

0%

WSJ Barron's MarketWatch IBD

Nikkei 31052.86 0.66% ▼ Hang Seng 17172.13 0.72% ▼ U.S. 10 Yr -3/32 4.968% ▼ Crude Oil 87.03 1.19% ▼ Yen 149.93 0.06% ▲ DJIA 33127.28 0.86% ▼

English Edition ▼ Print Edition | Video | Audio | Latest Headlines | More ▼

World Business U.S. Politics Economy Tech **Finance** Opinion Arts & Culture Lifestyle Real Estate Personal Finance Health Science Style Sports

WORLD | MIDDLE EAST

Hamas Militants Behind Israel Attack Raised Millions in Crypto

Digital currency transactions highlight how U.S. and Israel have struggled to sever the access of Hamas, Palestinian Islamic Jihad and Hezbollah to foreign funding

By [Angus Berwick](#) and [Ian Talley](#)

Updated Oct. 10, 2023 3:34 pm ET



Gaza City following an Israeli airstrike on Monday. Crypto remains one of a number of tools Hamas uses to raise funds. PHOTO: MOHAMMED SABER/SHUTTERSTOCK

Hamas's [lightning strike on Israel](#) last weekend has raised the question how the group financed the surprise operation. One answer: cryptocurrency.

During the year leading up to the attacks, three militant groups—Hamas, Palestinian Islamic Jihad and their Lebanese ally Hezbollah—received large amounts of funds through crypto, according to a review of Israeli government seizure orders and blockchain analytics reports.

Digital-currency wallets that Israeli authorities linked to the PIJ received as much as \$93 million in crypto between August 2021 and June this year, analysis by leading crypto researcher Elliptic showed.

Wallets connected to Hamas received about \$41 million over a similar time period, according to research by another crypto analytics and software firm, Tel Aviv-based BitOK.

Militants from the PIJ joined Hamas on Saturday in [storming into Israel](#) from the Gaza Strip, killing some 900 civilians and abducting at least a hundred more. At least 700 Palestinians have died since Israel retaliated with [a wave of attacks on Gaza](#).

Hamas’s armed wing, [the Izz ad-Din al-Qassam Brigades](#), didn’t respond to a request for comment on the groups’ use of crypto. The PIJ and Hezbollah couldn’t be reached for comment.

All three militant groups have been [designated foreign terrorist organizations](#) by the U.S. government and are subject to sanctions by the Treasury Department, limiting their access to the international banking system. Anyone found transacting with those entities risk criminal prosecution and being targeted with sanctions themselves.

MOST POPULAR NEWS



Posters near the Lebanese-Israeli border showing Lebanon’s parliamentary speaker, Nabih Berri, in a tie, and Hezbollah’s leader Hassan Nasrallah. PHOTO: AZIZ TAHER/REUTERS

MOST POPULAR OPINION

The crypto transactions highlight how the U.S. and Israel have struggled to sever the groups’ access to foreign funding, Western terrorism analysts and former officials say. PIJ and Hamas, [which holds power in Gaza](#), were able to amass weaponry and other equipment under the nose of Israel’s government to launch the most significant breach of its borders since the 1973 Yom Kippur War.

SHARE YOUR THOUGHTS

Is it possible to prevent militant groups from using crypto to finance their operations? Join the conversation below.

funds that flowed through them.


It couldn’t be determined whether the crypto they received was directly used to finance the assault. It also couldn’t be determined how much crypto Israeli authorities seized from the wallets. Researchers said that would likely have been a small percentage of the overall amount of

Israeli police said Tuesday that they froze further crypto accounts used by Hamas to solicit donations on social networks, part of a continuing effort to locate the “financial infrastructure in cryptocurrencies used by terror entities to fund their activities.”

Crypto allows users to bypass banks by instantly transferring tokens between digital wallets, which are normally held at a cryptocurrency exchange. The U.S. Treasury Department, in a report last year, said gaps in financial crime controls at such crypto exchanges can allow terrorist groups to misuse them, noting Islamic State and al Qaeda had both received donations in crypto, too.

After an operation in June to seize crypto belonging to Hezbollah, Israeli Defense Minister Yoav Gallant said the use of digital currencies was making the job of stopping terrorist financing ever more complex.

“This is not an easy task,” Gallant said.

 Watch: Israeli Forces Engage in Gunbattle With Palestinian Militants



Watch: Israeli Forces Engage in Gunbattle With Palestinian Militants

Israeli police released footage that showed what it said were border forces evacuating wounded soldiers after a gunbattle with Palestinian militants near the Gaza border on Saturday. Photo: Israel Police

In an order the following month against the PIJ wallets, Israel’s National Bureau for Counter-Terror Financing also requested the seizure of any crypto held on 67 client accounts at Binance, the world’s largest crypto exchange. Earlier orders this year by the bureau against Hamas and Hezbollah also sought to confiscate funds at Binance. The U.S. Justice Department has been conducting a broad investigation into the company’s anti-money-laundering controls, [the Journal has reported](#).

A Binance spokesperson said the exchange actively partners with law enforcement agencies, including those in Israel, to combat terror financing.

“Over the past few days, our team has been working in real time, around the clock, to support ongoing efforts,” the spokesperson said. Israeli police said Tuesday the new account freezes were carried out with Binance’s assistance.

