



Middlebury Institute of  
International Studies at Monterey  
*Center on Terrorism, Extremism, and Counterterrorism*

# **Zakat, Proxies, and Plausible Deniability: The Financial Network of the Lashkar-e-Tayyiba**

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How Lashkar-e-Tayyiba Built and Sustained Its Financial  
Network





## Center on Terrorism, Extremism, and Counterterrorism

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## **Acknowledgements**

Professor Jason M Blazakis

Sebastian Rotella

Middlebury Institute of International Studies



## **Abstract**

Lashkar-e-Tayyiba (LeT) has endured as one of South Asia's most dangerous terrorist organizations for nearly four decades, surviving international sanctions, periodic domestic pressure, and sustained counterterrorism efforts. This paper argues that LeT's resilience is inseparable from the sophistication of its financial architecture, a hybrid model blending religious fundraising, diaspora remittances, charitable front organizations, informal hawala networks, and sustained Pakistani state patronage. Tracing LeT's financial evolution from its Saudi-backed origins in the late 1980s through the 2025 Pahalgam attack, the paper examines how the group has systematically adapted its funding mechanisms in response to shifting geopolitical pressures, FATF scrutiny, and the post-9/11 counterterrorism environment. Through a chronological analysis structured around key operational periods, including a detailed case study of the financing behind the 2008 Mumbai attacks, the paper demonstrates that LeT's financial network has never been structurally disrupted, only temporarily inconvenienced. Central to this endurance is the complicity of elements within Pakistan's Inter-Services Intelligence and provincial governments, which have provided institutional cover, logistical support, and regulatory protection to LeT and its primary front organization, Jamaat-ud-Dawa. The paper concludes that countering LeT's financial network requires coordinated multilateral action targeting not only the group's front organizations but the state-level enablers that have rendered existing international designations largely ineffective.



## Origins and Ideology: Understanding Lashkar-e-Tayyiba

*Lashkar-e-Tayyiba* (LeT), translated as "Army of the Righteous," is one of the most ruthless, well-funded, and strategically potent terrorist groups (Islamist militant non-state actor) in South Asia. It was formally founded in 1987 under the umbrella of the *Markaz al-Dawa wal-Irshad* (MDI), an *Ahl-e-Hadith* religious and missionary organization in Pakistan that served as both an ideological incubator and an institutional cover for LeT's militant ambitions.<sup>1</sup> The group quickly emerged from the ideological confluence of Arab Salafist influences, Pakistani state patronage, and regional conflict, particularly the Soviet-Afghan war and the subsequent insurgency in Indian-administered Kashmir.

It remains a persistent existential threat to the Indian state and has survived, if not thrived, for nearly three decades despite counterinsurgency efforts. This paper examines how LeT, under Hafeez Muhammad Saeed's leadership, has sustained itself as one of the most dangerous jihadist organizations in the post-9/11 era, with particular focus on the financial architecture, spanning state patronage, charitable fronts, diaspora networks, and informal banking systems, that has allowed it to survive and adapt for nearly four decades.

Initially conceived as a tool to wage *jihad* in Afghanistan, parallel to the anti-communist *Mujahideen*, LeT's focus shifted in the early 1990s to Indian-administered Kashmir, aligning with Pakistan's geopolitical objectives. By the late 1990s, the group had become deeply enmeshed in the Pakistani military-intelligence establishment, especially the Inter-Services Intelligence (ISI), which considered LeT a "reliable proxy" for operations in Kashmir and, potentially, against India's urban centers.<sup>2</sup> According to Stephen Tankel, LeT's utility stemmed not only from its military discipline and effectiveness but from its unwillingness to oppose the Pakistani state in any manner whatsoever.<sup>3</sup>

LeT's military tactics and scale of operations are complemented by its sophisticated organizational structure. The group includes a social services wing, missionary operations under *Jamaat-ud-Dawa* (JuD), and a political front in the *Milli Muslim League*, all working

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<sup>1</sup> C. Christine Fair and Mustafa Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyiba* (New York: Oxford University Press, 2019), 15-17.

<sup>2</sup> Tricia Bacon, "The Evolution of Pakistan's Lashkar-e-Tayyiba Terrorist Group," *Orbis* 63, no. 1 (2019): 27-30.

<sup>3</sup> Tankel, *Lashkar-e-Taiba*, 6.



together to build legitimacy in Pakistan.<sup>4</sup> Its headquarters in Muridke, near Lahore, function as a sprawling campus with schools, medical clinics, training facilities, and logistical infrastructure.<sup>5</sup> Despite periodic international pressure, this complex continues to operate with limited interference from the Pakistani state.

While most U.S. counterterrorism discourse centers on *al-Qaeda* and the Islamic State, LeT's combination of tactical patience, institutional depth, and state protection renders it one of the most dangerous actors in the post-9/11 jihadist landscape.<sup>6</sup> Unlike *al-Qaeda*, LeT has cultivated a degree of deniability through its charitable arm, JuD, which has historically received tacit approval from the Pakistani state, even after being listed by the United Nations and the U.S. State Department.<sup>7</sup> This dual identity allows LeT to recruit openly, raise funds through Islamic charities, and operate across Pakistan with considerable legal cover.<sup>8</sup>

## 1. Saudi Riyals and Afghan Trenches: The Origins of LeT's Funding Network

Lashkar-e-Tayyiba (LeT) was established in 1987 at the intersection of Pakistani statecraft under Zia-ul-Haq and the pan-Islamist networks that had mobilized Arab funding throughout the Soviet-Afghan war. Its financial roots trace to this complex web of ideological patronage and militant infrastructure. From its inception, LeT benefited from Saudi-financed pan-Islamist networks, Arab militant ideologues, and Pakistani clerics

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<sup>4</sup> C. Christine Fair, "The Milli Muslim League: The Domestic Politics of Pakistan's Lashkar-e-Taiba," (Hudson Institute, 2018), <https://www.hudson.org/research/14776>.

<sup>5</sup> Saroj Kumar Rath, "Financial Network of Lashkar-e-Taiba," SSRN (2020): 2-4, <https://ssrn.com/abstract=3704944>.

<sup>6</sup> Ashley J. Tellis, "Lashkar-e-Taiba: Capable of Threatening the U.S. Homeland?" Carnegie Endowment for International Peace, June 2013, <https://carnegieendowment.org/posts/2013/06/lashkar-e-taiba-capable-of-threatening-us-homeland?lang=en>.

<sup>7</sup> Thomas Joscelyn, "U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List," *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>

<sup>8</sup> Sebastian Rotella, *Frontline: American Terrorist* (PBS), transcript, <https://www.pbs.org/wgbh/frontline/documentary/american-terrorist/transcript/>.



seeking to propagate *Salafi Islam* and directly and violently confront Indian governance in Kashmir.

