

Far-Right Online Financing and How to Counter It

By Jason Blazakis
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Since the 9/11 attacks, there has been a significant increase in attacks attributable to violent extremists motivated by racial, ethnic, and anti-authority sentiment. A 2021 study indicated that “white supremacists, extremist militia members and other violent far-right extremists were responsible for 66 percent of domestic [U.S.] attacks and plots in 2020—roughly consistent with their share in other recent years.”¹ According to another study, since 9/11 more people have been killed in the United States by extremists driven by right-wing ideology than by those driven by any other ideology.² This increase in the United States has been accompanied by a rise internationally. Although Salafi-jihadist-inspired violent extremists continue to kill more people, UN experts observed an increase of more than 320 percent in right-wing violence worldwide in 2015–2019.³

Understanding how the finances connected to these extremists are raised, used, moved, and stored is vitally important to designing strategies to prevent and counter extremist violence, no matter the ideological, religious, idiosyncratic, racial, or ethnic motivations. Counterterrorism financing tools, many of which were adopted or fine-tuned following 9/11 and designed to counter Salafi-jihadist-inspired violence, are focused on groups and individuals associated with sanctioned organizations. Anti-authority, white supremacist, and ethnically and conspiratorially motivated violent extremists organize themselves differently. They often operate as a movement of like-minded individuals loosely connected through online communities. Although these groups exist, their shelf life tends to be short, and they often intentionally lack cohesion or clear organization. The 1990s-era playbook some of these extremists have adopted promotes a strategy

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- 1 Seth G. Jones et al., “The Military, Police, and the Rise of Terrorism in the United States,” *CSIS Briefs*, April 2021, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/210412_Jones_Military_Police_Rise_of_Terrorism_United_States_1.pdf.
 - 2 Peter Bergen and David Sterman, “Terrorism in America After 9/11,” *New America*, 10 September 2021, <https://www.newamerica.org/international-security/reports/terrorism-in-america/>. For additional data, see National Consortium for the Study of Terrorism and Responses to Terrorism (START), “Global Terrorism Database,” <https://www.start.umd.edu/gtd/> (accessed 1 December 2021). See also Countering Domestic Terrorism: Examining the Evolving Threat: Hearing Before the Committee on Homeland Security and Governmental Affairs, 116th Cong. 5–6 (2019), <https://www.congress.gov/116/chr/CHRG-116shrg38463/CHRG-116shrg38463.pdf> (testimony of William Braniff, START director and professor of the practice, University of Maryland).
 - 3 UN Security Council Counter-Terrorism Committee Executive Directorate, “Member States Concerned by the Growing and Increasingly Transnational Threat of Extreme Right-Wing Terrorism,” *CTED Trends Alert*, April 2020, https://www.un.org/securitycouncil/ctc/sites/www.un.org/securitycouncil.ctc/files/files/documents/2021/Jan/cted_trends_alert_extreme_right-wing_terrorism.pdf.

of leaderless resistance.⁴ The combination of online community, transnational connectivity, and leaderless resistance makes more difficult the use of conventional governmental counterterrorism finance tools against this growing threat.

This brief examines the online financing and support systems associated with U.S. anti-authority and racially or ethnically motivated (AAREM) violent extremists.⁵ Among the individuals, groups, and movements to be examined will be antigovernment violent extremists associated with the likes of the Oath Keepers, III Percenters, and Boogaloo Bois, which reject the federal government's authority. Within the spectrum of racially and ethnically motivated violent extremism, the licit and illicit financing activities of white supremacists, neo-Nazis, skinheads, and others will be examined. These actors are often and variously referenced as the "radical right," "extreme right wing," and "far right." Definitions used among governments and international bodies differ too. The U.S. government refers to them as racially or ethnically motivated violent extremists, and the Financial Action Task Force (FATF) in its 2021 report labels the challenge ethnically or racially motivated terrorism. This brief focus on the threat as manifest in the United States and to a lesser extent the transnational dimensions of AAREM violent extremist financing. Clear linkages between U.S. and transnational violent extremists, especially within white supremacist and neo-Nazi circles, also extend to the world of financing. Finally, several policy solutions to better combat the financial support systems of AAREM violent extremists are proposed.

ONLINE FINANCING OF AAREM VIOLENT EXTREMISM

Violent extremists finance themselves using offline and online methods. Within the world of racially or ethnically motivated violent and antigovernment

extremism, criminal methods, such as robberies, remain a time-honored tactic. Yet, use of the internet and communications technology has become particularly important to AAREM violent extremists, especially because the movement has become increasingly transnational in orientation. There is no better example of this than the Buffalo supermarket shooting, in which the alleged terrorist behind the attack was radicalized online and justified the killings in part based on the writings of Brenton Tarrant, the terrorist behind the Christchurch, New Zealand, attack.

Cryptocurrency, nonfungible tokens (NFTs), donations via crowdfunding, and e-commerce sales are key sources of online financing for AAREM violent extremists. Cryptocurrency and NFTs also provide AAREM actors a means to store and transfer wealth. The ebb and flow of the value associated with cryptocurrency and NFTs can provide AAREM violent extremists with the ability to profit greatly if they retain an asset and sell it at the right time, not unlike real estate. Finally, crowdfunding coupled with the use of online communication tools, such as social media, can facilitate the movement of funds between like-minded actors. The fluidity that comes with these technologies transcends the linear cycle (raise-move-store-use) often associated with terrorism financing. The blurring of raising, moving, and storing finance in the online world makes countering illicit finance extremely difficult. This fact, coupled with the diffuse nature of AAREM violent extremism, means that countering AAREM violent extremist financing is exceedingly difficult.

