actors. This could also include the appropriate pooling of resources and joint investigations on a multilateral level.<sup>31</sup>

---

<sup>30</sup> Financial Action Task Force (FATF): Updated Guidance for a Risk-Based Approach for Virtual Assets and Virtual Asset Service Providers, October 2021, <https://www.fatf-gafi.org/media/fatf/documents/recommendations/Updated-Guidance-VA-VASP.pdf>

<sup>31</sup> See: Schindler, Hans-Jakob, Hanely-Giersch, Jennifer, Eisermann, Daniel, Further Development of European Union Regulatory Framework for Cryptocurrencies Necessary to Mitigate Risks of Terrorism Financing, CEP and Berlin Risk Policy Paper, April 2020, page 6, [https://www.counterextremism.com/sites/default/files/CEP-Berlin%20Risk\\_Policy%20Paper%20EU%20Crypto%20Currency%20Final.pdf](https://www.counterextremism.com/sites/default/files/CEP-Berlin%20Risk_Policy%20Paper%20EU%20Crypto%20Currency%20Final.pdf)