

Report Says Africans Harbored Al Qaeda; Terror Assets Hidden In Gem-Buying Spree

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December 29, 2002; Page A01

ANTWERP, Belgium—An aggressive year-long European investigation into al Qaeda financing has found evidence that two West African governments hosted the senior terrorist operatives who oversaw a \$ 20 million diamond-buying spree that effectively cornered the market on the region's precious stones.

Investigators from several countries concluded that President Charles Taylor of Liberia received a \$ 1 million payment for arranging to harbor the operatives, who were in the region for at least two months after the Sept. 11, 2001, attacks on New York and the Pentagon. The terrorists moved between a protected area in Liberia and the presidential compound in neighboring Burkina Faso, investigators say.

Long accused of sanctioning illicit diamond and weapons trading, Taylor and President Blaise Campaore of Burkina Faso deny the charge, which is included in a summary of the joint intelligence findings.

The Washington Post obtained a copy of the military intelligence summary, which offers the clearest picture yet of al Qaeda's secretive business operations in West Africa and an elaborate plot that began in 1998 to hide substantial terrorist assets in diamonds. This account draws on interviews with senior investigators, the intelligence report and documents obtained independently that verify its findings. The Post also interviewed two sources with direct knowledge of certain events, who asked that their names not be used for fear of retribution. European and Latin American investigations also found evidence that a group of people buying diamonds on behalf of the terrorists were simultaneously attempting to procure sophisticated weapons, such as missiles that could shoot down aircraft, The Post has learned. Investigators have been unable to trace the diamonds since they left Liberia and Burkina Faso.

The diamond-buying operation appears to have been hatched in response to a move by the United States in 1998 to freeze al Qaeda assets after attacks on two U.S. embassies in Africa that were blamed on the organization. Senior European intelligence sources said they have been baffled by the lack of U.S. interest, particularly by the CIA, in their recent findings. The CIA, which in the past has downplayed reports of al Qaeda's diamond connections, declined to comment.

In the weeks after the Sept. 11 attacks, the U.S. Defense Intelligence Agency did try to monitor the two senior al Qaeda operatives supervising the diamond trading, who were known to be hiding in an elite military camp in Liberia. Both men were on the FBI's Most Wanted list of terrorists. The Pentagon prepared a small Special Forces team in neighboring Guinea to snatch the two, but the mission was not carried out because the team could not confirm the targets' identities, according to sources.

The European law enforcement investigations, launched soon after Sept. 11, have focused on three people who allegedly served as conduits to the al Qaeda operatives: Aziz Nassour, a Lebanese diamond merchant; his cousin Samih Osailly; and Ibrahim Bah, a Senegalese soldier of fortune who has trafficked for years in diamonds and guns across Africa. All three deny involvement with al Qaeda or in illegal activities.

Al Qaeda's diamond purchases were first reported in The Washington Post 13 months ago. Subsequent investigations by Belgian police and other European intelligence agencies have shed new light on the operation's scope, its financing and al Qaeda's extensive ties in West Africa.

Several other efforts have been underway to unravel illicit diamond trade through Liberia and its links to weapons smuggling and terrorism. A specially appointed U.N. panel of experts has studied the issue, and the Security Council in 2001 accepted the panel's recommendation to ban international travel by Taylor, his family and senior government officials.

Much of the new evidence of al Qaeda's diamond plot flows from the April 12 arrest here of Osailly, who is in prison awaiting trial on charges of diamond smuggling and illegal weapons sales. Osailly is involved with a small diamond importing company believed to have been used by the al Qaeda operatives. He has pleaded not guilty.

In Osailly's case, Belgian investigators say they uncovered bank records showing that the diamond company enjoyed a sudden surge in business and turned over almost \$ 1 billion in the year before Sept. 11. Investigators also have found telephone records of calls to Afghanistan, Pakistan, Iraq and Iran.