The interest of AAREM violent extremists in decentralized financing should be unsurprising, especially given the ethos of antigovernment individuals who have historically looked at federal governmental control, especially the power of the U.S. Federal Reserve over monetary policy, with a great degree of skepticism. The

4 J.M. Berger, "The Strategy of Violent White Supremacy Is Evolving," *Atlantic*, 7 August 2019, <https://www.theatlantic.com/ideas/archive/2019/08/the-new-strategy-of-violent-white-supremacy/595648/>.

5 Violent extremists continue to finance themselves in ways that do not require online connectivity. Yet, the use of the internet and communications technology has proven to be of primary importance for racially, antigovernment-, and ethnically motivated extremists. As such, this brief will focus on digitally enabled financing.

same holds true for white supremacists who for a long time have linked centralized banking to an alleged Jewish conspiracy of control of the world's wealth.⁶ Thus, cryptocurrency, with its independence from the formal financial system, and the use of blockchain technology that works as a ledger system recording transactions in a fashion that makes it difficult to hack or cheat the system hold great appeal to AAREM violent extremists. Given that white supremacists, anti-authority actors, and conspiracy theorists perceive the formal financial system to be inherently corrupt, the idea that a blockchain-driven system can immunize users from governmental or Jewish control has become central to their financing narratives. Among those expressing early interest in cryptocurrency was prominent white supremacist Richard Spencer, who coined the term “alt-right” and called bitcoin the currency of the movement.⁷ Andrew Anglin, a neo-Nazi propagandist and editor of the *Daily Stormer*, has also seen value in acquiring cryptocurrency. Between January 2017 and September 2021, Anglin reportedly acquired from supporters at least 112 bitcoins with an estimated value of \$4.8 million.⁸ This transfer of wealth to Anglin has allowed the *Daily Stormer* to push propaganda to incite followers. For example, Anglin used his propaganda platform to stage online attacks against Tanya Gersh, a Jewish woman in Whitefish, Montana, encouraging neo-Nazi readers to march on her hometown and harass and threaten Gersh and her family.⁹ The online-inspired attack against Gersh resulted in real-world harm, which was facilitated by

the combination of Anglin's cryptocurrency-derived wealth that allowed him to use the *Daily Stormer* as an online projectile of hate.

Cryptocurrency-related funding also has been linked to the 6 January 2021 insurrection. One white supremacist organizer of the insurrection, Nick Fuentes, received a substantial bitcoin donation on 8 December 2020. Laurent Bachelier, a French national, donated more than \$500,000 in bitcoin to various far-right groups.¹⁰ The blockchain forensics firm Chainalysis determined that Fuentes received 13.5 bitcoins from Bachelier.¹¹ At this time, it remains unclear how Bachelier's donation was used. Yet, the timing of the donation, which occurred during the planning process for the 6 January insurrection, is a potential red flag, namely, to what extent did the French national's cryptocurrency donation aid with the logistical, planning, and propaganda activities associated with the 6 January insurrection? If nothing else, Bachelier's bitcoin donation illustrates the interconnectedness, aligned interest, and wealth exchange that is not uncommon within the AAREM violent extremism movement.

In 2019, Tarrant, the perpetrator of the Christchurch attack that resulted in the deaths of 51 people at two mosques, made a number of donations to AAREM personalities scattered across the globe. In an investigation detailing Tarrant's financial links, it was discovered that he made approximately \$6,600 in donations—five payments in the form of bitcoin—

6 Anti-Defamation League, “Jewish ‘Control’ of the Federal Reserve: A Classic Antisemitic Myth,” 30 January 2017, <https://www.adl.org/resources/backgrounders/jewish-control-of-the-federal-reserve-a-classic-antisemitic-myth>.

7 “Alt-right” is a term coined and used by people such as Spencer to camouflage an ideology that holds that the white race is inherently superior to other races. Simply put, it is an effort to dress up a toxic ideology in a way to appeal to the mainstream. Christopher Caldwell, “What the Alt-Right Really Means,” *New York Times*, 2 December 2016, <https://www.nytimes.com/2016/12/02/opinion/sunday/what-the-alt-right-really-means.html>. See Craig Timberg, “Bitcoin's Boom Is a Boon for Extremist Groups,” *Washington Post*, 26 December 2017, https://www.washingtonpost.com/business/technology/bitcoins-boom-is-a-boon-for-extremist-groups/2017/12/26/9ca9c124-e59b-11e7-833f-155031558ff4_story.html.

8 Erika Kinetz and Lori Hinnant, “White Dissidents’ Raise Millions in Cryptocurrency,” *Frontline*, 27 September 2001, <https://www.pbs.org/wgbh/frontline/article/far-right-extremists-raise-millions-cryptocurrency-bitcoin/>. Anglin runs the *Daily Stormer* website, which displays “stories” that promote white supremacy and neo-Nazism.

