

Financial Strategies of
Right-Wing Extremist
Organizations and Actors
in the United Kingdom
and Germany

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COUNTER
EXTREMISM
PROJECT

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About this Study

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The positions presented in this study only reflect the views of the authors and therefore should not be read as an official position of the British Government.

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About CEP

The Counter Extremism Project (CEP) is a non-profit and non-partisan international policy organization that was founded to tackle the growing threat presented by terrorist and extremist ideologies. CEP develops strategies aimed at disrupting the financial, recruitment, and material support networks of terrorist and extremist groups and their leaders. For further information on our activities please visit our website: counterextremism.com.

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INTRODUCTION

1. This study outlines and analyzes the financial strategies and activities of key right-wing extremist (RWE) organizations and actors in the United Kingdom (UK) and in Germany. The research focused on legal as well as (potentially) illegal financial activities and on key actors (individuals/groups) with systemic relevance to the UK's and Germany's RWE milieus who have been active for a significant amount of time and have a significant track record of (being suspected or convicted) of relevant crimes as well as individuals who are likely to operate across national borders.
2. As identified in a 2020 CEP report¹ on the transnational connectivity of key RWE actors in six countries, right-wing extremists apply various strategies for generating income streams. These can be classified as: 1) self-financing/donations/crowdfunding/membership fees/cryptocurrencies, 2) concerts and music festivals, 3) commercial activities like merchandise stores/web-shops, 4) combat sports events, 5) purchase of real estate for investment purposes and to establish "safe spaces," and 6) organized/financially motivated crimes, including money laundering.
3. Some of these financial strategies do generate significant amounts of income, as shown in another CEP report on RWE financing patterns and networks in 2021.² A significant portion of the generated funds are in cash. In this context, illegal activities such as tax evasion or money laundering could present a weakness in these financial activities that offer potential opportunities for disruption by law enforcement and tax authorities if investigative priorities are set appropriately.
4. The objective of this study is to inform policymakers and practitioners working on the prevention and countering of right-wing extremism/terrorism as well as financial crime with the goal of enhancing the understanding of the RWE financial strategies and to encourage further cooperation between relevant government agencies and civil society organizations.

Right-Wing Extremism in the UK and Germany - Context and Challenge

5. The United Kingdom and Germany see violent right-wing extremism and terrorism as a major threat to public safety and minority groups. In 2022, for the second year running, the number of PREVENT referrals for extreme right-wing radicalization concerns in the UK was larger than referrals for extremist Islamist concerns.³

The German federal government has recognized right-wing extremism as the most significant threat to democracy in Germany for several years.⁴ Similar to the situation in the UK, the RWE milieus or movements in Germany are diverse in terms of their objectives, strategies, and structures and capacities.

6. A connecting and essential component in both countries are entrepreneurs or key actors of extremism. This refers to RWE individuals or groups that have already been holding key roles in leadership, propaganda, recruiting, and financing for a prolonged period. They are often experienced and avoid direct calls for violence or publicly visible command positions in violence-oriented groups. These key actors of extremism rather facilitate and steer events such as Rechtsrock/Rock against Communism (RAC) music events or political activities. They promote narratives of “white victimhood” and “self-defense” and are therefore essential to the milieus that breed RWE violence.
7. Currently, there is a lack of detailed up-to-date analysis of the legal as well as (potentially) illegal financial strategies and sources of funds for the different RWE related activities in the UK and Germany. Existing research focuses mostly on the financing of terrorism. Right-wing extremism, however, often operates in the grey zone between legal and illegal as well as violent and non-violent activities. Political violence, and terrorism in particular, do not exist in a vacuum and require financial resources. Understanding causal and contributing factors as well as the roles of allegedly legally operating key extremist actors is essential for effectively preventing and combating political violence and terrorism.

RESEARCH METHODOLOGY

8. The research for this project was conducted via open-source intelligence, data collection from commercial databases, and interviews with experts, practitioners, and former extremists. It is building on previous work undertaken by CEP concerning the financing of right-wing extremist (RWE) actors and networks.⁵
9. During February and March 2023, this project produced an inventory of some of the most relevant actors of right-wing extremism in the UK. This included 18 RWE groups, organizations, parties, and music bands; 31 key RWE individuals; and 52 affiliated for-profit businesses, such as merchandise stores/retail fashion, publishing houses, and financial services.
10. Regarding the financial strategies employed by German RWE actors discussed in this report, this study draws from a dataset which was created for the CEP project “Financing patterns and networks of violence-oriented right-wing extremist actors in Germany,”⁶ which was published in September 2021. A hundred German key RWEs were identified and 38 relevant for-profit business entities in Germany that were involved in the production and dissemination of RWE music, were assessed. In addition, a selection of prominent RWE merchandise stores was sampled to estimate the scale and nature of their business activity in May 2023. Also, data on the number of RWE music events and participants in 2022 were collected and assessed.
11. Selection criteria for the inventory and mapping process of the key stakeholders within the milieus were the number and relevance of RWE activities that they were involved in, e.g., commercial enterprises, traditional and innovative fundraising activities, rallies, propaganda activities, music events, combat sports events, and national and transnational networking.
12. Experienced researchers from CEP’s international experts network led the mapping of the key RWE actors in the UK and contributed significantly to the overall analysis of the findings. A corporate intelligence and compliance advisory company supported the research on the most relevant RWE actors identified by the experts.

