



From Classifieds to Crypto: How White Supremacist Groups Have Embraced Crowdfunding

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Alex Newhouse

Between August 11-12, 2017, hundreds of protestors and counter-protestors descended on the town of Charlottesville, Virginia, in a demonstration that devolved into rioting and violence and resulted in a murder. The event thrust the nascent American white nationalism movement¹ into the mainstream, as far-right extremist groups came out, armed and armored, chanting "You will not replace us." The ensuing clashes, and the murder of Heather Heyer by a right-wing protestor, gave the country its first full glimpse of this new milieu of extremism. The modern American far-right is, in general, a reactionary movement, and its followers adopt symbols with strong historical backgrounds, like the German Iron Cross, Deus Vult crosses, and Confederate battle flags. But with regards to tactics, and specifically to fundraising, the new American Extreme Right substantively differs in comparison with its predecessors, especially the Liberty Lobby, the Order, and the Ku Klux Klan. Identity Evropa, the Atomwaffen Division, *The Daily Stormer*, and the "influencers" of the alt-right, among others, all embraced digital pathways for raising funds, specifically leveraging crowdfunding sites like Patreon. However, the new wave of fundraising has left the groups particularly vulnerable to action by payment processors. As they have had many of their online options shut down, white nationalists have shifted again: some have adopted bitcoin and cryptocurrencies, while others have returned to the methods of their predecessors and have started soliciting donations through the mail.

¹ In this paper, I focus on far-right groups and individuals who profess a desire for a white ethnostate in America. These span the spectrum from the nonviolent, more political groups, like Richard Spencer's National Policy Institute, to the violent, like the Atomwaffen Division and the Traditionalist Worker Party.

The KKK and militia groups

To understand why the new wave of white nationalism is novel, it is necessary to investigate the Extreme Right's original methods of fundraising. The American Far Right has often relied on various funding campaigns that mirror the methods of less insidious organizations, fellowships, and clubs. This includes collecting membership fees from its rank-and-file members and, more importantly, taking in large donations from sympathetic, wealthy individuals. The John Birch Society, for instance, was infamously composed of some of the nation's wealthiest businessmen, including Fred Koch, the founder of Koch Industries, and Robert Walsh.² The Liberty Lobby, a nativist political organizing and lobbyist group begun by Willis Carto, bridged the gap between far-right conservatives and neo-fascists in the US by running newspapers that promoted anti-Semitic and white supremacist ideas. It was funded in large part by member donations, which brought in around \$1 million per year in the 1970s.³ Carto also knew to cater to the elite when planning large operations. As reported by the Anti-Defamation League⁴ and Jack Anderson in *The Investigator*⁵, Carto and the Liberty Lobby sought a large sum of money--around \$400,000 per year--from wealthy conservatives, including some connected to the John Birch Society, for "Operation Survival." This was a plan to gradually ramp up propaganda campaigns and mobilize connections in the US military and government to shift the US toward a right-wing military dictatorship.

Of the militarized wing of the Extreme Right, financing throughout the 20th century generally followed the model of small terrorist groups worldwide. Namely, they often used a

² Jane Meyer, "The Secrets of Charles Koch's Political Ascent," *Politico*, January 18, 2016.

³ *The Jewish Transcript*, "Military Dictatorship in U.S. Goal of Right Wing, Anti-Semitic Group," February 11, 1971, Seattle.

⁴ Zina Klapper, "The Force of Willis Carto", *Mother Jones*, April 1981, 6.

⁵ *Liberty Lobby, Inc., et al., Appellants v. Jack Anderson, et al.* (US Court of Appeals for the District of Columbia Circuit November 2, 1984) (Justia, Dist. file).

combination of legal business ventures and petty crime to finance their operations. The Order, a white supremacist organization active in the 1980s, engaged in an array of activity, from winning legal timber contracts to counterfeiting money and robbing armored cars.⁶ According to Kevin Flynn's *The Silent Brotherhood*, the most exhaustive history of The Order, counterfeit made up much of the group's operational finances; the remote location of their headquarters allowed Order members to slip fake bills into circulation and receive clean cash in return. Robberies of armored cars brought in thousands more dollars, although it appears that the group did not concern itself much with the nuances of laundering the income.⁷