9 Edward O'Brien, “Whitefish Woman Sues ‘Daily Stormer’ Publisher Over Anti-Semitic Campaign,” *Montana Public Radio*, 18 April 2017, <https://www.mtpr.org/montana-news/2017-04-18/whitefish-woman-sues-daily-stormer-publisher-over-anti-semitic-campaign>.

10 Lori Hinnant, “\$500K in Bitcoin Sent From France to US Far-Right Groups,” *Associated Press*, 15 January 2021. Bachelier was a far-right ideologue who committed suicide and bequeathed bitcoin to various far-right personalities. *Ibid*.

11 Chainalysis, “Alt-Right Groups and Personalities Involved in the January 2021 Capitol Riot Received Over \$500K in Bitcoin From French Donor One Month Prior,” 14 January 2021, <https://blog.chainalysis.com/reports/capitol-riot-bitcoin-donation-alt-right-domestic-extremism/>.

to white supremacist Martin Sellner, the Daily Stormer, and others.¹²

NFTs are a unique cryptoasset that also has garnered the attention of AAREM violent extremists. There is some similarity to cryptocurrency in that an NFT relies on decentralized technology such as blockchain, which acts as a ledger to track NFT transactions. Unlike cryptocurrency, however, NFTs are not fungible, and any potential value is often linked to the authenticity or novelty of the NFT. NFTs have grown in popularity and scope since 2012, with digital assets such as art, tweets, music, and much more being minted and sold.¹³ The popularity of NFTs in 2021 became evident when Christie's auctioned off 5,000 NFTs in the form of digital art of a Wisconsin artist for \$69 million in March.¹⁴ Moreover, NFT sales increased significantly from the last quarter of 2020 to the first quarter of 2021, from \$53 million to \$1.2 billion, an increase of more than 2,100 percent. In the third quarter of 2021, that figure increased to \$10.7 billion.¹⁵

AAREM violent extremists and conspiracy theorists have taken notice of the sudden popularity of NFTs. For example, Ron Watkins has conducted NFT transactions.¹⁶ Watkins is perhaps best known for playing a leadership role, along with his father, Jim, in operating 8Chan and 8Kun, notorious imageboards that have provided a meeting spot for white supremacists to exchange propaganda and publicize attacks.¹⁷ On the

NFT exchange OpenSea, Watkins minted and put up for sale a 5 January tweet he wrote that he claims will be part of a five-part collection he calls the "Freedom Series."¹⁸ The OpenSea NFT exchange is awash in violent extremist propaganda sales. As of 17 November 2021, the hitler.eth name service was being offered for sale on OpenSea and listed at two ethereums, or the equivalent of approximately \$8,500.¹⁹ This listing has remained active despite an October 2021 article in Vice News documenting the sale of Hitler and Nazi-themed NFT collections.²⁰ The pseudo-anonymity and lack of regulation associated with NFTs, much like cryptocurrency, is likely responsible for the enthusiasm among AAREM violent extremists.

In the past, AAREM violent extremists used static websites with short stories, other content, and solicitations for donations that perhaps reached a few thousand people. AAREM violent extremists still use websites; the U.S.-based Nationalist Socialist Movement (NSM), for instance, uses its website to encourage members to contribute \$20 a month.²¹ By using videos, podcasts, and other online communication tools, however, they have created more dynamic and creative spaces to solicit funds.

In combining social media tools and requests for cryptocurrency, AAREM extremists have been able to accumulate significant wealth. Violent extremists reportedly used the video streaming service DLive

12 Lizzie Dearden, "Christchurch Shooter Donated Thousands to Far-Right Groups and Websites Before Attack, Report Shows," *Independent*, 8 December 2020, <https://www.independent.co.uk/news/world/australasia/brenton-tarrant-christchurch-donations-generation-identity-b1768056.html>.

13 Minting is the computer process of validating information, creating a new block, and recording that information into the blockchain. For more information regarding the minting process associated with NFTs, see "Minting," *Decryptionary*, 19 October 2021, <https://decryptionary.com/glossary/minting/>.

14 Coinbase, "What Is a Non-Fungible Token (NFT)?" n.d., <https://www.coinbase.com/learn/crypto-basics/plp-what-is-nft> (accessed 19 June 2022).

15 Elizabeth Howcroft, "NFT Sales Surge to \$10.7 Billion in Q3 As Crypto Asset Frenzy Hits New Highs," *Reuters*, 4 October 2021.

16 Watkins, as of November 2021, has purchased NFTs, but has yet to sell anything over the OpenSea NFT exchange. "CodeMonkeyZ," OpenSea, n.d., <https://opensea.io/collection/codemonkeyz> (accessed 9 July 2022).

17 A 2021 HBO documentary also suggested that Watkins may have been the secretive "Q" behind the QAnon conspiracy theory. Drew Harwell and Craig Timberg, "A QAnon Revelation Suggests the Truth of Q's Identity Was Right There All Along," *Washington Post*, 5 April 2021, <https://www.washingtonpost.com/technology/2021/04/05/ron-watkins-qanon-hbo/>.

18 "CodeMonkeyZ - Freedom Series - 1 of 5," OpenSea, n.d., <https://opensea.io/assets/ethereum/0x495f947276749ce646f68ac8c248420045cb7b5e/87048543971225520178311051157166063764952186531643357360521461274936124375041> (accessed 17 November 2021).