SUMMARY

13. CEP’s research has identified a broad range of RWE income streams and financial strategies in the UK and in Germany.

14. In the **United Kingdom**, these include:

- Strategic RWE donors and funders that continue to inject significant sums into crowd-funding campaigns of key RWE leaders and actors.
- Key RWEs have been showing a curious pattern of registering several limited companies (LCs) each time a political campaign is nascent and/or to avoid tax authority’s/ company registry/insolvency actions.
- Key RWEs use spouses or affiliates to register commercial enterprises, in particular LCs, potentially to avoid monitoring and complicate tracking.
- Key RWEs use their personal bank accounts for ongoing commercial activities.
- Key RWEs use pay-per-engagement/influencer-audience type crowdfunding strategies and a shift towards the use of cryptocurrencies.
- Key RWEs outright promote companies that endorse alternative payment methods as a means of avoiding a perceived unjust tax system.
- The younger UK RWE music scene is decentralized, online, and promoting newer music genres, which further facilitates their outreach into parts of society previously

unreachable through traditional Blood & Honour music events. As a result, the impact of the RWE music scene can be seen as increasing.

15. In **Germany** these include:

- German RWE milieus are highly networked with discernible structures connecting the various nodes, such as an RWE advice center for operational security offline and online, RWE-affiliated lawyers, and long-standing transnational RWE networks such as the Hammerskins (music events/production), Blood & Honour (music events/production), or Kampf der Nibelungen (combat sports events/merchandise).
- The 38 relevant business entities in Germany, identified as key stakeholders in the production and dissemination of violent right-wing extremist music seem to mostly function in a cooperative manner, with various stakeholders being linked to each other. This indicates the strong network character of RWE (music-related) businesses in Germany.
- Many key RWEs in different RWE milieus in Germany seem to have professionalized their financial strategies, including their ability to obfuscate financial activities.
- RWE music can be a very profitable business in Germany due to the increasing professionalisation of production, dissemination, and event management. These financial structures have survived, and possibly even profited from, the COVID-19 pandemic relat-

- ed uptake of mail-order businesses. Following the end of COVID-19 related restrictions on public events, the number of RWE music events has increased drastically in the fourth quarter of 2022.
- Many of the most prominent key RWEs are still allowed to use social media platforms like Facebook, Instagram, YouTube, and Twitter to promote their business activities, despite the fact that the social media companies claim that they do not allow right-wing extremists to use their services.
16. While the identified financial RWE strategies and activities in the UK and Germany appear legal at first sight, the seemingly deliberate opaqueness of almost all of them indicates a high likelihood of systematic tax evasion as well as violations of transparency and reporting requirements.
 17. Therefore, the diversity and innovative strategies of key RWE actors in the UK and Germany require an equally broad range of risk mitigating measures and a government financial disruption strategy that target key RWE actors, including through tax audits, which could have immediate disruptive effects that could slow down or hinder the financial, propaganda, and recruitment efforts of key RWE stakeholders in both countries.
 18. Such well-prepared tax audits would require the cooperation of different government agencies to ensure that sophisticated tax evasion schemes can be discovered, including possible broader RWE networks that cooperate covertly.
 19. Since RWE key actors are openly opposing and challenging the authority of the UK and the German government, CEP suggested targeted investigations by law enforcement and tax authorities into illegal activities, such as tax evasion or money laundering. These could present an opportunity for the effective disruption of extremist funding, propaganda, and recruiting strategies.⁷
 20. In April 2022, the German federal government announced a new action plan against right-wing extremism that includes a strategy focusing on RWE networks, key actors, and financial activities, indicating that a “follow the money” may be applied.⁸ However, at the time of writing, no reports concerning related operational activities or findings by the relevant German authorities have been published.
 21. Prosecutors and law enforcement in the UK do not seem to apply a “follow the money” strategy in the area of right-wing extremism so far.

An RWE United Kingdom – Germany Connection

22. Ties between RWEs from the UK and Germany have a long tradition, in particular in the broader context of the Rechtsrock/Rock against Communism (RAC music scenes and through groups and networks, such as Blood & Honour and Combat 18.⁹ German and UK experts on Rechtsrock/RAC music interviewed for this report stated that the cooperation between German and UK RWE actors in recent years seems to be informal, based on the long existing ties through the Blood & Honour network, and is limited to joined distribution and promotional activities, or artistic collaborations, such as Brutal Attack’s album release by Rebel Records¹⁰
23. More recently, some German Reichsbürger with clear RWE associations have been using UK’s limited liability companies (LCs) as a tool to generate significant earnings in Germany.