Other, smaller right-wing extremists and groups found various creative ways to raise money for their operations, but they often did not require great sums. Since American rightists generally did not have to worry about transferring money overseas or even through the formal financial system, as foreign terrorists do, they were able to acquire the necessary finances without complicated efforts. Timothy McVeigh and Terry Nichols, for instance, may have financed their relatively cheap (between \$3-4000) fertilizer bomb by selling guns at gun shows, a business that is notoriously difficult to track.⁸ The Oklahoma compound Elohim City, ran by a leader of the white supremacist Christian Identity movement, has also provided material support throughout the years for various members of the Extreme Right, allegedly including McVeigh. In addition, four members of the Aryan Republican Army lived there while financing their activities via bank robberies in the mid-1990s.⁹

⁶ Kevin Flynn and Gary Gerhardt, *The Silent Brotherhood: Inside America's Racist Underground*, New York: Signet Books, 1989, 127

⁷ Ibid., 160-170

⁸ Edward Helmore, "Oklahoma bomb 'funded by gun sales,'" *The Independent*, 24 July 1995.

⁹ Anti-Defamation League, "Elohim City".

The most sophisticated financing operations, however, came from the largest and most infamous right-wing organization. Over the course of its second and third incarnations, the Ku Klux Klan grew into a pseudo-legal business empire. In his examination of the turn-of-the-century rebirth of the Klan, Charles Alexander explains that the group essentially constructed itself as a business from the onset, acquiring a business charter from the state of Georgia and immediately bringing in money through "initiation fees" and charges for Klan robes. Founder William Simmons even offered life insurance which, although scrapped early on, nonetheless "demonstrated that Simmons designed his fraternal project party as a money-making scheme."¹⁰ At its peak, the second-wave KKK was bringing in millions of dollars per year, generating profits for its leadership, its marketing wing, and regional heads. Its fundraising schemes were, at times, so successful that, in the words of economists Roland Fryer and Steven Levitt, "the 1920s Klan is best described as a social organization with a wildly successful multi-level marketing structure fueled by an army of highly-incentivized sales agents selling hatred, religious intolerance, and fraternity in a time and place where there was tremendous demand."¹¹ In other words, the KKK in the early 1900s fell into the same trap as many other profitable terrorist organizations: the state it ostensibly viewed as degenerate allowed it to make money, so it could only go so far in acting against perceived moral corruption and racial impurity. In a strange twist, KKK rates of membership had no correlation with increased rates of lynchings or hate crimes, nor even pro-Klan political legislation.¹²

¹⁰ Charles Alexander, "Kleagles and Cash: The Ku Klux Klan as a Business Organization, 1915-1930," *The Business History Review*, vol. 39, no. 3, 1965, 350.

¹¹ Roland Fryer and Steven Levitt, "Hatred and Profits: Under the Hood of the Ku Klux Klan," *The Quarterly Journal of Economics*, November 2012 (127.4).

¹² Fryer and Levitt, "Hatred and Profits."

At the close of the 20th century, the Extreme Right had established several patterns in its financing. Smaller, more militaristic groups often had trouble getting their message out without drawing undue attention, and as a result relied heavily on petty crime and the support of extreme religious sects like Christian Identity to fund their operations. Most indicative of this pattern is The Order, which was one of the most successful American right-wing terrorist organizations outside of the KKK. These groups seem never to have risen to the level of money-laundering of the sort perpetrated by the IRA, Hezbollah, and the Mafia; the largest organizations generally operated at least nominally within the law, as the Klan did in the early 1900s. This second pattern of extremist financing is shown by the Klan's widespread multilevel marketing scheme, which relied on individual members for funding. Finally, the Liberty Lobby and the John Birch Society, legal but extreme political action groups, raised money by courting wealthy individuals. These patterns make sense in the context of 20th century communications and organizing. As the 21st century got underway and the information revolution changed the fabric of social movements, however, a paradigm shift took place in right-wing fundraising.

The Alt-Right and the New Wave of White Supremacy

As in the past, the current wave of extremist right-wing groups arose as a reactionary force against various perceived changes in society and culture. In the United States, the causes specifically included demographic shifts, globalization, a surge in refugees coming from Libya, Syria, Yemen, and other places in North Africa and the Middle East, and the election of the first black president, Barack Obama. On its face, this surge in right-wing extremism seems not so dissimilar from the 90s Patriot Movement, the 60s-era reaction against the Civil Rights Movement, and the early 1900s hegemony of the KKK. Traditional, paramilitary-style militia groups arose across the US beginning soon after the election of Obama; demonstrations against

minority immigrants gained traction; and high-profile hate crimes, like the mass murder of black worshippers in South Carolina in 2015.