19 "Hitler.eth," OpenSea, n.d., <https://opensea.io/assets/0x57f1887a8bf19b14fc0df6fd9b2acc9af147ea85/20235673483842352827518816708937005827084665564235828331810062061035288311624> (accessed 17 November 2021).

20 Jordan Pearson, "OpenSea Sure Has a Lot of Hitler NFTs for Sale," *Vice*, 6 October 2021, <https://www.vice.com/en/article/akgx9j/opensea-sure-has-a-lot-of-hitler-nfts-for-sale>.

21 Citation omitted.

to accumulate nearly \$1 million in donations in less than a year.²² In using a video service such as DLive, AAREM violent extremists can communicate directly with millions of potential sympathizers. DLive, for instance, had more than five million active subscribers in 2021.²³ In addition to video streaming, groups such as the Oath Keepers have used other communication technology tools, such as podcasts, to raise funds for its tax-exempt “Educational Foundation.”²⁴ Like the NSM, the neo-Nazi ideologically driven and Swedish-based group Nordfront has used multiple websites to fundraise. On one of its websites, a bitcoin address shows that the group has received millions of dollars in bitcoin donations.²⁵ Although the reach of these independently run websites is fairly limited, AAREM violent extremists can still accrue significant profits.

AAREM violent extremists also use conventional online crowdfunding tools to solicit and receive donations, using mainstream platforms such as Patreon, Kickstarter, and GoFundMe to collect thousands of dollars. That success was short-lived when these companies and their payment processors de-risked from providing services to white supremacists.²⁶ One consequence of the deplatforming was that AAREM violent extremists created their own crowdfunding websites, such as Hatreon and Goyfundme, to secure donations.²⁷ This experiment was also brief, with these boutique outlets of hate folding shortly after their creation. Yet, the online crowdfunding world remained lucrative. In the lead-up to the 6 January insurrection,

a number of AAREM violent extremists leveraged the crowdfunding website GiveSendGo to raise funds to travel to Washington, chief among them Ali Alexander and Proud Boys member Nick Ochs.²⁸ Additionally, GiveSendGo has been critical for AAREM violent extremists to raise funds for their legal defenses.²⁹ Online crowdfunding within AAREM violent extremist circles has evolved and will likely remain a formidable source of AAREM violent extremism financing.

For a long time, AAREM violent extremists have funded themselves by selling merchandise. In the early days of the Ku Klux Klan (KKK), the group relied on analog approaches to profiting from sympathetic consumers. In the 1920s and 1930s, the KKK sold a wide variety of merchandise via classified ads and pamphlets that detailed a range of products for sale, including solid gold pendants, cufflinks, belt buckles, coins, rings, and broaches, that were billed as emblems worn by high officials and influential members.³⁰ Like the KKK, neo-Nazis historically have sold a broad range of products. In the 1960s, the National Socialist White People’s Party (NSWPP) financed itself through a mix of membership sales. For a minimum of \$2, an individual who attested to being a “white person of non-Jewish descent” could join the NSWPP. The NSWPP also sold song recordings and literature that glorified Nazism.³¹ Like the KKK, the NSWPP relied on pamphlets, newsletters, leaflets, and other now primitive methods to generate income.

22 Peter Stone, “US Far-Right Extremists Making Millions via Social Media and Cryptocurrency,” *Guardian*, 10 March 2021, <https://www.theguardian.com/world/2021/mar/10/us-far-right-extremists-millions-social-cryptocurrency>.

23 Kellen Browning and Taylor Lorenz, “Pro-Trump Mob Livestreamed Its Rampage, and Made Money Doing It,” *New York Times*, 8 January 2021, <https://www.nytimes.com/2021/01/08/technology/dlive-capitol-mob.html>.

24 Stone, “US Far-Right Extremists Making Millions via Social Media and Cryptocurrency.”

25 Citation omitted.

26 “De-risking” refers to the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid rather than manage risk. U.S. Department of State, “De-risking,” n.d., <https://www.state.gov/de-risking/> (accessed 9 July 2022).

27 Soufan Center, “White Supremacy Extremism: The Transnational Rise of the Violent White Supremacist Movement,” September 2019, <https://thesoufancenter.org/wp-content/uploads/2019/09/Report-by-The-Soufan-Center-White-Supremacy-Extremism-The-Transnational-Rise-of-The-Violent-White-Supremacist-Movement.pdf>.

28 Majlie de Puy Kamp and Scott Glover, “Right-Wing Extremists and Their Supporters Use Christian Website to Raise Funds,” CNN, 20 January 2021, <https://www.cnn.com/2021/01/19/us/give-send-go-extremism-invs/index.html>.

29 Ibid.

30 “Ku Klux Klan: Merchandise 1920-1930’s,” *American Radicalism Collection: Part 2: The Religious and Radical Right*, reel 99, n.d., <https://libguides.lib.msu.edu/radicalism> (accessed 22 December 2021).

31 “National Socialist White People’s Party; February 8, 1920-August 10, 1994,” *American Radicalism Collection: Part 2: The Religious and Radical Right*, reel 102, n.d., <https://libguides.lib.msu.edu/radicalism> (accessed 22 December 2021).