RECOMMENDATIONS

24. The financial strategies of RWE entities in the UK and Germany revealed indications of potential tax evasion, which could provide an opportunity for disruptive action by the relevant authorities.
25. In general, CEP suggests an increase of bilateral and multilateral exchange of experience concerning investigations of RWE financial activities. As outlined in this report, authorities in the UK and Germany face a range of challenges when countering the financial activities of right-wing extremists that are neither obviously criminal nor terrorism related. It is also possible that RWEs in Germany might replicate some of the more innovative digital financial strategies from the RWEs in the UK in the near future. Therefore, enhanced exchange of promising practices and investigative methods could be used to support the identification of relevant investigative leads.
26. Additionally, CEP would like to suggest the following policy recommendations, which are available in a more detailed version for policymakers and other legitimate stakeholders upon request:

E) Raise awareness within the financial sector, including FinTech

28. German policymakers:

A) Follow the money - ensure tax audits are utilised in cases where patterns could suggest tax evasion

B) Investigate RWE real estate holdings

C) Coordinate among federal, state, and municipal levels

D) Train municipal and tax authorities

E) Confront social media companies that fail to remove key RWE actors from their sites

27. British policymakers:

A) Follow the money - ensure tax audits are utilised in cases where patterns could suggest tax evasion

B) Quality control of information filed by the relevant limited companies (LCs) at Company House

C) Increasing quality control mechanisms for information provided to Company House

D) Enhance cooperation on capacity and capability to investigate virtual assets

FINANCIAL STRATEGIES AND ACTIVITIES OF GERMAN AND BRITISH RWE KEY ACTORS

The Legal Framework in Great Britain

29. Given the current legal framework in the UK, the capabilities of government authorities are focused on capturing incidences of financial crime and terrorism financing but are constrained from generating data and analysis when entities are involved that have neither been classified as criminal nor as terrorist. Equally, existing public-private information exchange mechanisms, such as the Joint Money Laundering Intelligence

Taskforce (JMLIT), are currently not able to adequately focus on incidents of extremist financing as these fall outside their mandated scope of activities. Therefore, the scarcity of official data is likely causing a gap between ongoing financial activities of right-wing extremists and existing defense mechanisms that could be deployed to disrupt and mitigate risks from such activities.

Innovation Meets Tradition – Financial Strategies and Activities of British Key RWE Actors

30. The financial activities of many RWEs in the UK are significantly more innovative, diverse, and, at the same time, less publicly visible compared to the financial strategies of RWE in Germany. For example, large scale RWE music festivals, combat sports events, or openly operating RWE commercial entities with significant annual turn-

over do not seem to take exist in the UK anymore. Instead of having a limited number of visible income streams, like RWE key actors in Germany, several key UK RWE actors seem to be engaged in a broad variety of small to mid-size financial operations and activities, which in sum could lead to significant earnings.

THE UK RWE “NEW SCHOOL” OF FINANCIAL STRATEGIES AND PATTERNS

Digital Enterprises

31. Many key UK RWE actors have switched from traditional methods to raise funds, such as membership dues, paid newsletters, or regular financial donations, and transitioned towards micro-donations spread across crowdfunding, merchandizing, and online monetization platforms. This ‘influencer plus audience’ financial model¹¹ allows individuals to generate income regardless of their organizational affiliation and thus sustain their activism outside of ideological rivalries and competition for resources within groups. Key British RWE actors have instead copied and implemented the financial strategies of non-extremist mainstream online activists or influencers, while at the same time, trying to diversify and hide their different income streams.
32. A turn to (financial) individualism within UK RWE milieus is clearest in the space of digital enterprises, which makes understanding its financing overall exceptionally difficult. The popular approach to monetizing online content is simultaneously tiered and multi-pronged. As a baseline, RWEs engage ‘soft sell’ tactics. YouTube-alternative Odysse.com, for instance, has a ‘Support’ button (placed in a prominent position next to the reaction gauges) facilitating donations to the creator. Additionally, videos and podcasts often implicitly or explicitly encourage the audience to purchase items (i.e., books, music, apparel, etc.) from web shops.
33. RWEs also promote a set of free teaser content, often brief video clips, audio files, or short blog posts discussing topical issues with dog-whistles to extremism. These are designed to make the consumer feel curious yet unsatisfied, engendering a sense that there is ‘more to the story’ and to encourage individuals to pay for further content. Some websites allow viewers to listen to a subset of podcasts and then view others that require payment of a rolling subscription fee. From what can be known of such ‘premium’ content, creators speak more openly about their worldviews and aiming to further radicalize consumers.
33. Meanwhile, several RWEs host curated communal conversations on platforms such as Telegram and Gab. However, these are almost always bifurcated, with free as well as fee-based chats. Many RWEs also sell users the opportunity for an individual chat on sites including Entropy, Telegram, Buy Me a Coffee, and SubscribeStar. Whereas free formats such as Ask Me Anything on Reddit exist, RWE actors nevertheless charge for their time. For observers, the pay-per-chat tactic is very difficult to assess because of the personalized exchange. Without access to either participant’s account, it is not possible to ascertain precisely what information is shared between the two. Given the opaqueness of these financial streams, tax evasion is a potentially relevant issue here.