LeT emerged as the militant wing of MDI, an organization founded in 1986 by Hafiz Muhammad Saeed and Zafar Iqbal, both professors at the University of Engineering and Technology in Lahore.<sup>9</sup> They were heavily influenced by Abdullah Azzam, the Palestinian cleric who not only mentored Osama bin Laden but also mobilized Arab funding for the Afghan jihad through the *Maktab al-Khidmat*, which was later integrated into *al-Qaeda's* formation.<sup>10</sup> Azzam supported Saeed and Iqbal's efforts to establish a *Salafi-oriented* militant group distinct from the *Deobandi outfits* backed by Pakistan's military-intelligence complex at the time.<sup>11</sup>

Initially, LeT struggled to access funding through Pakistani channels because the Inter-Services Intelligence (ISI) prioritized seven Afghan mujahideen groups, excluding LeT from direct aid.<sup>12</sup> To bypass this obstacle, LeT aligned itself with *Ittehad-e-Islami*, an ISI-approved Afghan faction led by Abdul Rab Rasul Sayyaf, thereby gaining legitimacy and access to resources.<sup>13</sup> During this period, Hafiz Saeed and Zafar Iqbal cultivated contacts in the Gulf, particularly in Saudi Arabia, where their travels for academic and religious purposes allowed them to tap into established charities, individual donors, conservative clerics, and state-linked financiers sympathetic to their cause.<sup>14</sup>

The cornerstone of LeT's infrastructure was laid with substantial Arab funding. Osama bin Laden, via Abdullah Azzam and *al-Qaeda's* network, was alleged to have contributed to the construction of LeT's headquarters in *Muridke*, near Lahore, in 1988.<sup>15</sup> This sprawling facility was funded in part by a 10 million Pakistani rupee donation from a Saudi national, Abu Abdur Rehman Sareehi, Lakhvi's brother-in-law and a trusted associate of bin Laden.<sup>16</sup> *Muridke* became a self-contained ecosystem: part madrassa, part training ground,

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<sup>9</sup> Stephen Tankel, *Lashkar-e-Taiba: Past Operations and Future Prospects* (Washington, DC: Carnegie Endowment for International Peace, 2011), 2.

<sup>10</sup> C. Christine Fair and Mustafa Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyaba* (Oxford: Oxford University Press, 2019), 19.

<sup>11</sup> Farhan Zahid, "New al-Qaeda in the Making: Lashkar-e-Taiba," *CF2R Foreign Analysis*, January 2015, <https://irp.fas.org/world/para/lashkar.htm>.

<sup>12</sup> Saroj Kumar Rath, "Financial Network of Lashkar-e-Taiba," SSRN, 2020, 1–2, <https://ssrn.com/abstract=3704944>.

<sup>13</sup> Mohammad Yousaf and Mark Adkin, *The Bear Trap: Afghanistan's Untold Story* (Lahore: Jang Publishers, 2001), 101.

<sup>14</sup> Yasmeen, *Jihad and Dawah*, 40–42.

<sup>15</sup> Rath, "Financial Network," 2.

<sup>16</sup> *Ibid.*, 3.



part ideological center. By the early 1990s, this headquarters allowed LeT to recruit, indoctrinate, and train militants in a semi-open setting, sheltered by the state.

LeT also founded *Muaskar-e-Taiba* and *Muaskar-e-Aqsa*, early training camps located in Afghanistan's *Kunar* and *Paktia* provinces, whose present conditions are unknown. These were operated with Saudi money and under the ideological guidance of "Azzam".<sup>17</sup> The group's early budgets were modest but strategically deployed, emphasizing training, publications, and basic stipends for recruits. As Saroj Kumar Rath notes, "LeT outsmarted many terrorist organizations in ensuring a constant flow of money, operating across legal and illegal routes without severe obstruction."<sup>18</sup> Even in its infancy, LeT's financial management demonstrated long-term thinking, diversifying sources, building redundancy into funding channels, and intertwining *da'wah* with *jihad* to attract religious donations from unsuspecting contributors.

The official channel for much of this funding was *Jamaat-ud-Dawa* (JuD), through which resources were routed under the cover of a charitable organization focused on social services, especially in education, disaster relief, and public health. This cover proved exceptionally useful: despite being listed as a terrorist organization by the U.S. and United Nations, JuD continued to operate freely in Pakistan for years.<sup>19</sup> As early as the 1990s, the group installed donation boxes in mosques and shops, collected *zakat* (obligatory alms), and received foreign remittances from the Pakistani diaspora, particularly in the UK and Gulf countries.<sup>20</sup> NGOs based in Kuwait, the UAE, and Saudi Arabia reportedly served as intermediaries. Profitable enterprises operated by Pakistani expatriates across the Persian Gulf became a crucial channel of direct funding for LeT.<sup>21</sup>

By 2001, LeT's infrastructure included dozens of offices across Pakistan, hundreds of full-time staff members, a print media division, and hundreds of students undergoing ideological training.<sup>22</sup> It was able to receive funds via cheques, wire transfers, and online donations. These transactions benefited from weak financial regulatory mechanisms in Pakistan and limited international oversight, allowing funds to pass through official

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<sup>17</sup> Tankel, *Lashkar-e-Taiba*, 5.

<sup>18</sup> Rath, "Financial Network," 4.

<sup>19</sup> Thomas Joscelyn, "U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List," *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>

<sup>20</sup> Angel Rabasa et al., "The Lessons of Mumbai," RAND Testimony CT-390, 2009, 6–7, <https://www.rand.org/pubs/testimonies/CT390.html>

<sup>21</sup> U.S. House of Representatives, "Lashkar-e-Taiba: A Deadly Terrorist Organization," Hearing Before the Subcommittee on the Middle East and South Asia, 111th Congress, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111hhrg55399/html/CHRG-111hhrg55399.htm>

<sup>22</sup> Fair and Samdani, *In Their Own Words*, 95.



banks, charities, and Islamic finance institutions with minimal scrutiny.<sup>23</sup> Notably, these transactions often passed through official banks, charities, and Islamic finance institutions, making them harder to trace and disrupt.

While LeT's ideology called for jihad against India and the West, its fundraising pitch focused on humanitarianism, Islamic revivalism, and education, popular tropes that resonated with conservative Muslim audiences. As Sebastian Rotella noted in *Frontline*, "What LeT perfected was the fusion of the charity model and the militant enterprise."<sup>24</sup>

## 2. The Training Economy: Financing LeT's Militant Infrastructure in the 2000s

During the 2000s, *Lashkar-e-Tayyiba* (LeT) consolidated its position as one of the most efficient terrorist organizations in South Asia, with a well-funded infrastructure dedicated to training militants for operations in Kashmir and, increasingly, across India. While its ideological grounding was central to recruitment and indoctrination, LeT's training ecosystem, sustained by a deliberate combination of charitable cover, state leniency, and diversified transnational funding, played a decisive role in translating theological radicalism into operational capability. This transformation was neither spontaneous nor incidental; it was facilitated by deliberate funding strategies that blended legal cover, state leniency, and diversified transnational support. Key camps included *Muaskar-e-Taiba* and *Camp Abdullah bin Masood*, where trainees received instruction in firearms, explosives, navigation, and surveillance.<sup>25</sup> Training often spanned multiple stages, beginning with *Daura-e-Aam* (basic training) and progressing to *Daura-e-Khaas* (advanced guerrilla and sabotage tactics), including urban warfare simulations.<sup>26</sup> These programs required not only military expertise, but also logistical expenses: food, housing, materials, instructors' salaries, transportation, and medical care for recruits.

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<sup>23</sup> Rath, "Financial Network," 5.

<sup>24</sup> Sebastian Rotella, "American Terrorist," *Frontline*, PBS, <https://www.pbs.org/wgbh/frontline/documentary/american-terrorist/transcript/>.

<sup>25</sup> C. Christine Fair, "Insights from a Database of Lashkar-e-Taiba and Hizb-ul-Mujahideen Militants," in *Small Wars & Insurgencies* 27, no. 3 (2016): 360–382.

<sup>26</sup> Samina Yasmeen, *Jihad and Dawah: Evolving Narratives of Lashkar-e-Taiba and Jamat ud Dawah* (London: Hurst, 2017), 122.



Funding for these operations was channeled through the JuD, LeT's front organization. JuD continued to present itself as a humanitarian charity, notably taking advantage of lax Pakistani financial oversight. It collected funds via public rallies, donation boxes in mosques and markets, religious festivals, and zakat campaigns.<sup>27</sup> These streams were then directed to both LeT's educational and militant arms, often through overlapping infrastructure in Muridke and other cities.