Contemporary AAREM violent extremists continue to benefit from consumerism. The key difference is that the reach of today's AAREM violent extremists far exceeds that of their predecessors. Earlier purveyors of hate such as the KKK and NSWPP depended on niche publications that lacked reach. These groups reached thousands of consumers at best, but the ubiquity of the internet has created a portal for AAREM actors to reach millions. E-commerce, specifically, has been a boon for white nationalists. A 2020 study found that dozens of white nationalist groups were able to sell products online with the help of mainstream merchants and payment processors such as Amazon and Stripe.³² This study documented a wide range of U.S. and non-U.S. AAREM violent extremists selling propaganda on Amazon, the world's largest e-commerce website. For instance, Arktos Media, a white nationalist entity based in Europe, sold books and music on Amazon.³³

COUNTERING THE FINANCING OF AAREM VIOLENT EXTREMISM

The U.S. system of countering the financing of terrorism has focused outward on external threats such as al-Qaida and the Islamic State of Iraq and the Levant (ISIL). The United States can designate only foreign-based groups as terrorist groups; it does not have a framework in place to designate U.S.-based groups. Moreover, although the United States has a definition of domestic terrorism, there are very few domestic terrorism charges that can be levied against AAREM violent extremists, including terrorism financing charges. Thus, by necessity, countering AAREM violent

extremism financing requires nuanced approaches, especially because constitutional and political concerns may make it difficult to sanction domestic terrorist groups or pass a domestic terrorism law.

LEGAL ACTION AND CIVIL ASSET FORFEITURE

Although it can be difficult to prosecute AAREM violent extremism financing, there have been notable successes achieved in depriving AAREM violent extremists of resources through civil court judgments and asset forfeiture.

In November 2021, a civil jury in Charlottesville, Virginia, awarded plaintiffs \$26 million in penalties due to the actions of AAREM individuals who engaged in a conspiracy to intimidate, harass, or commit acts of violence during the 2017 "Unite the Right" rally.³⁴ Among those held liable were 12 notorious white supremacists and five hate organizations.³⁵ Yet, the ability of the plaintiffs to successfully recover even a small percentage of that verdict will be an uphill battle.

Indeed, significant civil judgments leveled against white supremacists are not new. In 2019, Gersh won a civil case against Daily Stormer propagandist Anglin following the cyberterrorism campaign he carried out against Gersh and her family. In that case, the federal judge recommended that Anglin pay more than \$14 million in damages.³⁶ Gersh, however, has not recovered one dollar. Anglin continues to hide overseas, likely in Cambodia, which does not have an extradition treaty with the United States.³⁷

Anglin has likely made millions of dollars in cryptocurrency to fund the Daily Stormer,³⁸ but identifying,

32 Alex Kotch, "Funding Hate: How Online Merchants and Payment Processors Help White Nationalists Raise Money," Center for Media and Democracy, 24 April 2020, <https://www.exposedbycmd.org/wp-content/uploads/2020/04/Funding-Hate-Report-by-CMD.pdf>.

33 Arktos Media has been closely aligned with Spencer and the American Identity Movement. *Ibid.*, p. 19.

34 Ellie Silverman et al., "Spencer, Kessler, Cantwell and Other White Supremacists Found Liable in Deadly Unite the Right Rally," *Washington Post*, 23 November 2021, <https://www.washingtonpost.com/dc-md-va/2021/11/23/charlottesville-verdict-live-updates/>.

35 Nicole Sganga, "Jury Awards \$26 Million in Charlottesville 'Unite the Right' Rally Civil Case," CBS News, 24 November 2021, <https://www.cbsnews.com/news/charlottesville-unite-the-right-rally-trial-verdict-26-million/>.

36 Antonia Noori Farzan, "A Neo-Nazi Unleashed a 'Troll Storm.' Now He Could Owe His Jewish Victim \$14 Million," *Washington Post*, 16 July 2019, <https://www.washingtonpost.com/nation/2019/07/16/andrew-anglin-daily-stormer-tanya-gersh-million-verdict/>.

37 "Neo-Nazi Website Founder Says He Fears Returning to the U.S.," Associated Press, 14 March 2019.

38 Kinetz and Hinnant, "White Dissidents' Raise Millions in Cryptocurrency."

tracing, and recovering virtual assets are notoriously difficult. Yet, it is not impossible. In fact, in 2020 the United States successfully seized a billion dollars of bitcoin from criminals linked to the Silk Road dark web marketplace.³⁹ Bankrupting criminals, terrorists, and AAREM violent extremists is a powerful tool to curb propaganda, recruitment, and attack planning. Indeed, civil litigation in 2000 against the white supremacist group the Aryan Nations bankrupted the group when a \$6.3 million verdict was levied against it. The Aryan Nations had its Hayden Lake, Idaho, compound seized and later forfeited and demolished.⁴⁰ In that case, identifiable assets and their seizure were instrumental in destroying the Aryan Nations. Yet, contemporary AAREM violent extremists such as Anglin have stored their wealth in intangible assets such as cryptocurrency, flummoxing those who have been awarded recompense. That is not to say the pursuit of lawsuits is an ineffective mechanism to counter AAREM violent extremists, as the Aryan Nations example demonstrates. Today, however, recovering assets associated with AAREM violent extremists will require more creative solutions.