But the new American Extreme Right has a significant and, ultimately, revolutionary pathway to recruitment, organization, and fundraising, that was not available to extremists of the past: the Internet. However, while the basic advantages of the Internet for remote communication and planning are obvious, there are more pernicious and, from an extremist group's standpoint, useful elements of the Digital Age that have arisen in just the last few years.

For example, while researchers have known for decades that the Internet allows extremists to reach a mass audience far beyond what it would be able to otherwise, only recently has it become clear that many right-wing groups have *expertise* in social media engagement and exploiting the technical aspects of such websites. In a report for *Data and Society* from 2017, Rebecca Lewis and Alice Marwick demonstrate that the Right has developed various techniques for grooming potential new members online--starting, for instance, in the comments of videos by popular moderate conservatives like Jordan Peterson and David Rubin, where extremists will entice them with personal testimonials to dive ever deeper into far-right ideologies.¹³ Because new right-wing groups do not have to overcome the inertia and commit the effort required to do in-person recruitment, recruitment efforts are anomalously diffused throughout organizations and support networks compared with past waves of extremism. There is even a set of language shared among the Right to describe the journey from moderate "skepticism" to "race realism" and, eventually, neo-Fascism. As journalist April Glaser discovered while monitoring several white supremacist and neo-Nazi groups on the messaging app Discord, users state that they try to

¹³ Alice Marwick and Rebecca Lewis, "Media Manipulation and Disinformation Online," *Data and Society*, 2017.

"red-pill" potential recruits, deploying terminology lifted from *The Matrix* to convey the sense that they are exposing these recruits to "the truth".¹⁴

This newfound expertise in online messaging and recruitment, coupled with the fact that modern extremist groups are generally young and digitally savvy, means that these organizations and individuals have fundamentally altered the way that extremists raise money. Identity Evropa, Stormfront, the National Policy Institute, and others all lean on a passive support network leveraged through crowdfunding platforms. As crowdfunding has grown in popularity, led primarily by sites like Kickstarter, GoFundMe, and Patreon, right-wing agitators, commentators, and extremist groups have taken an interest and attempted to use them for their own fundraising.

At first, the relative youth of Patreon and GoFundMe, together with those companies' limited workforce, allowed white nationalists to crowdfund fairly easily. Lauren Southern, a Canadian political activist who works with various individuals and groups in the American identitarian movement, was one of the most prominent conservative commentators using Patreon, with almost 700 individual donors. This amounted to well over \$5000 per month, which, according to Southern herself, made up a significant portion of her income.¹⁵ Other far-right commentators similarly raised funds via Patreon and GoFundMe.

Much of the fundraising for these groups, however, appears to have been conducted via direct donations using PayPal. It is the natural extension of mail-in donations solicited in the past, although the digital age allows groups to ask for donations from a much larger audience, far beyond their in-group. Whereas the Liberty Lobby and Christian Identity-affiliated groups often had to rely on newsletters and mailing lists to get the word out, a PayPal address can be shared anywhere, on any platform, and supporters can likewise donate money in less than a minute from

¹⁴ April Glaser, "White Supremacists Still Have a Safe Space Online," *Slate*, October 9, 2018.

¹⁵ Data from Graphtreon.

their computer or phone. Prior to the Unite the Right rally in Charlottesville in 2017, extremist groups brought in substantial sums of money through the payment processor. As the Southern Poverty Law Center revealed in 2017, Identity Evropa, the National Policy Institute, and the League of the South all solicited donations either directly or through their individual members.¹⁶ Jason Kessler, leader of the Unity and Security group and organizer of the Unite the Right rally, used a PayPal account to gather donations for the logistical costs of the event.¹⁷ A search of archived posts from Kessler's now-banned YouTube account shows that he was active in soliciting funds via PayPal and his Patreon campaign, specifically for the rally as well as for income.¹⁸

However, the election of Donald Trump, the Charlottesville protests and the murder of Heather Heyer changed all of the well-established pathways for fundraising that extremist groups were using. Under immense pressure from activist organizations like Sleeping Giants¹⁹ and Color of Change²⁰, in 2017, large payment processors and crowdfunding sites began taking a much more aggressive stance towards groups embracing extreme right ideologies and, especially, espousing violent or unlawful activity. Patreon undertook one of the most controversial "demonetization" campaigns when it banned Lauren Southern, Robert Spencer, and several other right-wing ideologues from its platform, effectively locking them out a large mainstream source of revenue.²¹ GoFundMe undertook ban operations against similar actors soon after. But PayPal's actions had the biggest impact, as the company is one of the biggest

¹⁶ "Organizers and Leaders of Charlottesville's Deadly Rally Raised Money with PayPal," *Southern Poverty Law Center*, August 15, 2017.