Diaspora networks, similar to what Hezbollah accomplished with a worldwide Lebanese population, particularly among Pakistanis in the Gulf, the United Kingdom, and North America, served as conduits for remittances. Funds arrived through formal banking channels under the guise of charitable giving.<sup>28</sup> Multiple investigations by U.S. and Indian agencies confirmed that LeT used *hawala* networks and cash couriers to obscure the origin of overseas donations.<sup>29</sup> In several cases, Pakistani banks and foreign exchange dealers reportedly facilitated transactions without due diligence or scrutiny.<sup>30</sup>

The importance of Saudi-based, Kuwaiti-based, and Qatar-based NGOs also emerged during this period. Even though India has strong economic agreements with these nations, these organizations often supported Mosques affiliated with JuD, believing they were financing religious education rather than militant training.<sup>31</sup> LeT leveraged this confusion by integrating indoctrination and basic physical training into its *Madrassah* (Mosque with a school or a mosque serving as a school) system, *grooming* young men for later stages of military preparation.<sup>32</sup>

Evidence also points to state-level complicity. Pakistani security agencies frequently turned a blind eye to JuD's training activities. In some cases, the ISI is believed to have

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<sup>27</sup> Saroj Kumar Rath, "Financial Network of Lashkar-e-Taiba," SSRN, 2020, 6, <https://ssrn.com/abstract=3704944>.

<sup>28</sup> Tricia Bacon, "Preventing the Next Lashkar-e-Tayyiba Attack," *The Washington Quarterly* 42, no. 1 (2019): 60–62.

<sup>29</sup> U.S. House of Representatives, "Lashkar-e-Taiba: A Deadly Terrorist Organization," Hearing Before the Subcommittee on the Middle East and South Asia, 111th Congress, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111hhrg55399/html/CHRG-111hhrg55399.htm>.

<sup>30</sup> RAND Corporation, "The Lessons of Mumbai," Testimony CT-390, 2009, <https://www.rand.org/pubs/testimonies/CT390.html>

<sup>31</sup> U.S. House of Representatives, "Lashkar-e-Taiba: A Deadly Terrorist Organization," Hearing Before the Subcommittee on the Middle East and South Asia, 111th Congress, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111hhrg55399/html/CHRG-111hhrg55399.htm>.

<sup>32</sup> Fair and Samdani, *In Their Own Words*, 117–121.



facilitated coordination, providing intelligence, safe houses, and even tactical support.<sup>33</sup> While Pakistani authorities occasionally detained LeT leaders after international pressure, these arrests were cosmetic and temporary. Training activities rarely faced serious disruption, particularly in the lead-up to major attacks like the 2001 Indian Parliament attack, one of the first terrorist attacks to receive sustained live television coverage.<sup>34</sup>

Public financial data on LeT's training operations is deliberately obscured, but estimates suggest that millions of dollars annually were needed to sustain its military camps.<sup>35</sup> These funds covered not just logistical needs, but also the production of propaganda materials, stipends for families of "martyrs," or 'shaheeds,' and legal aid for arrested operatives.<sup>36</sup> Publications like *Voice of Islam* and *Dawa* were used to glorify LeT's training programs, emphasizing spiritual purification and the emulation of the Prophet's companions in warfare.<sup>37</sup>

LeT's internal cohesion and its centralized command structure gave it an advantage over other jihadi groups. Unlike *al-Qaeda's* franchise model or *Jaish-e-Mohammed's* more erratic networks, LeT maintained a vertically integrated training-financing loop. Recruits moved seamlessly from ideological induction to physical training and, eventually, to active operations.<sup>38</sup> This model depended on consistent funding, trust among donors, and an ability to operate with 'near-impunity' under the Pakistani state's umbrella.

In the global context of post-9/11 counterterrorism, LeT's training strategy in the 2000s reflected a unique paradox: while Western states cracked down on *Deobandi* and *al-Qaeda*-linked actors, LeT continued to function, quietly but effectively, because of its dual identity as a social actor and militant proxy.<sup>39</sup> Some analysts have argued that Indian counterterrorism policy during this period was reactive rather than preventive, failing to disrupt LeT's financing infrastructure before it became deeply entrenched. This assessment, while contested, underscores the broader challenge of countering a group operating under sustained state protection across the border.

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<sup>33</sup> Stephen Tankel, *Lashkar-e-Taiba: Past Operations and Future Prospects* (Washington, DC: Carnegie Endowment, 2011), 14.

<sup>34</sup> Polly Nayak and Michael Krepon, *The Unfinished Crisis: U.S. Crisis Management After the 2008 Mumbai Attacks* (Stimson Center, 2012), 10

<sup>35</sup> Rath, "Financial Network," 5-6.

<sup>36</sup> Yasmeen, *Jihad and Dawah*, 150.

<sup>37</sup> Abdulsalam bin Muhammad, *Why We Are Waging Jihad*, 21-23.

<sup>38</sup> Angel Rabasa et al., "The Lessons of Mumbai," RAND CT-390, 12.

<sup>39</sup> Tricia Bacon, "The Evolution of Pakistan's Lashkar-e-Tayyiba Terrorist Group," *Orbis* 63, no. 1 (2019): 30-31.



### 3. The Cost of Catastrophe: How LeT Financed the 2008 Mumbai Attacks

The 2008 Mumbai attacks, often referred to as 26/11, represent a pinnacle achievement for the LeT in terms of military accomplishment, influence, fame, and diminution. Over the course of four days, ten militants executed a coordinated assault on multiple high-value civilian targets, killing over 160 people, including foreign nationals.<sup>40</sup> Beyond the tactical sophistication of the operation, the financing and logistical underpinnings of the attack revealed LeT's deep entrenchment within transnational financial systems, Pakistani state complicity, and a robust internal infrastructure capable of sustaining large-scale terror campaigns. The operation costs relatively little, in material terms, estimated at \$150,000–\$200,000. But its strategic and geopolitical impact was enormous.<sup>41</sup>

The attack's financial architecture was deceptively simple, yet it worked according to plan. Money for training, reconnaissance, travel, communication, and equipment was routed through a mix of front organizations, hawala networks, and formal banking systems. The trust-based creed of Hawala networks has allowed several non-state actor groups to infiltrate and take advantage of them. According to U.S. and Indian investigations, the Pakistani American operative David Headley (*alias Daood Gilani*), working under instructions from LeT or the ISI and with support from Pakistan's Inter-Services Intelligence (ISI), conducted reconnaissance missions in Mumbai over several years.<sup>42</sup> Headley's U.S. business front, First World Immigration Services, and his multiple bank accounts were used to funnel funds for travel, hotels, and surveillance.<sup>43</sup>

The primary source of these funds was LeT's centralized pool, sustained by diaspora donations, local fundraising in Pakistan, and contributions from Gulf-based charities and individuals.<sup>44</sup> As Saroj Kumar Rath explains, LeT's financial network allowed for legal

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<sup>40</sup> Polly Nayak and Michael Krepon, *The Unfinished Crisis: U.S. Crisis Management After the 2008 Mumbai Attacks* (Washington, DC: Stimson Center, 2012), 1–5.

<sup>41</sup> Angel Rabasa et al., "The Lessons of Mumbai," *RAND Testimony CT-390*, 2009, 9–10, <https://www.rand.org/pubs/testimonies/CT390.html>

<sup>42</sup> Sebastian Rotella, "American Terrorist," *Frontline*, PBS, <https://www.pbs.org/wgbh/frontline/documentary/american-terrorist/transcript/>.

<sup>43</sup> U.S. House of Representatives, "Lashkar-e-Taiba: A Deadly Terrorist Organization," Hearing Before the Subcommittee on the Middle East and South Asia, 111th Congress, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111hhrg55399/html/CHRG-111hhrg55399.htm>.

<sup>44</sup> C. Christine Fair and Mustafa Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyaba* (New York: Oxford University Press, 2019), 142.



transactions that disguised the nature of the funds through JuD and associated religious institutions.<sup>45</sup> These mechanisms were particularly effective in avoiding detection by international banking authorities, especially as many donations were classified as *zakat* or disaster relief. The use of *zakat* as a fundraising mechanism is not unique to LeT; similar appeals appear in the financing literature of other Islamist militant groups, including the Islamic State.

