



16 Steps for Canadian charities and non-profits to avoid involvement with Terrorism

It is important for Canadian charities to avoid any involvement or support of terrorism or terrorists. Supporting terrorism is not just about providing money to terrorist, but also in helping terrorists move from country to country, providing propaganda for terrorist causes, allowing terrorists to use facilities or equipment, and helping terrorists launder money.

In this brief article I will set out some ideas on ways to prevent your Canadian charity or non-profit from knowingly or unwittingly becoming involved with terrorism. Although one can argue that the issue of charities and terrorism is hyped by certain governments, organizations, and individuals who have their own agenda and are not necessarily concerned with the best interest of charitable sector in Canada the good news is that many of the items that I am suggesting below are also useful for preventing charities from allowing the misappropriation of their assets or fraud which in my mind are much more significant concern than terrorism.

1) Governance and Checks and balances

It is very rare that a Canadian registered charity is set up to support terrorism and all of its directors and members are in the scheme. What is a greater concern, but admittedly also rare, is that a legitimate Canadian charity, high profile or not, will in some way be duped into supporting terrorism. Many of the elements of good governance such as real oversight by an arms-length board, regular board meetings, transparency, audits, and management of employees and contractors are helpful in preventing an organizations and its assets from being diverted to terrorists or misused.

2) Know your Partners and Due Diligence

Canadian charities often work with agents, joint venturers, partners, contractors and employees in foreign countries.(collectively your 'partners') There is no substitute for knowing your partners intimately and satisfying yourself that they do not support terrorism. Canadian charities should be careful to conduct their due diligence to ensure that the supposed "legitimate entity" is not involved with terrorism. If you have not previously worked with a partner have you received references for the partner from a trusted source? Does the foreign charity have a long history of conducting charitable activities? If you have a million dollars and have a choice of working with 100 partners or 10 partners you are probably better off working with ten partners and vetting them properly and monitoring their activities. Due diligence cannot assure that a charity will avoid problems but it can lessen substantially the risk.

Alternatively if you are a new, inexperienced or small charity or foundation with limited resources and wish to work in a particular foreign country I would suggest you consider funding an established qualified donee (like MSF, Save the Children, Care) who has employees and/or trusted partners on the ground. Or a Canadian charity or foundation can enter into a joint venture or cooperative partnership where one of the parties, for example a Canadian or US charity, has the experience to manage or monitor or oversee the project.

3) Have Proper Written Agreements with Agents, Partners, Joint Venturers, Contractors

This is required under Canadian law (see RC4016 and my article on Canadian charities operating abroad at

http://www.globalphilanthropy.ca/images/uploads/Canadian_Charities_and_Foreign_Activities_by_Mark_Bloomberg_October_2007.pdf) but a proper written agreement with safeguards setting out exactly how the funds will be used, what monitoring will take place, progress payments, termination provisions when terrorism is suspected, and what reporting is required will reduce the likelihood of the funds being misused.

4) Read Guidance and Best Practices from other Governments

The CRA has suggested in its publication 'Charities in the International Context' that Canadian charities review the U.S. Department of the Treasury *Anti-Terrorist Financing*

Guidelines: Voluntary Best Practices for U.S.-Based Charities and the *UK Operational Guidance: Charities and Terrorism* (OG96) to consider ideas to avoid the charity's funds falling into the hands of terrorists. These articles and others provide useful ideas to thwart terrorists taking advantage of a charity. Terrorism and Charities (Operational Guidance from the UK charity commission) <http://www.charity-commission.gov.uk/supportingcharities/ogs/g096.asp> The UK Operational Guidance: Charities and Terrorism suggests reporting any concerns to the proper authorities; being aware of large donations from unknown individuals and verifying the situation; or donations conditional on certain organizations in the field being used as an agent or contractor; concern about informal money transfer such 'hawala' and the importance of a paper trail.

The Department of the Treasury "Protecting Charitable Organizations" has numerous interesting articles on charities and terrorism at:

<http://www.ustreas.gov/offices/enforcement/key-issues/protecting/index.shtml>

Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities

http://www.ustreas.gov/offices/enforcement/key-issues/protecting/docs/guidelines_charities.pdf

U.S. Treasury Best Practices covers issues such as Governance, Disclosure, Accountability and Financing Procedures. The U.S. Treasury Best Practices suggest that the charity know the name of the organization in English; the jurisdiction in which the foreign charity operates; that searches be conducted on the foreign charity (public filings, public databases and anti-terrorism lists); that no cash is ever provided; that the names and dates of birth of key employees of the foreign charity be recorded; that the foreign charity provide certifications with respect to terrorism, that bank references of the foreign charity be obtained and checked; that periodic reporting by the foreign charity be provided; and on-sight audits be conducted, if appropriate.