34. CEP's research has found that some UK RWEs outright promote companies that endorse alternative payment methods as a means of avoiding a perceived unjust tax system. There is also reason to believe that such activities like soliciting cash, taking payment in bitcoin, and even encouraging pay-per-chat business with its untransparent payment methods, indicate efforts to hide profits from taxes.
35. Crowdfunding has reportedly become a lucrative funding element in the UK's post-organizational RWE scene. From micro-donations based on viewable content or party donations to strategic investment by high-net-worth foundations and individuals (both in the UK and abroad), substantial income revenues have been accrued from such strategies in recent years, including the regular occurrence of 'halo' investments.¹² This has potential implications in terms of tax evasion, reporting, and transparency.

UK RWE "OLD SCHOOL" FINANCIAL STRATEGIES AND PATTERNS

36. According to records obtained from Company House, British RWEs have played pivotal roles in businesses focused on everything from construction to computing, driving instruction to real estate. The names of these companies normally do not indicate that they are controlled by extremists. However, RWEs seem to favor certain industries: publishing, media, financial services, and retail fashion.¹³ These sectors are attractive to RWEs as they allow RWEs to spread their radical message while also earning money.
37. Furthermore, it is common for individuals to register businesses under several different names, including aliases and various iterations of their legal name. At present, despite registering with similar names, the same birthday, and often even the same corresponding address, these profiles are separate, thereby obfuscating the totality of any person's complete corporate portfolio.
- Strategic Donors and Curious Financial Patterns:**
38. Strategic RWE donors and funders continue to be willing to inject significant sums into crowdfunding campaigns of key leaders and actors within the RWE movement in the UK.
39. Use of personal bank accounts due to de-platforming or de-monetization by online service providers. However, some RWEs are still using mainstream online payment services.

40. Use of spouses or affiliates to register companies, presumably to avoid monitoring/tracking, for safety and ensure long-term viability in terms of financial/financing structures.
41. Registering several companies each time a political campaign is nascent and/or to avoid tax authority's/company registry/insolvency actions.
42. Merchandizing businesses with no discernible administrative structure based solely on an online platform and a private bank account.
43. Use of euphemistic language in company listings and/or using cover vocations to evade detection and to present a more legitimate front-facing image.
44. Similar practices exist around charity fundraisers and merchandizing arms of street movements with untransparent structures and lack of information concerning where money is spent.¹⁴

This could indicate tax evasion.

Profitability

45. It is difficult to provide definitive statements on exactly how much money any given RWE actor or business analyzed for this report makes, given the various measures employed by these actors to obfuscate potential profits. However, in general, there are indications that RWEs generate significant amounts of money each year. At the time of this research, some crypto wallets contained the equivalent of several hundred British pounds (GBPs). At the same time, RWEs are soliciting donations via cheque, presenting a challenge in estimating the funds they obtain.
- Some of the various companies registered by RWEs have significantly varying reported assets on their balance sheets—one shows reported assets of £302,000 in 2022 (a decrease from £452,000 in 2021). Other RWE-linked companies also show a variety of assets in their balance sheets. Overall, there is no discernible pattern in the reported assets contained in the balance sheets of the RWE-linked businesses analyzed for this report. This could be an indication of deliberate attempts of obfuscation by these actors.

THE CURIOUS ROLE OF RWE MICRO ENTITIES ESTABLISHED AS LIMITED COMPANIES (LCS)

Patterns in the Use of Commercial Structures

46. Compared to the financial networks of violence-oriented right-wing extremists in Germany,¹⁵ the financial activities of right-wing extremists in the UK are less public and more individualized. Therefore, it is not surprising that the use of commercial structures, such as LCs, by such extremists in the UK does not seem to follow commercial imperatives but seem to serve other purposes. This is different from the use of commercial structures, such as *Unternehmensgesellschaften* (UGs) or *Gesellschaft bürgerlichen Rechts* (GmbHs)¹⁶ by their German counterparts as these are used primarily to funnel generated assets and to obfuscate financial activities.
47. Most RWE entrepreneurs or key actors at the center of this report have established micro entities¹⁷ in the form of a LC, in some cases several LCs in series. When comparing the balance sheets of these LCs over the time, the following pattern emerges:
48. The LC is established but on its balance sheet, the LC only reports minimum amounts of assets and liabilities (in some cases as low as 1 GBP).
49. Over the years, the balance sheets do not indicate commercial activities. The reported assets and liabilities remain at the same level (in some cases the same numbers are reported year by year).
50. After several years, the LC stops reporting and is compulsory struck off and dissolved by Company House.¹⁸
51. Shortly after dissolution, the individual establishes a new LC with a different company name and the pattern repeats.
52. Although commercial activities of these LCs are unlikely, there are no indications that most individuals controlling these earn income from other employment. In some cases, other more individualized commercial activities are conducted outside the scope of the LCs. Therefore, the commercial reasoning behind the establishment of the LC is not apparent in either one of these patterns.¹⁹ The respective individuals could also operate as sole traders.²⁰ In rare cases, operating as a sole trader seems to have been the route chosen by the respective individual after the dissolution of an LC.
53. Self-employed individuals and individuals controlling micro entities report their income taxes in the United Kingdom via a self-assessment tool.²¹ Both information contained in the reporting of the simplified balance sheet to Company House as well as the reported income on the

self-assessment tool are largely controlled by the respective individual. To ascertain the actual income or disposable assets for a given individual, it would be necessary to double check this data individually, since micro entities are generally exempted from audits.²²