¹⁷ Ibid.

¹⁸ Archive.is search for Kessler's YouTube video titled "The Truth about Richard Spencer's Alt-Right Rally in Charlottesville."

¹⁹ *Sleeping Giants*, https://twitter.com/slpng_giants/status/799461022499151872.

²⁰ "Blood Money," *Color of Change*, <https://www.bloodmoney.org>.

²¹ Blake Montgomery, "PayPal, GoFundMe, And Patreon Banned A Bunch of People Associated With The Alt-Right. Here's Why," *BuzzFeed News*, August 2, 2017.

peer-to-peer payment processors in the world, and owns Venmo, another wildly popular payment service. It cracked down on several white supremacist users in the months leading up to the Charlottesville protests.

In response, the Far Right tried to set up its own avenues for crowdfunding and social media. Under the guise of "protecting freedom of speech," Hatreon promised a similar patron model to Patreon, except without the strict ban on hate speech (hence the name).²² Rootbocks modeled itself after Kickstarter and GoFundMe, and it was used heavily in the days before the Unite the Right rally for a variety of right-wing fundraising goals. These covered everything from the mundane--travel and lodging in Charlottesville--to the more insidious. One website called "Meme Alert News" attempted to raise money to "gear up" for Charlottesville, citing fears about the possibility of "Antifa" attacks.²³ Hatreon and Rootbocks, although they courted the Alt-Right and associated identitarian groups, attempted to remain somewhat legitimate by claiming the goal of protecting free speech, not of advancing right-wing interests. GoyFundMe, on the other hand, embraced right-wing extremism even in its anti-Semitic name. Archived pages reveal that the white nationalists raising money on the site included the Traditionalist Worker Party—which created the site and has since disbanded due to the arrest of the group's leader for battery—Occidental Dissent, and Christopher Cantwell.²⁴

After the Unite the Right rally, using these alternative fundraising sites became much more difficult. Following a report from the SPLC exposing the PayPal accounts used by Kessler, Identity Evropa, and other white nationalist groups while preparing for Charlottesville, PayPal expanded its banning operations and removed all of the groups and individuals named in the

²² Ibid.

²³ Archive search for "Rootbocks," <https://archive.li/AW1tu>.

²⁴ Archive search for "GoyFundMe," <https://archive.is/OSgRT>.

report.²⁵ Later in 2017, under pressure from activist groups, Visa suspended Hatreon's payment processing and effectively shuttered the website.²⁶ MakerSupport, another alternative crowdfunding platform, shut down when payment processor Stripe suspended it.²⁷ WeSearchr and Freestartr met similar fates.²⁸

As a result, the information revolution that the Extreme Right became so adept at exploiting, and so relied on to expand and recruit, has now, in some cases, severely weakened it. The same groups are, nonetheless, attempting to push forward, in spite of being unable to take donations through virtually any payment processor. Generally, this means shifting attention to cryptocurrencies. Bitcoin, as the most popular cryptocurrency, is now often listed as the only public-facing digital donation option on white supremacist websites. *The Daily Stormer*, for instance, displays a bitcoin wallet address prominently,²⁹ while its founder Andrew Anglin asks for bitcoin on his Gab profile.³⁰ In his words, "Due to activities of actual terrorists, traditional means of collecting donations are unavailable. I try to make this as painless as possible... Bitcoin (or other cryptocurrency) remains the best option, always."³¹ Identity Evropa and the National Alliance, among many others, also list bitcoin addresses.

The lack of regulation over Bitcoin has driven its adoption by white supremacists. Bitcoin is decentralized and, as a currency, not controlled by any one payment processor. In addition, the obfuscation of monetary origin and destination make it easier to launder money. Not surprisingly, this is a boon for extremist groups. However, even bitcoin has presented obstacles. Coinbase, one of the largest cryptocurrency exchanges and a common avenue for converting

²⁵ Elizabeth King, "The Activists Waging War to Make the Far Right Go Broke," *Splinter News*, October 19, 2018.