The training of the Mumbai attackers was conducted at LeT's camps in Pakistan-occupied Kashmir and Punjab. Their expenses, including housing, food, weapons training, and communications were covered by JuD and LeT's financial arm.<sup>46</sup> Phone and internet services used for training coordination were paid through prepaid SIM cards and anonymous cyber cafés, reducing traceability. Headley and LeT handlers reportedly used VoIP (Voice over Internet Protocol) services for communication with attackers during the operation, costs covered by shell payments in Europe.<sup>47</sup>

LeT's logistical planning extended to maritime elements. The attackers hijacked the Indian fishing trawler *Kuber* to approach Mumbai by sea. The procurement of maritime GPS devices, inflatable boats, and weapons—most notably AK-56 rifles (Chinese licensed variant of the AK-47, in service with the Pakistan Army), grenades, and RDX explosives, was facilitated through LeT's logistics wing.<sup>48</sup> The weapons and equipment were smuggled into Pakistan and transferred via *Karachi*, where they were loaded onto vessels and carried across the Arabian Sea.<sup>49</sup> Funds for these purchases were routed through Pakistan-based companies linked to LeT sympathizers, though precise documentation has remained elusive. The precise boundaries between LeT's front companies and any legitimate business interests remain difficult to establish from open-source documentation, a deliberate feature of the group's financial opacity.<sup>50</sup>

The operational control center during the attack was reportedly managed by LeT leaders Zaki-ur-Rehman Lakhvi and Yusuf Muzammil, and the infamous Major Iqbal from the ISI,

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<sup>45</sup> Saroj Kumar Rath, "Financial Network of Lashkar-e-Taiba," SSRN, 2020, 6–7, <https://ssrn.com/abstract=3704944>.

<sup>46</sup> Samina Yasmeen, *Jihad and Dawah* (London: Hurst & Co., 2017), 155.

<sup>47</sup> Nayak and Krepon, *The Unfinished Crisis*, 26.

<sup>48</sup> Stephen Tankel, *Lashkar-e-Taiba: Past Operations and Future Prospects* (Washington, DC: Carnegie Endowment, 2011), 16–17.

<sup>49</sup> Tricia Bacon, "The Evolution of Pakistan's Lashkar-e-Tayyiba Terrorist Group," *Orbis* 63, no. 1 (2019): 31.

<sup>50</sup> RAND CT-390, 14.



with real-time tactical guidance provided via mobile and satellite phones.<sup>51</sup> These phone lines were allegedly purchased using stolen or fake identities. The cost of technical support, including GPS tracking, VoIP services, and international communication lines, may have been less than 10K USD, yet it significantly enhanced the attackers' effectiveness.<sup>52</sup>

The ISI's role remains a central controversy. While direct financial links are not publicly proven, numerous intelligence sources, including U.S. Congressional testimony, affirm that elements within the ISI knew of, facilitated, or ignored the preparations for the attacks.<sup>53</sup> The arrest of LeT operative Zarrar Shah, who maintained electronic communications with the attackers, revealed links to ISI officers during interrogation.<sup>54</sup> Moreover, post-attack statements by Pakistani officials minimized the state's role and sought to divert attention to rogue elements, echoing a long-standing pattern of plausible deniability.<sup>55</sup> Many experts within the Indian state and military apparatus have argued that had it not been for the arrest of Ajmal Kasab, it would have been nearly impossible to link the attacks to Pakistan and the LeT, given how well the group had covered up its tracks.

The international response to the attacks prompted financial sanctions against several LeT affiliates. The U.S. Treasury Department designated multiple LeT commanders as global terrorists, and the United Nations Security Council blacklisted JuD, albeit with little practical effect within Pakistan.<sup>56</sup> Despite these measures, JuD continued to operate relief and fundraising campaigns, often under rebranded names, front companies, shell companies, and Pakistan-based shell companies.<sup>57</sup>

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<sup>51</sup> Bacon, "Preventing the Next Lashkar-e-Tayyiba Attack," *The Washington Quarterly* 42, no. 1 (2019): 57.

<sup>52</sup> Ibid.

<sup>53</sup> House Oversight Committee, "Roman Written Testimony," February 2025, <https://oversight.house.gov/wp-content/uploads/2025/02/Roman-Written-Testimony.pdf>.

<sup>54</sup> Tankel, *Lashkar-e-Taiba*, 18

<sup>55</sup> Nayak and Krepon, *The Unfinished Crisis*, 31.

<sup>56</sup> Thomas Joscelyn, "U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List," *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>.

<sup>57</sup> Fair and Samdani, *In Their Own Words*, 149–150.



## 4. How Did Lashkar-e-Tayyiba Sponsor the Training of Terrorists in the 2010s

In the aftermath of 26/11, Lashkar-e-Tayyiba (LeT) adapted its operations to new geopolitical realities. The 2010s saw increased global scrutiny of Pakistani-backed militant groups, particularly by the Financial Action Task Force (FATF), and growing U.S. pressure on Islamabad to curb support for extremist proxies. Despite this, LeT not only maintained its training programs throughout the decade but also appeared to have diversified them in notable ways, becoming more discreet, technologically adept, and regionally focused, especially in Kashmir and Afghanistan.<sup>58</sup> The technological adaptation is most likely a reference to its use of drones in Kashmir and the social media recruitment campaign. Its continued training activities were sustained by an intricate financial ecosystem, aided by institutional protection, charitable fronts, and transnational donor networks.

In response to international pressure, LeT began relocating or concealing training infrastructure. While earlier camps like *Muaskar-e-Taiba* and Camp Abdullah bin Masood operated in the open, many 2010s-era camps were embedded within educational, religious, or relief institutions run by *Jamaat-ud-Dawa*.<sup>59</sup> These dual-purpose facilities allowed LeT to provide ideological instruction and rudimentary training in urban or semi-rural environments under the guise of Islamic education. Training continued in guerrilla tactics, explosives, and reconnaissance, but it was often modular, mobile, and camouflaged to avoid drone surveillance and law enforcement crackdowns.<sup>60</sup>

LeT also began exploiting digital platforms for training and recruitment, reflecting a broader shift in jihadist strategy globally. Videos promoting martyrdom or self-sacrifice for the cause and ideological sermons were circulated on closed WhatsApp groups, encrypted Telegram channels, and YouTube under various aliases.<sup>61</sup> These platforms were low-cost, globally accessible, and harder to regulate, especially when operated through

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<sup>58</sup> Tricia Bacon, “The Evolution of Pakistan’s Lashkar-e-Tayyiba Terrorist Group,” *Orbis* 63, no. 1 (2019): 31–34.

<sup>59</sup> C. Christine Fair, “Lashkar-e-Tayyiba and the Pakistani State,” *Asia Policy* 11 (2011): 105–110.

<sup>60</sup> Saroj Kumar Rath, “Financial Network of Lashkar-e-Taiba,” SSRN, 2020, 7, <https://ssrn.com/abstract=3704944>.

<sup>61</sup> Sebastian Rotella, “American Terrorist,” *Frontline*, PBS, <https://www.pbs.org/wgbh/frontline/documentary/american-terrorist/transcript/>



proxy servers or mirror sites. The digital dissemination of training materials reduced overhead while expanding LeT's reach across South Asia and into diaspora communities.

