

Financial Crimes Perpetrated by Far-Right Extremists in the United States: 1990 - 2013

OVERVIEW

A descriptive analysis of financial crime data from the Extremist Crime Database (ECDB) reveals that far-right political or religious extremists in the United States engaged in various types of financial crimes, mostly tax avoidance, and were largely affiliated with the sovereign citizen movement. While the majority of schemes were ideologically motivated, many contained elements of profit or greed motivations and involved a large number of non-extremist collaborators.

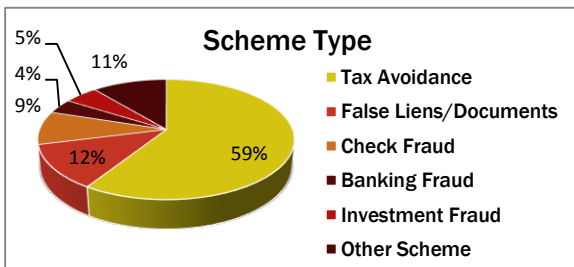
PROJECT BACKGROUND

The purpose of this research was to investigate the relationship between financial crimes and political extremism in the United States through a systematic analysis of criminal cases involving far-right political and religious extremists indicted from 1990 to 2013 for their participation in a financial scheme included in the ECDB. The ECDB is an open source relational database that collects data on extremist crimes, violent and non-violent/financial, ideological and routine, reported in an open source since 1990, including information on extremist suspects (far-right extremists, environmental and animal rights extremists, and al-Qa'ida and affiliated movements extremists) and non-extremist accomplices. Using data from the ECDB, this study provides a descriptive analysis of (a) *financial schemes* (i.e., illicit financial operations carried out over an extended period of time by one or more suspects) and (b) *criminal suspects* (i.e., individuals criminally charged for participating in the schemes).

FINDINGS

This project has identified 609 financial schemes involving at least one far-right extremist occurring in the United States from 1990 to 2013. These schemes involved 1,345 individual criminal suspects: 72% (n=969) were far-right extremists and 20% (n=264) were non-extremist collaborators. Specific information about the remaining 112 (8%) was not found. The schemes varied tremendously in length, ranging from a few months to over 30 years. Government losses from these schemes are estimated at over \$1 billion dollars.

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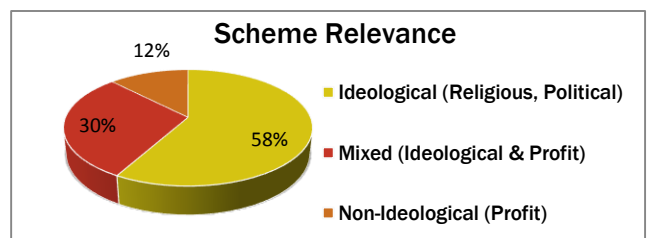
Far-right extremists engaged mostly in tax avoidance schemes (59%) as a form of anti-government protest. The majority of these schemes involved failing to file income tax returns, submitting false tax returns, and sending false documentation to officials in an attempt to obstruct or impede the collection of taxes. Other schemes involved the sale of exorbitantly priced anti-tax packages, providing purchasers with fake documentation, instructions on how to file false tax documents, and/or fraudulent financial instruments to satisfy existing debts. Often tax avoidance schemes involved tax protesters who decided to stop participating in the federal tax system, responding by stopping their tax withholdings and refusing to file tax documents. Most of these tax avoidance

schemes involve various “frivolous arguments” about tax laws and the Constitution, all of which have been repeatedly rejected in court.

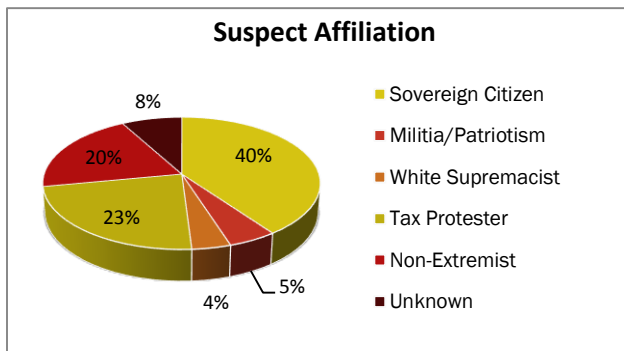
Another popular scheme committed by far-right extremists includes the filing of false liens against public officials or other citizens (10%), often in retaliation for criminal or civil proceedings brought against them or other movement affiliates. These liens typically claim billions of dollars in liabilities and are intended to both financially harm and intimidate the victim. A similar strategy involved filing false tax or other legal documents against officials (2%) with the hope that they would be investigated and ultimately sanctioned by the Internal Revenue Service (IRS) or another government agency.