Preparations for al Qaeda's diamond operation began in September 1998, six weeks after the bombings of U.S. embassies in Kenya and Tanzania. The United States had moved to freeze \$ 240 million in Taliban and al Qaeda assets.

"It was at that point that al Qaeda realized where it was vulnerable in its financial structure and began to systematically move its assets to commodities," said one intelligence analyst who specialized in al Qaeda's finances. "You see a move into diamonds, tanzanite and other commodities along with a new emphasis on creating charities to handle the finances."

On Sept. 22, a senior al Qaeda financial officer named Abdullah Ahmed Abdullah, who is listed on the FBI's list of most-wanted terrorists, arrived in Monrovia, Liberia. Ibrahim Bah arranged for Abdullah to meet with senior Liberian officials and their allies in the rebel Revolutionary United Front (RUF) in neighboring Sierra Leone.

Bah is a Senegalese who had trained in Libya, fought in the early 1980s with Islamic guerrillas in Afghanistan and then with Hezbollah in Lebanon. By 1998, he was the main weapons buyer and diamond dealer for Taylor in Liberia and the RUF, according to U.N. and European investigators. Bah has the rank of general in the RUF, which won international notoriety for its brutality in the civil war that raged in Sierra Leone from 1989 until this year.

Bah declined numerous interview requests but has issued written statements denying that he has ties to al Qaeda or has dealt in diamonds or weapons. In a statement he described himself as a used car salesman. The United Nations has banned him from international travel because of his alleged smuggling activities.

In March 1999, two other al Qaeda operatives, Ahmed Khalfan Ghailani and Fazul Abdullah Mohammed, came to Liberia for a follow-up visit and spent a few days touring the Sierra Leone diamond fields controlled by the RUF.

The next year, in July 2000, investigators believe that Bah approached ASA Diam, the company associated with Osailly and Nassour, about handling the al Qaeda gems. The company, which had been largely inactive for about two years, suddenly began handling large volumes of money, recording \$ 14 million worth of diamond sales in 2000.

Bah, Nassour and Osailly have denied having the discussion about al Qaeda diamonds. Nassour, who now lives in Beirut and is barred by the United Nations from international travel, said in an interview that he has met Bah only once, on other business.

On Dec. 26, 2000, according to sources, Osailly and Allie Darwish, another Lebanese diamond dealer, met with the two al Qaeda operatives. Joined by several senior RUF commanders, they drove by caravan from Monrovia to Sierra Leone.

Osailly collected several large packets of diamonds and returned to Monrovia just after New Year's Day 2001. A courier sent by Nassour delivered \$ 300,000 to pay Bah and the RUF for the diamonds.

Investigators said they have found calls from Nassour's ASA Diam company telephone, as well as a satellite telephone, made over the next several weeks to places that raise alarms: several calls to Afghanistan; a fax to Lahore, Pakistan; two calls to Iraq and four calls to Iran.

Nassour, in a telephone interview, said he did not recall personally calling Afghanistan or Pakistan, although he said he had called Iran on personal business.

Once the two al Qaeda operatives were established in Liberia, Bah and others rented a large house in a part of Monrovia occupied by Libyan security forces. Darwish, Osailly's business associate, leased the property for three years on Jan. 22, 2001, documents show. Investigators say Ghailani and Mohammed frequently traveled in and out of Liberia and used this rental house as a command center for the diamond-buying operation.

Investigators believe Nassour arrived in Monrovia on Feb. 15, 2001, to talk with Bah about increasing al Qaeda's diamond purchases. Nassour denies making the trip, although a hotel bill in his name reviewed by The Post shows that he stayed there from Feb. 15 to March 1. Nassour said someone using his name ran up the bill.

On March 3, 2001, the al Qaeda operatives Ghailani and Mohammed, using Yemeni passports and listing themselves as Bah's guests, returned to Monrovia from abroad to supervise the accelerated mining operations. The operatives frequently visited Bah's rental house, according to two witnesses and intelligence reports.