²⁶ Ibid.

²⁷ *Maker Support* Twitter post, <https://twitter.com/GoMakerSupport/status/990308195586338816>.

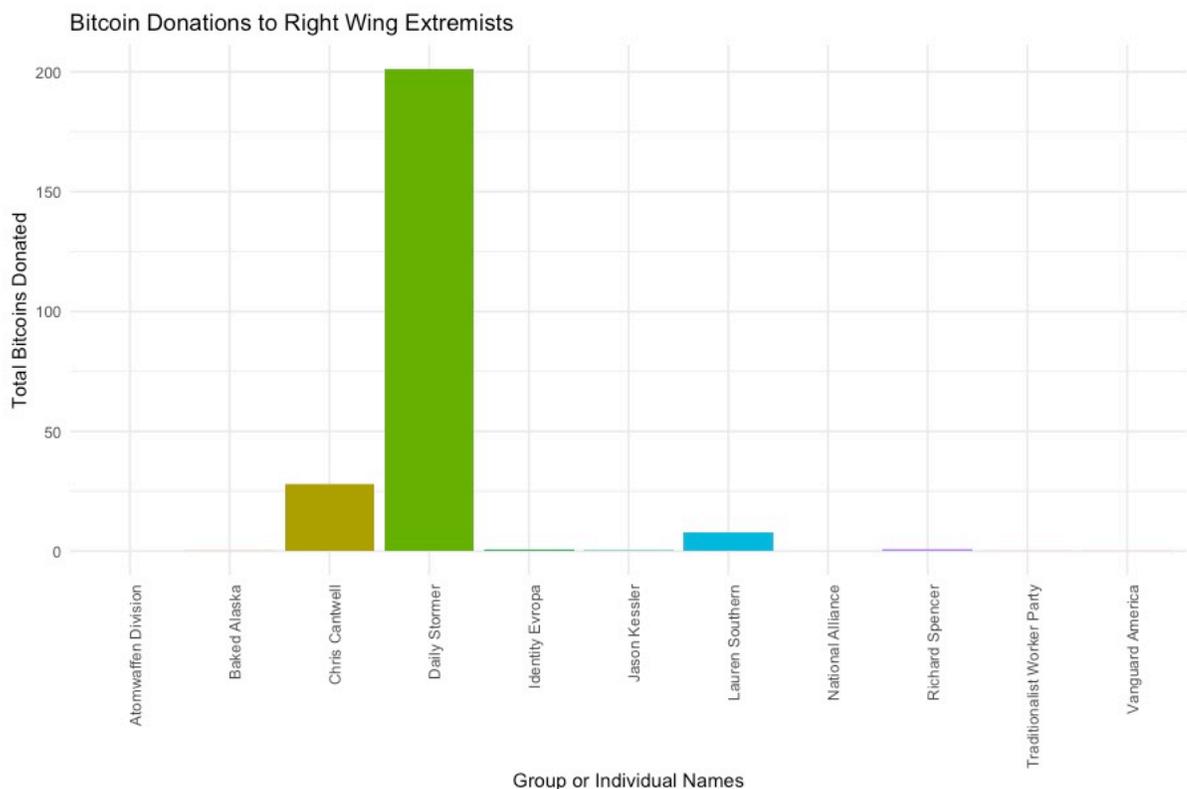
²⁸ King, *Splinter News*.

²⁹ *Daily Stormer*, <https://dailystormer.name>.

³⁰ Andrew Anglin Gab Profile, <https://gab.ai/AndrewAnglin>.

³¹ *Daily Stormer*, "Contributions", <https://dailystormer.name/contributions/>.

bitcoin into US dollars, has allegedly taken action to shut out white supremacists using its app.³² Further, bitcoin is not entirely anonymous. The unchanging and public nature of bitcoin's ledger--the blockchain--together with the permanence of wallet addresses mean that it is possible to track transactions to and from people. In fact, the Twitter account "Neonazi BTC Tracker" posts updates whenever a known white supremacist wallet receives a withdrawal or deposit.³³ In addition, the SPLC has compiled a list of bitcoin wallets associated with these groups, which allows for mining bitcoin data and visualizing how much these groups actually receive:



Not surprisingly, the influencers and *The Daily Stormer* generally have brought in significantly more in bitcoin donations than the militarized groups. *The Daily Stormer* has accepted bitcoin for years, long before the price of the cryptocurrency spiked to its present levels. This explains in

³² Kevin Kelleher, "Another Registrar Rejects the Daily Stormer as Coinbase Blocks Transfers," *VentureBeat*, August 15, 2017.