Other schemes included:

- Check fraud (9%): The use of fictitious, often self-manufactured checks, money orders, or other similar financial instruments;
- Banking fraud (4%): The use of unsanctioned banking, mortgage fraud, loan fraud, etc.;
- Investment schemes (5%): The use of pyramid/Ponzi schemes or securities fraud; and
- Other schemes (11%), included identify theft, money laundering, insurance fraud, embezzlement, counterfeiting, and Internet-based schemes.



The primary motivation for each scheme varied, but the majority (58%) were carried out based almost entirely on a political or religious extremist ideological belief system. Only 12% were not primarily motivated by ideology, but were carried out for profit or greed. The remaining 30% consisted of both ideological and profit-driven as motivations.



The far-right extremists involved in these schemes belong to a number of movements. While many individuals fit into multiple categories, only the primary affiliation is reported. The most prominent affiliation is with sovereign citizens (40%), who believe they are freemen not subject to governmental authority. Sovereign citizens either declare themselves to be entirely sovereign entities or members of a state republic, often creating their own common law court systems. An additional 5% were affiliated with militia or patriot groups, and 4% affiliated with white supremacists (KKK, neo-Nazi, Christian Identity, etc.). The remaining 23% of extremist individuals are tax protesters. Tax protesters use a wide array of frivolous anti-tax arguments to morally and legally justify not paying taxes, arguing that taxes and other laws are unconstitutional, illegal, invalid, or voluntary.

Another key finding was the involvement of non-extremists in financial schemes involving far-right extremists. One-fifth of the individuals charged with participating in these schemes did not have any identifiable expression of extremist ideology. Non-extremist collaborators engaged in these schemes primarily for financial gain. This includes individuals with specialized expertise providing professional services. In other cases, individuals joined the scheme as a financial opportunity after being introduced by family members, friends, or associates. Many involved spouses going only with their partner's wishes, but not exhibiting any identifiable extremist ideological belief system themselves. It is important to note that many of these individuals could also have far-right extremist attitudes and beliefs, but this could not be reliability determined through the available information.

These findings point to important policy implications. This study demonstrates that focusing exclusively on violent extremists is artificially limiting, as many extremists become involved in financial crime activities. Many motivations and techniques drive these schemes. Although most center on ideological arguments to avoid taxes or obstruct law enforcement, others are non-ideological and motivated by profit. This study illustrates the importance of conducting systematic analyses of these financial schemes, including a more comprehensive focus on broader criminal networks of both extremists and non-extremists. These efforts will improve the development of evidence-based intervention strategies.

METHOD

Within the ECDB, more than 500 variables focus on key characteristics of:

- Financial schemes (e.g., type, goal, length, geographic scope)
- Suspects (e.g., demographics, ideological affiliation, techniques, social networks)
- Business entities (e.g., type, location, services provided, etc.)
- Quality of open-source data (e.g., number, type, validity and reliability).

Those interested in learning more about the creation and reliability of the ECDB should see the following articles: "[Introducing the United States Extremist Crime Database](#)" in *Terrorism and Political Violence*, and "[American Terrorism and Extremist Crime Data Sources and Selectivity Bias: An Investigation Focusing on Homicide Events Committed by Far-Right Extremists](#)" in the *Journal of Quantitative Criminology*.

FUTURE DIRECTIONS

Data collection on extremist financial crime is currently ongoing. Upon completion of data collection, ECDB researchers plan to conduct longitudinal analyses examining changes in extremist financial crime trends over time and network analyses exploring relational ties between extremists and non-extremist associates to understand how extremist financial networks form and operate.

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