54. However, the establishment of an LC could also serve a different purpose. It is generally difficult for individuals that are considered higher risk by the financial industry, such as extremists, to open a bank account in the UK. However, the establishment of an LC can be helpful for such an individual if he or she attempts to open a bank account outside the UK, as the LC creates a veneer of respectability by allowing know your customer (KYC) procedures in foreign financial institutions not familiar with the extremist milieu in the UK to capture the directorship of an established company.²³ Interestingly, a range of British

RWEs seem to have developed strong connections to countries in Central and Eastern Europe during the past decade, which parallels the time during in which the LCs were also established. For example, some key RWEs identified in the research were reportedly owning or operating a real estate company, a publishing house, and a music record label in Hungary.²⁴

55. Therefore, to ascertain whether these LCs were used to obtain bank accounts outside the UK, data concerning the bank account balances and accounts for which citizens and residents of the UK are signatories, which is provided annually by foreign financial institutions through the Common Reporting Standard (CRS)²⁵ system, could be checked. This could be particularly useful as in August 2022, reporting on virtual assets was included in the CRS via the Crypto-Asset Reporting Framework (CARF).²⁶

Virtual Assets

56. Virtual assets present a particular challenge when attempting to disrupt the financial activities of malign actors or extremists. Data collected for this report demonstrates a growing use of virtual assets by British RWEs. In cases where these extremists used more transparent virtual assets, such as Bitcoin or Ethereum, it became obvious that not insignificant sums were transferred through the respective wallets. Interestingly, these sums were generally higher than the assets on the balance sheets of the LCs connected to this milieu. However, a noticeable

trend towards less transparent so-called privacy coins, for example Monero, is discernible. This mirrors the behavior of RWEs in other countries, such as the United States, where the use of Monero seems to have become particularly prevalent among individuals within this milieu.²⁷ Unfortunately, due to increased encryption for wallets containing privacy coins,²⁸ it is not possible to ascertain the frequency or total sum of virtual assets that are transferred through them. This presents a growing challenge for law enforcement and tax investigations.

THE YOUNG BRITISH RWE MUSIC SCENE - NEW FINANCIAL AND PROPAGANDA STRATEGIES

57. The RWE music scene in the UK is also not as organized as it once was. CEP research and interviews suggest that younger activists are primarily focused on the promotion of their ideological message through low-cost and smaller online operations. This removes some of the financial constraints that larger offline activities of the Blood & Honour music scene had to contend with in the past. Younger activists are also developing and promoting newer music genres such as Fashwave or Natz/Pagan Punk. This new and more decentralized structure a) is capable of spreading its ideological message more broadly and more effectively than before and b) is concentrated fully on recruiting new members to the movement and on promoting (violent) action by the movement.
58. In the past, dedicated RWE activists had given money to key RWE individuals or organizations to help build RWE operations. These funds were allegedly often misused by such RWE individuals or organizations. In response, currently younger RWE activists of the RWE music scene pursue a much more decentralized and diversified financial strategy, consisting of smaller amounts of money going directly to the (other) activist recipient instead of being collected by a key RWE actor with a hub function.
59. Despite a clear reduction in its activities, the RWE music scene in the United Kingdom continues to play a concerning role in the radicalization and recruitment of further right-wing extremist activists and supporters. Music is a powerful outlet that can develop a strong emotional reaction and, with many RWE bands promoting National Socialism and militant White Nationalism, these activities can radicalize individuals and risk turning newly recruited right-wing extremist activists toward criminal and violent behavior to further their newly found ideological aims.
60. Shifting to online platforms and therefore largely unconstrained by financial considerations, the current decentralized structure is capable of spreading its ideological message more broadly and more effectively than ever before. The RWE music scene, which had a strong financial component in the past, in its new decentralized online structure can concentrate fully on recruiting new members of the movement and on promoting action by the movement.
61. As a result, the impact of the RWE music scene can be seen as increasing, not decreasing. Younger activists are not only broadening their reach but are also developing and promoting newer music genres which further facilitates their outreach to widen their influence into parts of society previously inaccessible to traditional Blood & Honour music activities. Therefore, the RWE music scene in the UK, although possibly smaller in size, remains a core component and a key activity of the overall RWE movement in the UK.