These shifts were accompanied by changes in LeT's funding architecture. While large public fundraisers became less frequent due to FATF scrutiny, the group managed to maintain income through more clandestine donation channels. Pakistani officials, under international pressure, banned JuD several times during the decade—only for it to rebrand or reemerge under new names like Falah-i-Insaniat Foundation.<sup>62</sup> These rebranded iterations allowed fundraising to continue with minimal legal disruption, as Pakistani authorities rarely pursued prosecutions against the renamed entities.<sup>63</sup> Funds flowed from mosque-based donations, informal cash couriers, shell charities, and unregulated NGOs in the Gulf and Southeast Asia.<sup>64</sup> It can be argued that mosques across Pakistan and the Gulf have been exploited as ostensibly peaceful religious institutions to channel funds toward Islamist extremism and, on occasion, to shelter individuals of operational significance.

A 2009 RAND report states, '...that despite attempts to disrupt these networks, LeT maintained robust recruitment and training across Pakistan with funding provided by loyal donors, informal banking systems, and political intermediaries.'<sup>65</sup> LeT's adaptation strategy was characterized by scalability: it could train a few dozen or a few hundred recruits depending on funding levels and political risk, offering low-visibility "micro camps" for shorter courses.<sup>66</sup> This characterization is, however, at odds with findings from field researchers who have identified fixed, established training facilities as the operational centers of LeT's military programs.

In addition to covert training, LeT developed "religious seminars" and welfare missions as recruitment platforms. These events provided cover for assessing the ideological commitment and physical fitness of recruits, with outreach deliberately directed toward young men from lower-income backgrounds. Youth from JuD schools or Mosques were often invited for deeper engagement through summer "faith-building" programs that

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<sup>62</sup> Thomas Joscelyn, "U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List," *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>.

<sup>63</sup> U.S. House of Representatives, "Lashkar-e-Taiba: A Deadly Terrorist Organization," Hearing, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111hrg55399/html/CHRG-111hrg55399.htm>.

<sup>64</sup> Angel Rabasa et al., "The Lessons of Mumbai," *RAND CT-390*, 2009, <https://www.rand.org/pubs/testimonies/CT390.html>.

<sup>65</sup> *Ibid.*, 15.

<sup>66</sup> Fair and Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyaba* (Oxford: Oxford University Press, 2019), 161.



subtly introduced jihadist narratives.<sup>67</sup> According to Christine Fair, this model proved effective in the Punjab (Pakistan) heartland, where LeT maintained long-standing community trust and avoided confrontation with the state.<sup>68</sup>

Perhaps the most significant shift in the 2010s was LeT's parallel expansion into mainstream politics. In 2017, the group formed the Milli Muslim League (MML) to contest elections. While disqualified by the Election Commission of Pakistan,<sup>69</sup> the MML continued to operate semi-legally, using its platform to legitimize LeT's ideological project, deflect accusations of terrorism, and open new channels for funding under the guise of political contributions.<sup>70</sup> By presenting itself as a nationalist Islamic organization, LeT attracted domestic donations that could not be directly tied to militancy but were nonetheless funneled into training and logistics.<sup>71</sup>

Additionally, LeT took advantage of humanitarian crises like floods, earthquakes, and refugee displacement in Kashmir to recruit and raise funds. Relief operations carried out by JuD-affiliated personnel in Pakistan-occupied Kashmir provided first aid, food, and logistical support, often alongside religious indoctrination and targeted outreach to young men. These missions received funding from Gulf-based remittances and foreign charities that continued to support JuD-affiliated entities despite international designations. By the end of the 2010s, LeT had successfully transitioned into a multi-layered hybrid organization. Its training of terrorists persisted behind a veil of religious activism, social welfare, and digital outreach.<sup>72</sup>

The Mili Muslim League faced its share of challenges and setbacks from the very moment Hafiz Saeed established it. Its plea to challenge the verdict of the Election Commission of Pakistan, which prohibited it from contesting elections, was formally rejected by the Islamabad High Court. Additionally, the MML and the Tehreek-e-Azadi-e-Kashmir were identified as LeT affiliates and designated as an FTO, less than a year into their operations, by the US Department of the Treasury. The designation was broadly welcomed in the Indian media, which went to great lengths to commend specific U.S. officials who

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<sup>67</sup> Samina Yasmeen, *Jihad and Dawah: Evolving Narratives of Lashkar-e-Taiba and Jamat ud Dawah* (London: Hurst, 2017), 165–168.

<sup>68</sup> Fair, “Lashkar-e-Tayyiba and the Pakistani State,” 110.

<sup>69</sup> Election Commission of Pakistan. “List of Political Parties (as on 4th September, 2025).” Accessed September 21, 2025. <https://ecp.gov.pk/list-of-political-parties>

<sup>70</sup> C. Christine Fair, “The Milli Muslim League: The Domestic Politics of Pakistan’s Lashkar-e-Taiba,” Hudson Institute, 2018, <https://www.hudson.org/research/14776>.

<sup>71</sup> Rath, “Financial Network,” 9.

<sup>72</sup> Nayak and Krepon, *The Unfinished Crisis*, 40.



had facilitated the process.

The strategic minds who led the MML's foundation, handpicked by Saeed himself, who were formally designated, included Saifullah Khalid (President), Muzammil Iqbal Hashimi (Vice President), Muhammad Harris Dar (Joint Secretary), Tabish Qayyum (Information Secretary), Fayyaz Ahmad (General Secretary), Faisal Nadeem (Broadcast and Publications Secretary), and Muhammad Ehsan (Finance Secretary).<sup>73</sup>

While no attack in the decade matched the scale of 26/11, it can be argued that the group expanded its cadre, fortified its infrastructure, and diversified its financial inflows. The first half of the decade saw the LeT succeed in pulling off several attacks throughout the subcontinent despite international disruption efforts. These included the Kashmir Valley attacks of 2014 that targeted Narendra Modi's election campaign, resulting in nineteen deaths,<sup>74</sup> and the targeting of the Hamid Guesthouse in Kabul, Afghanistan, in 2010, where eighteen civilians were killed and nearly thirty-six others were wounded.<sup>75</sup>

## **5. A Decade of Insurgency: The LeT's Operations and Financing from 2015 to 2025**

From 2015 to 2025, LeT's deployment of terrorists saw a tactical shift. The international community increasingly scrutinized terrorist financing and placed greater pressure on Pakistan through the Financial Action Task Force (FATF). LeT adapted by diversifying its operations, embedding itself further into Pakistan's political and social systems, and building discrete, transnational financing mechanisms.<sup>76</sup>

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<sup>73</sup> U.S. Department of the Treasury. "Treasury Targets Terrorist Group Lashkar-e Tayyiba's Political Party." Press release, April 2, 2018. <https://home.treasury.gov/news/press-releases/sm0335>

<sup>74</sup> "Militants Attack Army Camp at Mohra near Uri Border Town in Kashmir," *The Hindu*, December 5, 2014, archived December 24, 2014, <https://archive.ph/20141224205414/http://m.thehindu.com/news/national/militants-attack-army-camp-at-mohra-near-uri-border-town-in-kashmir/article6664357.ece/>.

<sup>75</sup> Ben Farmer, "Suicide Bombers Target Kabul Hotels Killing Seventeen," *The Telegraph*, February 26, 2010, <https://www.telegraph.co.uk/news/worldnews/asia/afghanistan/7325937/Suicide-bombers-target-Kabul-hotels-killing-seventeen.html>.

<sup>76</sup> Roman Testimony, U.S. House Oversight Committee, February 2025, <https://oversight.house.gov/wp-content/uploads/2025/02/Roman-Written-Testimony.pdf>.



The Kashmir Valley remained central to LeT's militant focus, though its broader narrative still focused on the establishment of an Islamic State in India. Following the revocation of Article 370 by India in 2019, which removed Jammu and Kashmir's special status, LeT intensified infiltration attempts, propaganda efforts, and cross-border engagements.<sup>77</sup> These activities were financed through a combination of front charities, religious donations, and state-enabled logistics, especially from within Pakistan-administered Kashmir and Punjab. The Indian military's frequent deployment of Special Forces units—such as the Army's Para SF and the Air Force's Garud commandos, in the Kashmir Valley, sprawling with Rashtriya Rifles (IA's COIN units), further reduced the success rate of LeT's individual attacks.