The operatives were in place during the peak of the diamond mining season, during the rainy season that lasts from April to August, and appear to have cornered most of the Sierra Leonean and Liberian diamond markets during that period. Diamonds from those countries represent less than 2 percent of the \$ 7 billion global diamond market, but the stones are among the world's best.

Diamond merchants in the region said that during that period, they were perplexed because they could no longer buy stones. New buyers were paying from 15 percent to 30 percent more than the going rate.

"At the prices they were paying, it was clear they were not buying to make a profit," said one major dealer. "And there were no stones at all to buy. All my regular suppliers were getting better prices elsewhere. We all knew something wrong was going on with the market."

Investigators say something else changed in April 2001.

While money still churned through ASA Diam's bank account, the company stopped reporting diamond sales in Antwerp. The usual flood of Sierra Leonean diamonds in Antwerp, where 90 percent of the world's diamonds are cut and polished, never appeared.

That, investigators say, was the opposite of what should have happened. In the summer of

2001, as Sierra Leone's civil war wound down because of a U.N.-brokered peace agreement, thousands of demobilized fighters went into diamond mining. More mining was underway than there had been for at least five years.

Meanwhile, the pace of al Qaeda's diamond buying accelerated -- and activity increased at Bah's Monrovia rental house.

ASA Diam's calls to Afghanistan were logged in May 2001. A few weeks later, on June 16, a woman using the name Ferial Shahin arrived in Monrovia from Quetta, Pakistan, as Bah's guest, according to visa records obtained by The Post. Authorities say they believe she played a role in smuggling stones out of Liberia. Her whereabouts are unknown.

Traveling with the two al Qaeda operatives, she arrived in Karachi, Pakistan, in late June, staying several nights in the Shaharah-e-Faisal hotel, according to Pakistani intelligence sources. From there, the three traveled together to Quetta, near the Afghan border, and the trail was lost.

European intelligence analysts now believe that some of the correspondence between al Qaeda leaders discovered by the Wall Street Journal in a computer the newspaper bought in Afghanistan may have referred to the diamond deals.

According to the Journal, numerous memos cited an unspecified project that would greatly help the terrorist organization. One memo, apparently written by bin Laden's senior strategist, Ayman Zawahiri, described how the project's success "may well be a way out of the bottleneck and transfer our activities to the stage of multinationals and [bring] joint profit." The memo, the Journal said, was addressed to Abu Mohammed al-Masri, an alias used by Abdullah.

According to the European intelligence summary, in July 2001 Nassour flew from Beirut to Dubai and picked up \$ 1 million in cash to be given to Liberian President Taylor. Investigators say it is not clear who handed Nassour the money.

He then flew to Ouagadougou, the capital of Burkina Faso. By then, the two al Qaeda operatives had returned from Pakistan and, according to the report, were staying in the compound of Burkina Faso President Campaore.

Ghailani and Mohammed, the report says, stayed until the summer of 2001 "in the presidential complex [in Ouagadougou] in the district of Zone du Bois. The complex is called Maison des Hotes." The report said the \$ 1 million was to pay Taylor "to hide the two al Qaeda operatives in Camp Gbatata," a military camp in Liberia, near Taylor's private farm, that serves as the base of Liberia's elite Anti-Terrorism Unit and the South African mercenaries who train it.

After Nassour's trip, Ghailani and Mohammed moved back to Liberia.

The government of Burkina Faso has denied sheltering the al Qaeda operatives. Nassour

acknowledged the stop in Burkina Faso en route to Liberia but said he never carried \$ 1 million.

According to visa files obtained by The Post, Nassour arrived in Monrovia on July 9, listed as Bah's guest. Sources said he left after a few days because the RUF commanders he had planned to meet with had not arrived. He went to Ouagadougou, where he gave a suitcase of cash to a courier to deliver to Taylor.