³³ *Neonazi BTC Tracker*, <https://twitter.com/NeonaziWallets>.

part why the website has taken in so many bitcoins. Even considering this, *The Daily Stormer* had at least 5 full bitcoins at the end of September 2018, which it sold for \$33,000. Whereas the website, Lauren Southern, and Chris Cantwell have found success soliciting bitcoin, it seems that the militarized and violent groups have had less luck.

In an ironic twist of fate, these groups--most of which began on the Internet, largely organize on the Internet, and spread their message through the Internet--sometimes fall back on the methods of fundraising used by their predecessors. Private companies control the flow of normal digital payments, and cryptocurrencies are complex and not necessarily anonymous, but it is much more difficult to stop or even track physical donations through the mail. Identity Evropa displays its physical address for money orders and checks more prominently than its bitcoin wallet³⁴; Jason Kessler, while attempting to raise funds for the second Unite the Right rally, was also forced to ask for supporters to ship check or cash through the mail.³⁵ Others, such as the extreme-right fight club called the "Rise Above Movement", raise money by selling merchandise, much like the KKK did in the past. However, due to the reliance on online payment processors, these attempts, too, have run into issues. RAM's The Right Brand, for instance, can currently only sell a single item: a sticker, with "Free the Cville 4" emblazoned on it. The Cville 4 were members of RAM that were arrested recently for conspiracy to violate federal rioting laws.³⁶

Conclusion

The months since the Unite the Right protest in Charlottesville, Virginia, have made clear the nature of the right-wing extremist current currently ascendant in the United States. The Alt-

³⁴ *Identity Evropa*, <https://www.identityevropa.com/donate>.

³⁵ *Deplatform Hate* Twitter Profile, <https://twitter.com/deplatformhate/status/1021150550300274688>.

³⁶ Brett Barrouquere, "Four Members of Racist, Antisemitic 'Rise Above Movement' Charged With Rioting...", *Southern Poverty Law Center*, October 2, 2018.

Right and its more radical, and violent, offshoots are products of the Internet age. They have sophisticated online radicalization techniques and varied and resilient networks of communication and organization. In addition, prior to Unite the Right, they had strong and diverse fundraising pathways that leverage their integration in online communities and their large audiences. In stark contrast to the groups that came before them, the new wave of white supremacy, with Alt-Right figureheads like Richard Spencer and a militarized edge of Identity Evropa, the Atomwaffen Division, and the Traditionalist Worker Party, raised more money with less effort by using crowdfunding pathways and online payment platforms that had little to no oversight.

One of the most notable characteristics of modern Extreme Right financing is just how vulnerable it is to the decisions of the corporations that control online retail and payments. Because these groups developed in the techno-libertarian era, during which social media companies often avoided any regulations on speech except overt incitements to violence, their structures and administrative methods may have become overly reliant on that regulatory void. For 20th century white supremacist groups, membership dues given in check or cash payment and the direct donations of wealthy sympathizers granted a modicum of financial resiliency. For new white nationalists, and especially the more extreme neo-Fascists groups, financial disaster struck with one small change in content enforcement by Patreon, PayPal, GoFundMe, and Stripe: When Patreon, PayPal, and Stripe finally started taking notice of the money flowing to these groups and shut them down, alternative sites like Hatreon and GoyFundMe were set up as reactions to perceived censorship. But following Unite the Right, these, too, were forced to stop operations as their payment processing was suspended.

Although signs point to these groups being substantially weakened, further investigation is needed to determine whether or not they have developed stable fundraising via covert, illicit, or anonymous means. Social media posts and websites affiliated with these groups show that Identity Evropa, Richard Spencer, *The Daily Stormer*, and others have attempted to replace their lost revenue streams with bitcoin donations. While this has worked to some degree for *The Daily Stormer*, whose audience is large and technologically savvy, data suggests that other Extreme Right groups have struggled to bring in substantial sums. The Extreme Right has also reverted to asking for physical donations, although the effectiveness of this, too, is in question. However, the modern Extreme Right has proven itself consistently adept at embracing and exploiting technology, so the possibility remains that a new fundraising pathway could shift the balance in the extremists' favor.

Author Biography

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