Civil society, nonprofits, lawyers, and governmental experts in asset seizure and forfeiture, as well as cryptocurrency forensic companies,⁴¹ should consider forming asset recovery teams following civil court judgments against AAREM violent extremists. These teams could specialize in tracing and seizing cryptocurrency, among other things. The combination of

lawsuits and asset forfeiture may be among the most important ways to counter AAREM violent extremism.

SANCTIONS

Given the fractious nature of AAREM violent extremism and its characteristic of being an oft inchoate movement of individuals, the use of sanctions may have limited impact. Yet, it would be a mistake not to deploy terrorist designations against clearly defined foreign-based organizations and individuals who are engaged in violent activity.

The U.S. Department of State has not designated any AAREM groups as a Foreign Terrorist Organization (FTO) under the Immigration and Nationality Act.⁴² Using separate legal authority granted under Executive Order 13224, however, in April 2020 the State Department designated the Russian Imperial Movement (RIM) as a Specially Designated Global Terrorist (SDGT).⁴³ At the same time, the State Department designated three RIM leaders as SDGTs.⁴⁴ Only recently, the U.S. Department of the Treasury used its legal authorities to sanction AAREM violent extremists. On 15 June 2022, the Treasury Department designated two individuals associated with RIM.⁴⁵

In part, this limited use of designation authorities could be explained by the fact that U.S. intelligence collection against foreign-based entities with AAREM group links is limited, particularly because, during the last two decades, the entire U.S. counterterrorism

39 Ken Dilanian, "The U.S. Seized a Record \$1 Billion of Bitcoin a Year Ago. Its Value Has Tripled," NBC News, 3 December 2021, <https://www.nbcnews.com/politics/justice-department/us-seized-record-1-billion-bitcoin-year-ago-value-tripled-rcna7574>.

40 Kim Murphy, "Lawsuits Threaten to Drain the Life Out of Hate Groups," *Los Angeles Times*, 22 August 2000, <https://www.latimes.com/archives/la-xpm-2000-aug-22-mn-8425-story.html>.

41 In the U.S. Department of Justice's announcement of a global disruption of three terrorism finance cyber-enabled campaigns that resulted in the largest ever seizure of terrorist organizations' cryptocurrency assets, the assistance provided by blockchain forensic companies Chainalysis and Excygent was specifically referenced. Office of Public Affairs, U.S. Department of Justice, "Global Disruption of Three Terror Finance Cyber-Enabled Campaigns," 13 August 2020, <https://www.justice.gov/opa/pr/global-disruption-three-terror-finance-cyber-enabled-campaigns>.

42 The U.S. Department of State can designate FTOs pursuant to the Immigration and Nationality Act or can designate individuals and organizations pursuant to Executive Order 13224, a legal authority the State Department shares with the U.S. Department of the Treasury. Immigration and Nationality Act of 1952, 8 U.S.C. § 1189; Exec. Order No. 13,224, 3 C.F.R. 786 (2001).

43 Michael R. Pompeo, "United States Designates Russian Imperial Movement and Leaders as Global Terrorists," U.S. Department of State, 7 April 2020, <https://2017-2021.state.gov/united-states-designates-russian-imperial-movement-and-leaders-as-global-terrorists/index.html>. RIM has AAREM violent extremism characteristics, but it is also rooted in traditionalism and the belief that Russia should revert to monarchism and the times of Czar Nicholas II.

44 Ibid.

45 U.S. Department of the Treasury, "U.S. Sanctions Members of Russian Violent Extremist Group," 15 June 2022, <https://home.treasury.gov/news/press-releases/jy0817>.

apparatus has focused myopically on the threat posed by ISIL and al-Qaida.⁴⁶ Another difficulty is that, within the universe of AAREM violent extremism, many of the groups that would otherwise meet the legal standard for FTO designation are ineligible for sanctioning by the U.S. government because the United States does not possess the legal tools to sanction inherently domestic groups.⁴⁷ In contrast, U.S. allies, such as Canada and the United Kingdom, have unabashedly used their proscription authorities to sanction AAREM violent extremists. In February 2021, the Canadian government sanctioned the Proud Boys as a terrorist group and shortly thereafter the group “dissolved” itself.⁴⁸ In fact, when announcing its dissolution, the Canadian chapter cited financial challenges and legal troubles stemming from the Canadian terrorist designation.⁴⁹ Although the true impact of the Canadian designation may be difficult to measure because it has been in place for less than two years, the UK proscriptions, especially the terrorist designation of the neo-Nazi National Action group in 2016, have had measurable effect—multiple National Action members have been imprisoned.

Many countries, including the United States, use sanctions as a law enforcement tool.⁵⁰ The United Kingdom also has used its domestic proscription system as a prosecutorial hook to mete out jail time to AAREM violent extremists. For example, on 30 November 2021, Ben Raymond became the 17th member of National Action to be convicted for terrorism activity in the United Kingdom.⁵¹ Although sanctions alone are not a solution, other countries would do well to follow the

lead of the United Kingdom and Canada by sanctioning foreign-based AAREM violent extremists.

THE TERRORIST FINANCING OPERATIONS SECTION OF THE FBI

Law enforcement investigations and intelligence collection activities are critical to countering AAREM violent extremist financing. International law enforcement bodies should prioritize investigations against AAREM violent extremists. Given the transnational nature of the AAREM violent extremist threat, international law enforcement cooperation is critical. This is particularly true in the United States, which has become a net exporter of racial animus.