CASE STUDY: British and German RWE Music Business Connections

62. Several British RWE music groups have published their albums through German RWE music producers. The German label Rebel Records, located in Cottbus, Brandenburg, seems particularly active here. Rebel Records is a key RWE stakeholder in Germany. The company is part of a network of companies, such as SVP Media UG, Subversion Production and Black Legion. This network is connected through the co-ownership of these companies by key German RWE individuals. No information regarding the business success or annual turnover of Rebel Records are available. PC Records, a prominent German RWE music label and business, which operates similarly to the Rebel Records network, had an estimated annual turnover of at least 372,000 euros in 2009 and between 570,00 to 770,000 euros in the years 2018 to 2020.²⁹

Brutal Attack - Links to Germany

63. The music of the UK RWE band Brutal Attacks has been sold by numerous German online music stores.³⁰ The band has a sizable following and high reputation in Germany, where they have regularly performed.³¹ Reportedly, the band was involved in several projects with German musicians via the German-British-Friendship initiative.³² In 2017, at a major German RWE event in Thuringia, with approximately 3250 participants from at least seven countries, the performance of Brutal Attack was cut short by the police due to “incitement to hatred,” a violation of the German penal code (§ 130 Strafgesetzbuch).³³

64. Examples of co-ownerships of labels/music-related businesses by actors in the UK and Germany were not identified during our research. Experts on Rechtsrock (white supremacy/hate/Rock Against Communism) music, interviewed

for this report, assessed that the cooperation between German and UK RWE actors is informal, based on the long existing RWE Blood & Honour network, and limited to distribution, promotion, or artistic collaboration.³⁴

CASE STUDY: The German Reichsbürger Movement - UK Connections

65. The Reichsbürger (Citizens of the Reich) movement challenges the legitimacy of the current German democratic political order. German intelligence services estimated 23,000 individuals as members of the Reichsbürger in 2022.

66. In October 2022 and June 2023, two events called “Zukunftskongresse” (Future Congress), organized by the German Reichsbürger, took place in Thuringia and Niedersachsen. The available information concerning the events and its organizers indicates that these Reichsbürger meetings can be considered RWE-affiliated events. Well-known extreme right-wing key actors³⁵ attended the events, and some played an active role. Each of these two events brought together around 200 people from all over Germany.

67. Participants were asked to wire a fee of 80 euros per person to the bank account of an LC registered in the UK. The company’s sole director and shareholder is a German citizen and propagandist of the Reichsbürger ideology.

68. A New Business Model: The Reichsbürger “Sovereignty Package” CEP’s research collected information indicating that key actors of the German Reichsbürger milieu are selling “sovereignty packages” to fellow Reichsbürger for more than 10,000 euros. Such packages appear to be mostly fake documents, but also include the creation of an LC in the UK in the client’s name.

69. No comprehensive explanation for the repeated creations and continuous use of UK LCs within the German Reichsbürger milieu has been found. It is possible that the ease with which an LC can be established, the ability to obscure the company's beneficial ownership information, and the fact that UK has left the European Union are particularly attractive to German Reichsbürger.
70. Further connections of German Reichsbürger to the UK, for example to "Sovereign Citizens" or right-wing extremists, have not been found.

FINANCIAL STRATEGIES AND ACTIVITIES OF KEY GERMAN RWE ACTORS: PROFESSIONALIZATION, NETWORKS, AND “EXTREME NORMALIZATION”

The Legal Framework in Germany

71. Although the terms “extremism” and “violent extremism” are not defined in German criminal law, the domestic intelligence services at the federal and the federal state (Bundesländer) levels can investigate individuals and entities that present a clear threat to the basic tenets of the German constitution (freiheitlich demokratische Grundordnung, FDGO) and therefore are classified as “extremist” or “violent extremist.”³⁶ The annual reports of the Federal Office for the Protection of the Constitution (BfV) and the federal state offices for the protection of the constitution (LFVs) provide an overview of the various extremist phenomena in Germany that

are currently under observation.³⁷ This ability to collect and analyze information relating to extremist and violent extremist phenomena by the domestic intelligence services of Germany also relates to financial activities. Here, the legal basis allows the systematic collection of information, including the request of information from the financial industry if individuals and entities are violent, encourage, or justify violence; encourage hatred against a segment of society; or attack the fundamental dignity of individuals (Menschenwürde).³⁸ However, information from the tax authority can only be requested if there are clear indications of an imminent danger of serious actions and/or violence against the German political order.³⁹