Despite Pakistan's occasional public disavowals of LeT, its infrastructure and media arms continued to operate with minimal interference.<sup>78</sup> In parallel, LeT expanded operations into *Balochistan*, aligning itself, sometimes indirectly, with Pakistani military interests in countering Baloch separatists and protecting China-Pakistan Economic Corridor (CPEC) assets.<sup>79</sup> The group's involvement in Baluchistan was framed as anti-insurgency rather than global jihad, thereby allowing it to secure discreet logistical support from the Pakistani security establishment.<sup>80</sup> While difficult to document with certainty, preliminary evidence indicates that the Pakistani state may have, on select occasions, utilized LeT against the *Baluchistan Liberation Army* (BLA). Yet, framing their interactions as a sustained proxy conflict risks overstating the case. A 2020 report on LeT's involvement in the China-Pakistan Economic Corridor observed that the group provided security for Chinese installations and convoys under the pretext of national defense, with financial support reportedly routed through the military's logistical channels.<sup>81</sup>

Increased FATF scrutiny pushed JuD-affiliated groups to rely more on decentralized networks of individual donors, particularly Pakistani workers and immigrants in the Gulf, UK, and North America.<sup>82</sup>

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<sup>77</sup> Tricia Bacon, "The Evolution of Pakistan's Lashkar-e-Tayyiba Terrorist Group," *Orbis* 63, no. 1 (2019): 33-35.

<sup>78</sup> C. Christine Fair and Mustafa Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyaba* (Oxford: Oxford University Press, 2019), 162.

<sup>79</sup> "LeT and CPEC," Internal Briefing Document, 2021, uploaded by user.

<sup>80</sup> Thomas Joscelyn, "U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List," *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>.

<sup>81</sup> "LeT and CPEC," 3-5.

<sup>82</sup> Rath, "Financial Network of Lashkar-e-Taiba," SSRN, 2020, 9-10, <https://ssrn.com/abstract=3704944>.



The group also continues to benefit from domestic revenue generation. This included real estate holdings, agricultural income from donated land (*waqf*), school fees from JuD institutions, and book sales from its publishing arms.<sup>83</sup> The Muridke complex operated as a largely self-sufficient institutional ecosystem, providing religious education, vocational training, and medical services, with funds systematically redirected into militant logistics as operational needs required.<sup>84</sup> According to Christine Fair, the Pakistani military has deliberately avoided dismantling this seemingly rebuildable infrastructure because it provides a strategic reservoir of trained, loyal cadres that can be activated when state policy demands.<sup>85</sup> It can almost be classified as a reserve force.

In the political arena, the Milli Muslim League (MML), LeT's political front, continued attempts to normalize the group's presence in national discourse. While denied registration in several election cycles, MML-affiliated candidates contested elections as independents and partnered with Islamist parties, allowing LeT to subtly influence policy debates, defend its legitimacy, and solicit legal financial contributions.<sup>86</sup> This political engagement further obscured funding routes, as election-related donations and operational expenses were commingled with militant financing.<sup>87</sup>

Meanwhile, LeT leveraged the COVID-19 pandemic to intensify its social outreach and reposition JuD as a humanitarian force. The group organized aid drives, distributed medical supplies, and launched fundraising campaigns, many of which received foreign donations and were channeled into its broader infrastructure.<sup>88</sup> The pandemic provided a temporary shield from public scrutiny and allowed the group to recruit new cadres under the guise of "service to the *ummah*."

By 2025, LeT's financial ecosystem had adapted to a fractured regulatory environment. FATF grey-listing pressured Pakistan to arrest LeT leaders and freeze accounts, but enforcement remained inconsistent. Hafiz Saeed was convicted in several terror-financing cases in 2020 and 2021, yet many of JuD's welfare networks continued operating under alternative names.<sup>89</sup> The core contradiction persisted: while Pakistan sought to maintain

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<sup>83</sup> Fair, "The Milli Muslim League: The Domestic Politics of Pakistan's Lashkar-e-Taiba," Hudson Institute, 2018, <https://www.hudson.org/research/14776>

<sup>84</sup> Fair and Samdani, *In Their Own Words*, 148

<sup>85</sup> C. Christine Fair, "Lashkar-e-Tayyiba and the Pakistani State," *Asia Policy* 11 (2011): 115.

<sup>86</sup> Roman Testimony, 2025.

<sup>87</sup> Bacon, "Preventing the Next Lashkar-e-Tayyiba Attack," *The Washington Quarterly* 42, no. 1 (2019): 61.

<sup>88</sup> Yasmeen, *Jihad and Dawah*, 174-176.

<sup>89</sup> Joscelyn, "U.S. Adds 8 LeT Members."



international credibility, its strategic reliance on LeT, especially in Kashmir and Afghanistan, ensured that the group was neither dismantled nor financially starved.<sup>90</sup>

In June 2016, the LeT ambushed Indian soldiers from the Central Reserve Police Force at Pampore in Kashmir, three miles south of Srinagar. The Indian Armed Forces suffered thirteen fatal casualties during the action and the subsequent standoff.<sup>91</sup> While it was not regarded as a direct response to the incident, the formal designation of Muhammad Sarwar and Shahid Mahmood (two senior LeT leaders who claimed responsibility for the attack) as Specially Designated Global Terrorists (SGDTs) by the US Department of the Treasury, in an effort to disrupt the group's fundraising and support network was appreciated by the Indian Government as an important step in the Global war on terror.<sup>92</sup>

While none of the LeT's attacks could recreate the destructive havoc of 26/11, what was alluring about their successes in this period was the role they played in transforming India's counterterrorism policy. The three most notable incidents of this period were the 2017 *Amarnath Yatra massacre*, which resulted in eight Indian civilian deaths,<sup>93</sup> the 2019 Pulwama ambush, which resulted in forty deaths of CRPF personnel<sup>94</sup> and the 2025 Pahalgam executions, when twenty-six tourists were murdered after being questioned by the terrorists on their religion.<sup>95</sup> The 2025 attack was officially attributed to an offshoot of the LeT, which identified itself as 'The Resistance Front'.<sup>96</sup> India's responses—the 2019 Balakot airstrikes by the Indian Air Force, the revocation of Article 370, and the 2025 Operation Sindoor strikes against LeT and JeM infrastructure- demonstrated a shift

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<sup>90</sup> Bacon, *The Evolution of LeT*, 35.

<sup>91</sup> Mir Ehsan, "Eight CRPF Men Killed in Pampore Attack, Lashkar-e-Toiba Claims Credit," *The Indian Express*, June 26, 2016, <https://indianexpress.com/article/india/india-news-india/pampore-eight-crpf-men-killed-in-valley-attack-let-claims-credit-2876364/>.

<sup>92</sup> U.S. Department of the Treasury, "Treasury Sanctions Lashkar-E Tayyiba Financial and Leadership Officials," press release, December 28, 2016, <https://home.treasury.gov/news/press-releases/jlo691>.

<sup>93</sup> 3 LeT Terrorists Involved in Amarnath Yatra Attack Killed in Encounter in Kashmir," *The Times of India*, December 5, 2017, <https://timesofindia.indiatimes.com/india/3-let-terrorists-killed-in-encounter-in-south-kashmir/articleshow/61925047.cms>.

<sup>94</sup> "Deadliest Kashmir Militant Attack on Troops," *BBC News*, February 14, 2019, <https://www.bbc.com/news/world-asia-india-47249133>.