In 2019 the Counterterrorism Division of the Federal Bureau of Investigation (FBI) shuttered its Terrorist Financing Operations Section (TFOS). TFOS, formed shortly after 9/11, provided a window into the finances of terrorist groups and their deep-pocketed donors by creating unique partnerships with relevant public, private, and international stakeholders. Those familiar with the decision to close TFOS lamented the loss of access to important financial intelligence sources, often the backbone to dismantling the financing of illegal organizations.⁵² Dispersing TFOS functions across the FBI has diminished interagency coordination and international engagement on terrorism financing issues. AAREM violent extremism has spread rapidly since TFOS’s dissolution, and with that increase, interagency and international coordination on policy options to counter this trend must adjust. In reconstituting TFOS and by making the tracking of AAREM

46 Jason M. Blazakis “Better Intel Could Help the US Designate White Supremacists as Terrorists,” *Hill*, 25 March 2020, <https://thehill.com/opinion/national-security/488571-better-intel-could-help-the-us-designate-white-supremacist-groups/>.

47 Jason M. Blazakis, “Can We Call the Proud Boys Terrorists?” *Slate*, 4 February 2021, <https://slate.com/news-and-politics/2021/02/proud-boys-terrorists-canada.html>.

48 Canada designated the Proud Boys on 3 February 2021 for its involvement in the insurrection at the U.S. Capitol on 6 January 2021. Canada has also designated other AAREM extremists, including Aryan Strikeforce, Atomwaffen Division, Blood & Honour, Combat 18, James Mason, RIM, The Base, and Three Percenters. For the entire Canadian proscription list, see Public Safety Canada, “Currently Listed Entities,” 25 June 2021, <https://www.publicsafety.gc.ca/cnt/ntnl-scrpt/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-en.aspx>.

49 Amanda Coletta, “Canadian Chapter of the Proud Boys, Designated a Terrorist Group by the Government, Says It Has ‘Dissolved,’” *Washington Post*, 3 May 2021, <https://www.washingtonpost.com/world/2021/05/03/canada-proud-boys-terrorist-group-dissolved/>.

50 The U.S. Justice Department routinely prosecutes individuals for providing material support to designated FTOs. The application of sanctions often has an impact beyond the freezing of monetary instruments.

51 “National Action: Ben Raymond Guilty of Terror Charges,” *BBC*, 30 November 2021, <https://www.bbc.com/news/uk-england-wiltshire-59475899>.

52 Valentina Pasquali, “Fall of Afghanistan Finds FBI Without Terrorist Financing Section,” *Moneylaundering.com*, 30 August 2021, <https://www.moneylaundering.com/news/exclusive-fall-of-afghanistan-finds-fbi-without-terrorist-financing-section/>.

violent extremism financing a core part of its mission, the U.S. government would be in a better place to counter extremist financing.

SOCIAL MEDIA PENALTIES

Social media companies such as Meta (Facebook), Twitter, and YouTube have served as incubators for AAREM groups to grow their bases and expand their finances. Algorithmic radicalization has allowed for the spread of AAREM-related ideology. In 2019, for example, the *New York Times* documented how Caleb Cain went down toxic right-wing rabbit holes because YouTube's algorithm increasingly recommended more violent extremist videos for Cain to watch.⁵³ Algorithms developed by companies undoubtedly have allowed the population base of toxic movements to increase, and with expansion, violent extremists can seek donations from a wider range of potential donors. The U.S. Congress and other legislative bodies, such as parliaments throughout Europe, should consider adopting laws that levy stiff penalties on companies that facilitate the spread of hate via algorithms.⁵⁴ Decreasing the spread of online vitriol may have a tertiary benefit of decreasing the number of individuals who may be willing to contribute financially to AAREM causes. Yet, refining algorithms alone will not crimp the financing of AAREM violent extremism. As previously noted, crowdfunding has been a significant source of wealth for AAREM violent extremists. Companies that allow for AAREM violent extremists, especially those that perceive the use of force as a legitimate avenue for change, to use their services to raise funds should be fined, not unlike banks who often pay fines when they intentionally or inadvertently allow terrorists to move money through the formal financial system. Only in threatening the bottom line of titanic

technology companies will there be a chance that these companies devote more resources, change internal policies, and modify their algorithms to check the spread of financing for AAREM violent extremism.

CRYPTOCURRENCY AND NFT REGULATION

In October 2021, FATF updated its guidance on virtual asset service providers (VASPs), noting an increase in virtual-to-virtual layering schemes to advance illicit financing schemes.⁵⁵ The increasing use of privacy wallets and privacy coins such as Monero and the proliferation of obfuscation devices, such as tumblers and mixers, will increase the likelihood that bad actors will increase their use of cryptocurrency to finance their activities.⁵⁶ The updated FATF guidance details the need for countries to take risk-based approaches that “reflect the nature, diversity, and maturity of a country’s VASP sector and the legal and regulatory approach in the country.”⁵⁷

In the United States, the use of cryptocurrency is mature and a key source of financing and storage of wealth. Potential criminal abuse of cryptocurrency has long been recognized as an area in need of redress by U.S. lawmakers. Indeed, in November 2021, President Joe Biden signed the Infrastructure Investment and Jobs Act, which contained new reporting requirements regarding cryptocurrency currency transactions, potentially adding more transparency. Prior to that, the U.S. Treasury Department Financial Crimes and Enforcement Network, as the U.S. financial intelligence unit charged with countering money laundering and terrorism financing, announced that it would enact, among other actions, new “travel rules” that would expand reporting requirements for domestic virtual currency transactions of \$3,000 or more

53 Kevin Roose, “The Making of a YouTube Radical,” *New York Times*, 8 June 2019, <https://www.nytimes.com/interactive/2019/06/08/technology/youtube-radical.html>.