CURIOUS PATTERNS OF RWE BUSINESS ACTIVITIES IN GERMANY

72. Up until a few years ago, the predominant narrative in Germany on how right-wing extremists finance their legal and illegal activities was that they were self-financing, namely through their own savings and inheritances and through funds of RWE political parties, which according to German law receive public funds according to their voting shares in federal state, national and European elections.⁴⁰
73. A research study by CEP of the financial strategies of key RWE actors in Germany in 2021, however, demonstrated that the financing of RWEs in Germany is quite diverse, multifaceted, and has in some cases professionalized.⁴¹ For example, the CEP study identified 38 relevant business entities in Germany that are involved in the production and dissemination of Rechts-rock/RAC music. Related concerts serve both as lifestyle events as well as marketplaces and function as central networking hubs for the overall movement. CEP experts were able to calculate estimated turnovers and income of some of the key actors involved, which in some cases added up to several hundred thousand euros per year in turnover.
74. Publicly available data demonstrates that a conspicuously large proportion of companies either operate as sole proprietors or have registered a partnership under civil law (Gesellschaft bürgerlichen Rechts, GbR). Only in exceptional cases was a business corporation (Unternehmensgesellschaft, UG) or limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) registered. This was also the case for those companies that have been operating successfully for several years and where there are no indications that the company management can rely on additional sources for their livelihood.
75. It should be noted that in sole proprietorships and GbRs, the business owners are fully liable with their entire private assets.⁴² In the long run and depending on the type and scope of the business, this represents a considerable financial risk for the respective business owner. Importantly, although a GbR must be registered with the Trade Licensing Office, there is no obligation for sole proprietors and GbRs to publish any data beyond basic registration data and the company address. For example, they are not required to publish their respective annual financial statements.⁴³ This is only generally required for the legal forms UG and GmbH.⁴⁴ However, micro entities as defined in Section 267a of the German Commercial Code (HGB)⁴⁵ may decide to merely file the data with the Federal Gazette and not publish it.⁴⁶

Legal Structure of the Business Entities

76. Due to these reasons, data on the investigated companies that is available from public sources is very limited and, as a result, the respective corporate structures are not transparent. In June 2021, the Financial Action Task Force (FATF) published its first report on the financing of violence-oriented far-right networks.

This report also used one concrete example to illustrate how the violence-oriented right-wing extremist scene in Germany attempts to conceal financial flows.⁴⁷

data is available. However, in these cases, the data concerning sales do not seem to stand in a logical relationship to the range of goods on offer and the respective sales volumes that could reasonably be expected.

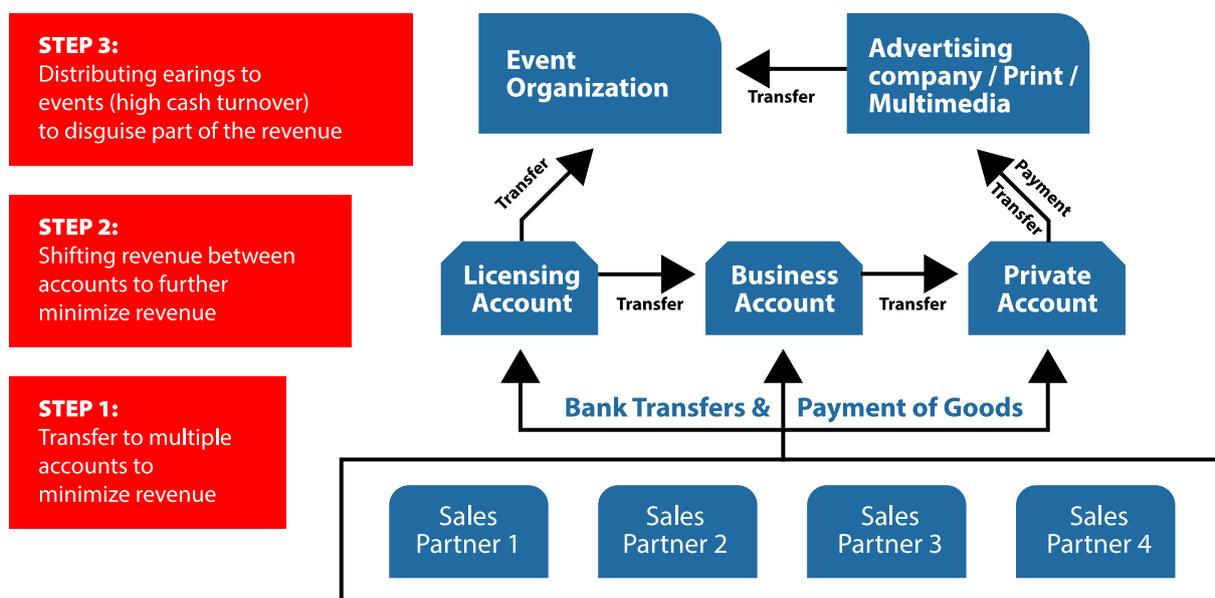
Information on Turnover

77. Due to the chosen legal forms and low level of declared turnover amounts, these RWE-linked companies are not legally required to disclose their financial data in Germany. Consequently, public information on turnover and profit of the respective company is rarely available, except for individual cases. Where turnover information is available, it shows only very limited amounts. After deduction of potential production costs and tax levies, these voluntarily disclosed turnover numbers would allow only minimal profits. Therefore, it seems unusual that no additional information regarding further sources of income of the respective entrepreneurs is available. In rare cases, the respective companies have been registered as limited liability company (Gesellschaft mit beschränkter Haftung, GmbH). For these, some