Researchers who study Hamas’s financing said crypto remains one of a number of tools the group uses to raise funds, including bringing cash into Gaza from Egypt. The U.S. says Iran has long been the groups’ primary benefactor, putting regular

 WHAT'S NEWS



Israel Prepares for Ground Assault in Gaza



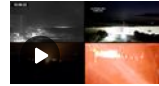
15:06

1x



RECOMMENDED VIDEOS

1. Video Analysis Shows Gaza Hospital Hit By Failed Rocket Meant for Israel



2. Biden Speaks by Phone With Two Americans Released by Hamas



3. WSJ Opinion: Hits and Misses of the Week



4. WSJ Opinion: The Vanishing House Speakership



5. Watch: House Fails to Elect Jim Jordan as Speaker on First Ballot

 Watch: House Fails to Elect Jim Jordan as Speaker on First Ballot

10%

SUBSCRIBE

Add to Queue

[Explore Audio Center](#)

funding from Tehran at roughly \$100 million a year.

“Crypto is another string in their bow,” said Joby Carpenter, a specialist on crypto and illicit finance at ACAMS, an industry group for

financial crime-fighting professionals.

Hamas has [publicly sought to raise funds in crypto](#) since at least 2019, when the al-Qassam Brigades began asking supporters on its Telegram channel to donate bitcoin. “The [reality of jihad](#) is the expenditure of effort and energy, and money is the backbone of war,” the group wrote in a post, attaching a wallet address that received about \$30,000 in bitcoin that year.

The group is one of the most sophisticated crypto users in the terror-finance domain, according to Ari Redbord, a former senior Treasury official who is now head of global policy at TRM Labs, a blockchain-intelligence company which tracks the group.

Hamas stopped publishing its donation addresses to protect donors’ anonymity after Israeli and U.S. investigators tracked the transactions on the blockchain—the public ledgers that collate data on all digital currency transactions.

Hamas has since turned to payment processors that generate crypto addresses and help obscure its true cryptocurrency wallet, embedding links to those processors in their websites’ fundraising pages, Redbord said.

The al-Qassam Brigades said this April that they would stop receiving donations via bitcoin and told supporters to contribute in other ways. This was “out of concern for the safety of donors,” the group said on Telegram, citing a “doubling of hostile efforts against everyone who tries to support the resistance through this currency.”

Hamas and PIJ had already accumulated millions of dollars in crypto, the seizure orders showed.

Elliptic’s analysis indicated the groups weren’t only raising funds via crypto but also using crypto to move funds within their organizations. The London-based research firm found that the separate groups were transferring funds among each other’s wallets too, with the PIJ sending over \$12 million in crypto to Hezbollah since 2021.

For transactions, they primarily used the stablecoin tether, which is pegged to the U.S. dollar, avoiding the volatility that affects other tokens. Asked about its token’s use, Tether said it remains committed to deterring terrorist involvement, including by freezing related wallets. The company worked closely with global law enforcement to restrict illicit activity, Tether said.

Using crypto is “much easier than smuggling cash over Egypt’s border,” said Matthew Price, a former IRS investigator who now leads Elliptic’s business working with law enforcement.

— *Dov Lieber contributed to this article.*

Write to Angus Berwick at angus.berwick@wsj.com and Ian Talley at Ian.Talley@wsj.com

The Sam Bankman-Fried Trial

Coverage of the crypto exchange's collapse and the trial of the FTX founder

SIGN UP FOR THE WSJ CRYPTO NEWSLETTER

[What's Happening at the Bankman-Fried Trial](#)

[Meet the Main Players in the FTX Trial](#)

[Caroline Ellison Says She Dreaded FTX Collapse](#)

[Can Someone Lose Track of Billions of Dollars?](#)

What's Happening at the Bankman-Fried Trial

Meet the Main Players in the FTX Trial

Caroline Ellison Says She Dreaded FTX Collapse

Can Someone Lose Track of Billions of Dollars?

[FTX and Sam Bankman-Fried: What to Know](#)

[How FTX Executives Secretly Spent \\$8 Billion](#)

[It's Their Job to Put Sam Bankman-Fried in Prison](#)

[Podcast: The Trial of Crypto's Golden Boy](#)

FTX and Sam Bankman-Fried: What to Know

How FTX Executives Secretly Spent \$8 Billion

It's Their Job to Put Sam Bankman-Fried in Prison

Podcast: The Trial of Crypto's Golden Boy

Appeared in the October 11, 2023, print edition as 'Militants Boosted Holdings Of Crypto Over the Past Year'.

HIDE CONVERSATION (419)

Conversation 419 Comments

Commenting on this article has ended

Sort by **Newest** v

DC D Coleman ...
12 October, 2023
Is there ever and article in the paper anymore that doesn't further the aims of the Deep State? (Rhetorical question, obviously...)
👍 1 · Share

DG Donald Garner ...
12 October, 2023
The unasked question is what role did Biden's bribe/payoff/blackmail of 6 billion to Iran to get a handful of hostages freed play in the funding of this attack on Israel? Why is Biden's praised in the face of another terrible intelligence failure by not just Israel but also the USA?
👍 1 · Share

MS Mark S ...
12 October, 2023
Because the "ideology" does not accept criticism or responsibility for failures or self-inflicted disasters. To them, there must ALWAYS be some nefarious, outside source interfering with their divine mission.
👍 · Share

MS Mark St%20George ...
12 October, 2023
They are not "militants". They are murdering coward terrorists who get off on beheading infants, women and the elderly. Say it.
(Edited)
👍 · Share

20%