54 Jason M. Blazakis, “America Is a Safe Haven for Domestic Terrorists. What Can We Do About It?” *Los Angeles Times*, 5 December 2021, <https://www.latimes.com/opinion/story/2021-12-05/america-safe-haven-domestic-terrorists-guns>.

55 Financial Action Task Force, *Updated Guidance for a Risk-Based Approach: Virtual Assets and Virtual Asset Service Providers*, October 2021, p. 9, <https://www.fatf-gafi.org/media/fatf/documents/recommendations/Updated-Guidance-VA-VASP.pdf>.

56 *Ibid.*, p. 13.

57 *Ibid.*

and international transactions beginning at \$250.⁵⁸ Although these regulatory changes and legal modifications are important, aggressively implementing and enforcing these changes quickly will be crucial in the fight against the financing of AAREM violent extremism. Yet, additional regulation may be necessary. For instance, anyone with the technological know-how can create a virtual currency and can do so in many jurisdictions where there is little or no oversight. Governments should consider the adoption of registration and licensing requirements before an entity can create and deploy a new cryptocurrency. Finally, there is no consistent regulation of NFTs. As new laws and regulations are developed to make it more difficult for extremists and criminals to fund their activities via cryptocurrency, parallel measures should be taken with regard to NFTs. AAREM violent extremists are already exploiting NFTs to line the coffers and disseminate propaganda, but there is little or no regulation. That must be remedied quickly.

CONCLUSION

The challenge of AAREM violent extremist financing will remain a persistent threat to international peace and security for the foreseeable future. In the United States, the threat of AAREM violent extremism and its financing is even more pronounced, likely to challenge national security agencies for decades to come. In this regard, the United States has been slow to respond to the challenge, with the Biden administration only in 2021 announcing the development of the first-ever overarching national strategy to counter the menace of

domestic violent extremism. The design of that strategy, however, with one notable exception—the pursuit of sanctions—was silent on the need to cripple the financing associated with AAREM actors.

The recommendations in this brief should be pursued with alacrity, but policymakers should be clear-eyed in knowing that AAREM violent extremists will continue to find novel ways to finance their activities. Indeed, the most pernicious AAREM violent extremist attacks in recent memory have been carried out by lone actors who self-financed and microfinanced their deadly attacks. There is perhaps no better example of this than the deadly attack carried out in Norway in July 2011 by Anders Breivik, who killed more than 70 people in his multiprong attack in Oslo and Utoya. In that attack, Breivik maxed out 10 credit cards, ran a farm to provide cover for the purchase of fertilizer, and sold fake diplomas online.⁵⁹ Like Breivik, Tarrant, the Christchurch attacker, and Robert Bowers, the culprit behind the Pittsburgh synagogue attack, self-financed their deadly attacks. These types of financed attacks are notoriously difficult if not impossible to detect in advance. Indeed, to counter the financing of these types of actions would require Orwellian responses, the type that would violate privacy and civil liberties on a daily basis. Nonetheless, tackling the financing of those who inspire the larger movement of AAREM violent extremists, such as propagandists, and the litany of AAREM groups that continue to operate remains an important pursuit, one that requires the whole-of-society approaches recommended in this brief.

58 Evan Weinberger, “Treasury to Wrap Crypto Anti-Money Laundering Rules by Fall,” Bloomberg Law, 11 June 2021, <https://news.bloomberglaw.com/securities-law/treasury-to-wrap-crypto-anti-money-laundering-rules-by-fall>.

59 Jacob Aasland Ravndal, “A Post-Trial Profile of Anders Behring Breivik,” *CTC Sentinel* 5, no. 10 (October 2012): 16–20, <https://ctc.westpoint.edu/wp-content/uploads/2012/10/CTCSentinel-Vol5Iss104.pdf>.

ABOUT THE AUTHOR

Jason Blazakis

Jason Blazakis is a Professor of Practice and Director of the Center on Terrorism, Extremism, and Counterterrorism at the Middlebury Institute of International Studies at Monterey and a Senior Advisor at the Soufan Group. Among several positions at the U.S. Department of State, he served from 2008 to 2018 as Director of the Counterterrorism Finance and Designations Office in the Bureau of Counterterrorism and Countering Violent Extremism. He is working on a book on terrorism financing.

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The Global Center on Cooperative Security works to achieve lasting security by advancing inclusive, human rights-based policies, partnerships, and practices to address the root causes of violent extremism. We focus on four mutually reinforcing objectives:

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- Advancing human rights and the rule of law to prevent and respond to violent extremism.
- Combating illicit finance that enables criminal and violent extremist organizations.
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