<sup>95</sup> Danish Manzoor Bhat, "Kashmir Massacre: Trump, Putin, Iran, Israel Condemn Jihadist Attack on Hindu Tourists," *Newsweek*, April 22, 2025, <https://www.newsweek.com/kashmir-massacre-trump-putin-iran-israel-condemn-jihadist-attack-hindu-tourists-2062760>.

<sup>96</sup> Shemin Joy, "Centre Bans LeT's Proxy Outfit 'The Resistance Front'," *Deccan Herald*, January 5, 2023, <https://www.deccanherald.com/india/centre-bans-lets-proxy-outfit-the-resistance-front-1178338.html>.



toward kinetic retaliation, yet none of these actions disrupted LeT's underlying financial architecture or its capacity to regenerate operational funding.

## **6. The Enabling State: Pakistan's Structural Support for Lashkar-e-Tayyiba**

*'Well, we have been doing this dirty work for the United States for 3 decades, and the West!'*

-Khawaja Muhammed Asif (Present Minister of Defense of Pakistan), when asked by a journalist if the Pakistan sponsors terrorist groups by a journalist on Live TV following the 2025 *Pahalgam* attack.<sup>97</sup>

Few relationships in the modern history of terrorism and proxy warfare have proven as consequential or as durable as the alignment between LeT and elements of the Pakistani security establishment. This section examines the structural, financial, and ideological dimensions of that relationship. "Despite international designations as a terrorist organization, LeT has not only survived but prospered, operating with near impunity in Pakistan. This sustained resilience is a product not merely of institutional discipline or ideological appeal, but of systemic state sponsorship. The relationship between LeT and the Pakistani security apparatus, particularly the Inter-Services Intelligence (ISI) and segments of the military, is one of calculated utility, ideological alignment, and tactical plausibility deniability.

The origins of this seemingly perfect symbiosis lie in Pakistan's asymmetric doctrine, which views India as its existential threat and employs non-state actors to offset conventional military disadvantages.<sup>98</sup> It's quite remarkable to observe that Pakistan's nuclear deterrent, its cultivation of non-state militant proxies, and its deepening strategic partnership with China have collectively allowed a significantly smaller power to constrain and complicate the foreign policy of one of the world's largest economies and most populous nations — a strategic asymmetry that has proven remarkably durable.

LeT emerged in the 1990s as the most disciplined and loyal proxy group available to the Pakistani security establishment. This internal discipline was exceptional by the

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<sup>97</sup> The Hindu. "Pakistan Doing West's 'Dirty Work' for Decades: Pakistan Defence Minister." *The Hindu*, April 25, 2025. <https://www.thehindu.com/news/international/pakistan-doing-west-s-dirty-work-for-decades-pakistan-defence-minister/article69490687.ece>

<sup>98</sup> Tricia Bacon, "The Evolution of Pakistan's Lashkar-e-Tayyiba Terrorist Group," *Orbis* 63, no. 1 (2019): 27-30.



standards of comparable militant organizations, most of which struggle to maintain hierarchical command structures over extended periods. Unlike other militant organizations such as Jaish-e-Mohammad (JeM), which turned inward or launched attacks against the Pakistani state itself (allegedly), LeT strictly adhered to the doctrine of external jihad, focusing its entire campaign against India and targeting the Hindutva narrative.<sup>99</sup>

This policy of pro-Islamist anti-Hindu, anti-Indian attention made LeT an ideal partner for the ISI, which provided logistical, financial, and operational support in return. Documentary and congressional testimony over the past two decades have consistently pointed to direct and indirect forms of state sponsorship. LeT has received assistance in the form of safe houses, travel documents, training facilities, weapons, and intelligence-sharing.<sup>100</sup> Former U.S. State Department officials and intelligence analysts confirm that elements within the ISI were not only aware of LeT's operations, including the 2008 Mumbai attacks, but actively facilitated them.<sup>101</sup> The most famous being David Headley.<sup>102</sup>

The financial dimension of Pakistan's support for LeT is uniquely multifaceted. While direct government disbursements are rarely documented, JuD and its front organizations received indirect state funding, particularly through provincial governments in Punjab (Pakistan).<sup>103</sup> For example, the Punjab government allocated funds in its annual budgets to "welfare projects" operated by JuD into the 2010s, after it was designated a terrorist entity by the United Nations in 2008.<sup>104</sup> No action was taken either domestically or internationally against the state government. These allocations notably included infrastructure development, educational initiatives, and relief work, which helped maintain LeT's recruitment and training networks under a foolproof civilian guise.<sup>105</sup>

Moreover, the state's regulatory inaction played a critical role in enabling LeT's financial survival. Despite FATF grey-listing and sustained international pressure, the Pakistani government has often failed to close bank accounts, prosecute leadership, or dismantle

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<sup>99</sup> Stephen Tankel, *Lashkar-e-Taiba: Past Operations and Future Prospects* (Washington, DC: Carnegie Endowment, 2011), 3-5.

<sup>100</sup> C. Christine Fair, "Lashkar-e-Tayyiba and the Pakistani State," *Asia Policy* 11 (2011): 109-111.

<sup>101</sup> U.S. House of Representatives, "Lashkar-e-Taiba: A Deadly Terrorist Organization," Hearing, 2009, <https://www.govinfo.gov/content/pkg/CHRG-111hhrg55399/html/CHRG-111hhrg55399.htm>.

<sup>102</sup> Sebastian Rotella, "American Terrorist," *Frontline*, PBS, <https://www.pbs.org/wgbh/frontline/documentary/american-terrorist/transcript/>.

<sup>103</sup> Roman Testimony, U.S. House Oversight Committee, February 2025, <https://oversight.house.gov/wp-content/uploads/2025/02/Roman-Written-Testimony.pdf>.

<sup>104</sup> Christine Fair and Mustafa Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyaba* (Oxford: Oxford University Press, 2019), 149.

<sup>105</sup> Saroj Kumar Rath, "Financial Network of Lashkar-e-Taiba," SSRN, 2020, 10, <https://ssrn.com/abstract=3704944>.



infrastructure associated with LeT.<sup>106</sup> As noted in testimony to the U.S. House Oversight Committee in 2025, “Pakistan has demonstrated an enduring inability, or unwillingness to sever its links with designated terrorist groups that serve as foreign policy tools.”<sup>107</sup> This pattern of performative enforcement includes temporary arrests, token asset freezes, and superficial bans that are later reversed or rendered ineffective by judicial rulings.<sup>108</sup>

The Pakistani judiciary and law enforcement system have also functioned as a protective buffer for LeT leadership. High-profile figures such as Hafiz Muhammad Saeed have been detained under house arrest, only to be released after courts cited insufficient evidence or legal technicalities.<sup>109</sup> Convictions for terror financing have occurred sporadically but often without sustained follow-up or institutional disruption. These legal dynamics highlight the broader problem: Pakistan’s dual policy of combating some jihadist groups while quietly preserving others as strategic assets.

LeT’s continued operation is further enabled by ideological compatibility with the Pakistani state’s national identity project. LeT’s Ahl-e-Hadith framework aligns with conservative narratives of Islamic revivalism and the defense of Muslim minorities in India. Its messaging about Kashmir, Indian oppression, and the global war on Islam echoes state-sanctioned discourse.<sup>110</sup> This ideological synergy reinforces the group’s domestic legitimacy and complicates efforts to label it as a rogue actor within Pakistan. To summarize, the LeT objectives are to free Kashmir from India and ‘save Indian Muslims’ from an ‘oppressive state which will take away their human rights’. Their magazines and other publications have regularly emphasized this.

The political utility of LeT also became increasingly evident during the 2010s and early 2020s. Through the Milli Muslim League (MML), LeT entered electoral politics, providing the military with a controlled Islamic party that could challenge both secular and radical Islamist contenders without threatening the state’s stability.<sup>111</sup> Although Pakistan’s Election Commission denied MML formal registration, its candidates contested elections under alternative platforms, promoting pro-army narratives and challenging rival Islamist voices. Though it should be stated, given the imprisonment of former PM Imran

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<sup>106</sup> Roman Testimony, 3.