At a meeting a few days later with the RUF high command and with Taylor's security chief, Nassour again asked the RUF to step up its mining activities. In return, he promised premium rates, weapons and medicine, sources said.

Immediately after the meeting, a senior RUF commander faxed Taylor a letter, obtained by The Post, which said: "Sir, we write to inform you of our present dealings with Mr. Aziz Nassour, that was introduced to us by Gen. [Ibrahim] Bah, upon your recommendation. Sir, we have agreed to sell all of our diamonds to Mr. Aziz Nassour through your offices."

European intelligence sources and some U.S. Defense Intelligence Agency officials believe that Ghailani and Mohammed stayed in the region well after the Sept. 11 attacks.

In late November, U.S. and European intelligence reported credible sightings of two unidentified Arabs along with Ghailani and Mohammed inside the Camp Gbatala complex. While the CIA did not take the reports seriously, the Pentagon alerted a Special Forces team.

"We had multiple, reliable intelligence reports that those two and two others were in Gbatala, and we stood a team up for the snatch," said a U.S. official familiar with the events. "But in the end we couldn't get the 100 percent identification we needed to pull the trigger and cause a possible international incident. After about a week, the group stood down."

Ghailani apparently returned to Afghanistan and may have been killed there. His personal papers were found near Kandahar. Mohammed is presumed to be alive.

Shortly after the first published accounts of al Qaeda's diamond ties, Belgian officials asked banks to scour their records for suspicious transactions. Artesia Bank, noticing the flow of funds and unusual business fluctuations, forwarded the name of the ASA Diam account.

Investigators say that at least \$ 20 million was withdrawn from the account, money they believe was the portion of the company's transactions linked to al Qaeda's buying

activities.

European, U.S. and Central American officials have recently found evidence that Nassour and Osailly were trying to buy weapons from the Nicaraguan army and a Bulgarian company. Investigators are trying to unravel whether that deal was meant to supply al Qaeda with SA-8 surface-to-air missiles and sophisticated rockets.

Documents obtained by The Post show that on Jan. 2, 2001, an Israeli arms dealer in Panama named Simon Yelnik sent an e-mail to a Russian arms merchant in Guatemala discussing an order that "our friends in Africa need." Attached was a list of assault rifles, ammunition and rocket-propelled grenades as well as 20 SA-8 missiles and 200 rockets for BM-21 multiple rocket launchers.

The weapons provider was to be the Nicaraguan army, the documents show.

A request written in French accompanied the list, asking what the weapons would cost "with or without an end-user certificate. Destination, Liberia." An end-user certificate is required for a legal purchase of weapons of war. It certifies the country buying will not re-sell them to a third party.

Yelnik, who has denied any illegal activity, is now in prison in Panama on charges related to weapons sales to right-wing paramilitary forces in Colombia.

"The likelihood this type of weapons were going to the RUF rebels in the bush is very hard to believe," said one intelligence analyst. "It almost certainly had to be destined for somewhere else."

Nassour acknowledged faxing a weapons list to Yelnik, along with an end-user certificate from Ivory Coast. He said he received a price list back from Yelnik, but the deal was never consummated.

The Ivorian certificate, obtained by The Post, is dated Jan. 8, 2001, and signed by Defense Minister Moise Lida Kouassi. It is an order to Nataco Holding PLC in Bulgaria for more than 10 million rounds of ammunition, 10,000 sniper rifles, night vision equipment and grenade launchers. A copy was found in Osailly's possession.

Two sources said Bah gave the certificate to an associate to deliver to Nassour in Belgium. Instead, Bah's associate walked into the U.S. Embassy in Brussels with a copy of the document and outlined the diamond-for-weapons schemes underway, although he did not mention any connection to al Qaeda. U.S. officials acknowledge they did nothing with the information.

"What we know is that al Qaeda was very active in the diamond trade, but we also know there is a great deal we don't know," said one senior intelligence official. "What else is there out there we haven't discovered? What are they still doing that brings them profit? Those are the questions I worry about now."