5) Books and Records

A Canadian registered charity must keep adequate books and records in either English or French at a Canadian office. It must also retain records for different periods of time depending on the type of record. One thing is clear – without adequate books and

records it is impossible to know whether the charities funds and resources are being effectively used or being misappropriated, squandered, or used to support terrorism.

6) Check Various Counter-Terrorism Watch Lists and Google

It is prudent to occasionally check various terrorist watch lists.

Canada's [Anti-Terrorism Act](#) provides measures for the Government of Canada and Public Safety Canada to create a list of entities that have knowingly carried out, attempted to carry out, participated in or facilitated a terrorist activity or knowingly acted on behalf of, at the direction of or in association with an entity that has knowingly carried out, attempted to carry out, participated in or facilitated a terrorist activity.

<http://www.ps-sp.gc.ca/prg/ns/le/cle-eng.aspx>

The US Office of Foreign Assets Control Specially Designated Nationals and Blocked Persons has a 300 page searchable list. Although this list has been criticized on many legitimate grounds it is still not a bad idea to review whether a government or organization considers another organization to be a concern.

<http://www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>

The European Union has established a list of individuals and group who are involved with terrorism whose assets must be frozen.

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_144/l_14420060531en00250029.pdf

The UK Treasury maintains an extensive consolidated list of entities and persons that are the target of financial sanctions.

http://www.hm-treasury.gov.uk/documents/financial_services/sanctions/fin_sanctions_index.cfm

I would also suggest that you also occasionally Google search your partners and their key employees.

7) Site visits and Monitoring

A site visit in which the charity or a trusted local representative visits the charity can assist in terms of understanding your partner, monitoring that funds are being appropriately spent etc. Did that orphanage that your charity is supporting actually use the funds for the purposes they were sent? Perhaps a site visit is not a bad idea.

8) Anti-Terrorism Policy

Some entities such as a small number of foundations may require that a charity have an “anti-terrorism policy” and in that case it may be a good idea to do so. I would caution that there is little value in having an internal anti-terrorism policy if it is only going to collect dust or be ignored. If the policy is ignored, or for that matter not followed properly, and the charity has become unwittingly involved with terrorism the charity may be worse off by having an anti-terrorism policy.

9) Contractual Terms and Certification

In agreements with partners I place a provision such as:

“Throughout the terms of this Agreement, the parties hereto shall exercise due diligence to ensure that the resources of the parties shall not be used to support or facilitate terrorist activity. All programs and activities shall be reviewed regularly to ensure such programs do not support or facilitate terrorism. If any concerns are raised that programs or activities have supported or facilitated terrorism they shall be immediately and thoroughly investigated and fully reported on to all parties. In the event any party hereto determines that the programs and/or activities of the other party have directly or indirectly, knowingly or unwittingly, been used to support or facilitate terrorist activity the other party shall be entitled to give notice to immediately terminate the Agreement. “

Although this is not a panacea it may be good to set out your expectations in writing and to further remind your partners of this point.

Some organizations require that the agent or partner certify that they and those they deal with are not involved with terrorism. If a donor requires certification you may decide that it is a small price to pay for the funds you are receiving and the process of certification may encourage your partners to conduct due diligence on their staff and partners. On the other hand others criticize the notion as being of little use as terrorists would not mind lying, it may result in intrusive searches, and accumulations of personal information on partners and employees, and getting someone to sign some certificate or

affidavit is going to be of little or no help if in fact the funds are used for terrorist activities. The certification may give you a false sense of security. If you want to see a sample certification statement in this case from USAID you can visit U.S. Agency for International Development (USAID) Certification Regarding Terrorist Financing: Implementing E.O. 13224 (Revision 2) available online on pages 6 and 7 at http://www.usaid.gov/business/business_opportunities/cib/pdf/aapd04_14.pdf