<sup>107</sup> Thomas Joscelyn, “U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List,” *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>.

<sup>108</sup> Nayak and Krepon, *The Unfinished Crisis*, 39–41.

<sup>109</sup> Samina Yasmeen, *Jihad and Dawah: Evolving Narratives of Lashkar-e-Taiba and Jamat ud Dawah* (London: Hurst, 2017), 164.

<sup>110</sup> C. Christine Fair, “The Milli Muslim League: The Domestic Politics of Pakistan’s Lashkar-e-Taiba,” Hudson Institute, 2018, <https://www.hudson.org/research/14776>.

<sup>111</sup> Bacon, “Preventing the Next Lashkar-e-Tayyiba Attack,” *The Washington Quarterly* 42, no. 1 (2019): 58.



Khan, the very notion of dissecting anti-democratic actions within the Pakistani state is quite pointless.

In fact, it's strange how long it took terrorist groups to enter politics within Pakistan as compared to criminal groups such as the Lyari mafia. Pakistan's idea of supporting LeT while avoiding direct attribution is often described as a strategy of "plausible deniability." However, as Sebastian Rotella notes, this veil has worn thin: "The sheer scale and audacity of LeT's actions, particularly Mumbai, have made deniability harder to sustain in international forums."<sup>112</sup> Yet, despite global outrage and concrete evidence, Pakistan's strategic calculus remains unchanged: LeT is still considered a low-cost, high-impact instrument of asymmetric warfare and an effective tool of insurgency.

This policy, however, comes at considerable cost. It undermines Pakistan's credibility on the international stage, endangers regional stability, and risks provoking full-scale conflict with India. As noted by Ashley Tellis at the Carnegie Endowment, "So long as LeT operates as a state proxy, the prospect of a catastrophic India-Pakistan war remains dangerously plausible."<sup>113</sup>

## **7. The Price of Inaction: Conclusions on LeT's Financial Resilience and Regional Stability**

Lashkar-e-Tayyiba (LeT) stands out as one of the most resilient and strategically evolved terrorist organizations in the post-9/11 era. Unlike other jihadist groups that fractured under international pressure or lost coherence after leadership decapitations, LeT has preserved its core operations, expanded its ideological reach, and maintained a steady stream of funding for nearly four decades—in part because its senior leadership was never successfully targeted or dismantled by counterterrorism operations.<sup>114</sup> This incredible endurance is not coincidental but the result of what can be referred to as a 'sophisticated hybrid model', blending militancy, charity, politics, and state sponsorship, designed to ensure sustainability, legitimacy, and strategic ambiguity. How much of this credit for keeping LeT alive goes to the ISI remains unknown.

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<sup>112</sup> Rotella, "American Terrorist."

<sup>113</sup> Ashley Tellis, "Lashkar-e-Taiba: Capable of Threatening the U.S. Homeland?" Carnegie Endowment, June 2013, <https://carnegieendowment.org/posts/2013/06/lashkar-e-taiba-capable-of-threatening-us-homeland?lang=en>.

<sup>114</sup> C. Christine Fair and Mustafa Samdani, *In Their Own Words: Understanding Lashkar-e-Tayyaba* (Oxford: Oxford University Press, 2019), 17–19.



From its origins in the 1980s as a Saudi-supported and ISI-endorsed offshoot of the Afghan jihad, LeT's evolution into a multi-tentacled organization demonstrates the success of its institutional model. It has embedded itself in Pakistani civil society through its charitable front, Jamaat-ud-Dawa (JuD), influenced national politics through the Milli Muslim League (MML), and retained the capacity for transnational violence through its militant cadres.<sup>115</sup>

Central to this success has been LeT's financial architecture, which combines religious fundraising, diaspora contributions, NGO networks, business holdings, and state-enabled protection. Throughout the 2000s and 2010s, LeT perfected the use of zakat-based campaigns, real estate revenue, front charities, and informal financial systems like hawala to funnel resources into both its militant and social programs.<sup>116</sup> Even when formally sanctioned by international bodies, LeT rapidly rebranded its organizations, adapted to regulatory gaps, and continued operating under new aliases with minimal disruption.<sup>117</sup>

Elements within the Inter-Services Intelligence (ISI) of Pakistan and the military have long treated LeT as a strategic proxy against India—facilitating training, logistics, and even operational coordination, while shielding the group from meaningful legal consequences.<sup>118</sup> Despite periodic arrests of leaders like Hafiz Saeed, who has been 'contained' in enough five-star hotels across Pakistan to give a review on all of them for tourism websites, such diplomatic gestures have largely been symbolic, aimed at assuaging foreign critics, particularly Indian rhetoric at the UN, rather than dismantling the organization's infrastructure in any way or form.<sup>119</sup>

The international and Indian response to LeT has been observed to be slow, reactive, and fragmented. Sanctions have failed to close the group's fundraising pipelines. Designations have not prevented its front organizations from reemerging repeatedly under new names, exploiting Pakistan's inconsistent enforcement regime to continue operating with minimal interruption. While American pressure has occasionally forced Pakistan to curb LeT's visibility, no sustained multilateral mechanism has succeeded in neutralizing its financial

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<sup>115</sup> Tricia Bacon, "The Evolution of Pakistan's Lashkar-e-Tayyiba Terrorist Group," *Orbis* 63, no. 1 (2019): 30–34.

<sup>116</sup> Saroj Kumar Rath, "Financial Network of Lashkar-e-Taiba," SSRN, 2020, 5–7, <https://ssrn.com/abstract=3704944>.

<sup>117</sup> Thomas Joscelyn, "U.S. Adds 8 Lashkar-e-Taiba Members to Terrorism List," *FDD*, August 30, 2012, <https://www.fdd.org/analysis/op-eds/2012/08/30/us-adds-8-lashkar-e-taiba-members-to-terrorism-list/>.

<sup>118</sup> Stephen Tankel, *Lashkar-e-Taiba: Past Operations and Future Prospects* (Washington, DC: Carnegie Endowment, 2011), 8–10.

<sup>119</sup> Roman Testimony, U.S. House Oversight Committee, February 2025, <https://oversight.house.gov/wp-content/uploads/2025/02/Roman-Written-Testimony.pdf>.



or operational capacities.<sup>120</sup> Mostly because Pakistan still views its investments into terror groups as an effective counter to the conventional military gap between itself and India.

The post 26/11 attacks have proven that countering LeT's financial network requires more than international designations—it requires multilateral cooperation with financial intelligence units (FIUs), regional enforcement partnerships, and forensic audits of Pakistani charities and NGOs. The outdated FATF compliance, which has failed to isolate Pakistan on its blacklist multiple times, must be urged to move beyond surface-level reforms and target the enablers: banks, clerics, property networks, and bureaucrats who facilitate LeT's financial flows. Similarly, public exposure of LeT's dual identities—as both “humanitarian” and “militant”—is essential to eroding its legitimacy among donors and sympathizers all over the world.

The broader pattern of charitable donation networks being exploited by militant groups — documented in the cases of Hamas, Hezbollah, and al-Qaeda — suggests that LeT may seek to exploit similar mechanisms in response to growing restrictions on its established channels. This warrants further study

The 2025 Pahalgam attack proves that Lashkar has endured a multinational effort against its financial lifelines. India's growing relations with countries in the Middle East have not halted the flow of cash into Pakistan-based terror groups. Starving the LeT's economic supply chains should be the topmost priority for India's intelligence agencies if the most populous country in the world ever wants to see peace in Kashmir.

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<sup>120</sup> Angel Rabasa et al., “The Lessons of Mumbai,” *RAND Testimony CT-390*, 2009, <https://www.rand.org/pubs/testimonies/CT390.html>.



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