Possible Explanations

78. The examination of publicly available data as well as model turnover calculations concerning the commercial activities of RWE entrepreneurs in Germany found no clear evidence of legal misconduct on the part of the actors under investigation. Due to the very opaque corporate structures (see above) that limited publicly available data, this was also not expected. Therefore, it could be argued that, overall, the relevant entrepreneurial activities do not generate any relevant revenues that significantly exceed subsistence. However, the real estate acquisitions of the relevant stakeholders within the violent right-wing extremist milieu in Germany seem difficult to reconcile with this attempted explanation.⁴⁸

Figure 1



79. A potential pattern, based on discussions with several compliance and finance experts in Germany, is shown in **Figure 1**. Using the example of a potential music or clothing label the pattern of financial flows is demonstrated. The financial flows shown in this model artificially minimize the turnover for each of the different parts of the company. Payments and transfers from various business relationships that the company maintains are forwarded to several accounts in parallel, including private accounts. This allows the reduction of the turnover of each of the respective parts of the company. This obfuscation of the actual financial flows and the combined total turnover of all parts of the respective company allows for under reporting to the tax authority and therefore the apparent reduction of the tax burden.

Digital Enterprises

80. In 2021 and in 2022, CEP exposed a new business strategy of “extreme normalization,” applied by many German key RWEs on large social media platforms such as Facebook, Instagram, YouTube, and Twitter.⁴⁹ The respective entrepreneurs, or key actors of extremism, no longer violate legal norms there (i.e., no hate speech), but their presence, which in almost all cases is directly (web)linked to their businesses, violates the respective terms of service of the platforms. These generally state that they do not allow right-wing extremists to use their services.
81. As a result, key RWEs are tolerated while exploiting the reach of these market dominating for-profit platforms for promoting their online and offline merchandise shops. The “friendly face” of extremism serves a financial purpose and is geared towards outreach to new potential recruits.⁵⁰ All of these financial strategies and activities are led and implemented by well-known experienced entrepreneurs/key actors of right-wing extremism, who operate in longstanding national and transnational RWE networks.
82. Some of the most well-known key RWEs are using YouTube not only to generate income through traffic and advertisements, but also use the “become a channel member” function, which allows for different kinds of direct financial donations through YouTube.⁵¹
83. Interestingly, the use of cryptocurrencies by RWE actors in Germany does not yet seem to play a significant role in their financial activities. This marks a significant difference to RWE actors in the UK, which seemed to have progressed further in digitizing their financial activities compared to their German counterparts.

Profitability

84. As shown in the 2021 CEP report on financial strategies of key RWEs in Germany,⁵² estimated turnovers from small concerts and large festivals and music/merchandise stores and mail order businesses range from thousands to hundreds of thousands of euros. Between 2020 and 2022, government restrictions related to the COVID-19 pandemic significantly

impacted most in-person RWE business activities such as concerts or combat sports events. At the same time, overall mail-order business activities in Germany increased significantly, including with increased profits from such activities. Therefore, it seems reasonable to assume that RWE-owned and online based merchandise and music businesses could also have profited from this crisis. This would be particularly the case if RWE-owned businesses would have been able to obtain public financial aid, which was given almost indiscriminately to businesses of all kinds and sizes in Germany during the height of the pandemic. Since there are no indications that RWE-linked businesses were refused such public funds in Germany and since all key RWE-owned businesses are still operating in May 2023, it can be assumed that the German RWE business are alive and well. In many cases, the RWE merchandise businesses appear to even have broadened their inventory and list of products which coincides with demands for more products by costumers on RWE Telegram channels.

85. According to German Federal Ministry of the Interior, at least 222 music events (small and larger concerts and live music at other RWE events) with at least 11,230 participants took place during 2022.⁵³ The numbers in the fourth quarter of 2022 are approximately five times higher than during the first quarter of the same year, indicating that the RWE music scene in Germany is recovering quickly. Prior to the COVID-19 pandemic, the total number of RWE music events in Germany in 2019 was 328. This was the highest number of such events recorded in the last 25 years.⁵⁴
86. Finally, as highlighted by CEP in a report in March 2023, various German RWE actors are involved in organized crime activities such as the sale of illegal drugs, forced prostitution, and money laundering. Combined, these activities have led to financial gains of several million euros for RWE stakeholders and their networks.⁵⁵

FUTURE DEVELOPMENTS IN RWE FINANCING

87. In Germany, it is quite possible that due to increasingly targeted and effective government and civil society interventions (e.g., the strategic disruption of in-person RWE music and combat sports events), formerly lucrative “old school” income streams could dry out. In such a case, key actors of the German RWE milieu could adopt some of the more innovative financial strategies, such as the influencer-audience model from RWEs in the UK, at scale. German RWEs might also further develop financial strategies of their own, for example generating earnings through organized crime (OC), which could then connect with likeminded RWE or OC groups in the UK.⁵⁶ An exchange between British and German security agencies, qualified civil society organizations, and the financial industry on developing trends and promising preventive or counter measures could therefore be deployed to mitigate these risks.

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