10)Illegal Activities and Money Laundering Schemes

It is obvious that charities should not be involved with crime. However, what is not so obvious is the fact that traditionally terrorists use many mechanisms to raise funds including robbing banks, narcotics, petty crime, extortion of expatriates, prostitution, and human trafficking. Many of these activities are quite lucrative and terrorists and others will try to 'launder' their illegitimate funds by using charities because they want to hide the source of the funds, appear legitimate, avoid seizure of their funds and avoid being caught or prosecuted. Charities should be aware of schemes by individuals or entities to deceive them into laundering funds. An example is when a foreign "donor" provides to a Canadian charity a loan in foreign funds that is without interest for a period of say 6 months or a year. The monies are converted into Canadian dollars and ostensibly the waiver of interest is a donation. However, the foreign "donor" is actually interested in using the good offices of the charities to launder the money and to evade attempts by certain governments to freeze assets. Another example could be when a person makes a donation to a Canadian charity with the stipulation that the funds are to be used with a particular contractor or agent or person and the charity is unaware that that contractor or agent or person is involved with terrorism, although the donor knows it.

11) Do not allow terrorists to use your facilities and equipment

Maintain proper controls over facilities and equipment to ensure they are used for charitable purposes. If facilities are to be rented out it should only be to those who have legitimate purposes.

12) Avoid Cash

Transfer funds by cheque or wire transfer using normal banking mechanisms rather than informal networks that may be prone to diversion and lack proper safeguards and records.

13) Signing Officers

Have two signing officers for all cheques and wire transfers. It reduces the likelihood that funds will be misused.

14) Avoid Places with Endemic Terrorism and Conflict

If you want to minimize your risk of involvement with terrorism but at the same time do the project yourself you may wish to focus on one or two countries that are easier to begin with because of language, culture, stability, lack of violence and conflict and do not have a current terrorism problem. I would suggest that new, inexperienced or small charities or foundations with limited resources avoid doing direct humanitarian, development or other work in places with ongoing conflict and violence such Northern Pakistan, Columbia, Sri Lanka, or Chechnya.

15) Investigate Allegations of Terrorism

Immediately investigate any allegations of terrorism, report to the authorities your concerns or findings, and if the allegations are correct disassociate the charity immediately from any such groups or individuals.

16) Be Aware of Sanctions and how the Sanctions can affect your organization

As an aside, keep in mind that in addition to prohibition against dealing with terrorists Canada also maintains various types of sanctions against different countries including Côte d'Ivoire (Ivory Coast), Democratic People's Republic of Korea (North Korea), Democratic Republic of the Congo (DRC), Iran, Iraq, Lebanon, Liberia, Rwanda, Sierra Leone, Sudan, Burma (also known as Myanmar) and Belarus. For further information you may wish to visit <http://www.dfaid-maeci.gc.ca/trade/sanctions-en.asp>

Make sure you understand the nature of the sanctions before proceeding to work in any of these countries.

The US also maintains sanctions that affect countries and areas such such the Balkans, Belarus, Burma, Cote d'Ivoire (Ivory Coast), Cuba Sanctions, Democratic Republic of the Congo, Iran, Iraq, Former Liberian Regime of Charles Taylor, North Korea, Sudan, Syria and Zimbabwe.

<http://www.ustreas.gov/offices/enforcement/ofac/programs/> You can visit the Department of the Treasury, Office of Foreign Assets Control.

As well the US has a list based sanction program covering Anti-Terrorism, Diamond Trading, Counter Narcotics, Non-proliferation, and Persons Undermining The Sovereignty Of Lebanon Or Its Democratic Processes And Institutions.

http://www.ustreas.gov/offices/enforcement/ofac/policy/charity_risk_matrix.pdf

Conclusion

In the US Guidelines they note:

“The risk-based nature of these Guidelines reflects Treasury’s recognition that a “one-size-fits all” approach is untenable and inappropriate due to the diversity of the charitable sector and its operations. Accordingly, certain aspects of the Guidelines will not be applicable to every charity, charitable activity, or circumstance. Moreover, Treasury acknowledges that certain exigent circumstances (such as catastrophic disasters) may make application of the Guidelines difficult. In such cases, charities should maintain a risk-based approach that includes all prudent and reasonable measures that are feasible under the circumstances.”

In this article I have tried to set out some simple and cost-effective methods that Canadian charities can follow to reduce the likelihood of being involved with terrorism. If terrorism was the only problem in the world then I would think that spending a lot of time talking about it and resources on preventing it would be justified. But in a world where about 300 million people die each year due to poverty-related causes, 800 million people suffer from hunger and 1 billion people do not have access to clean water it can be argued that it is a little bit of a Northern luxury to sit back and be obsessed with terrorism which on average kills less than 1000 people per year. 1000 people are dying of AIDS in South Africa alone every single day.

In addition, a well intentioned Canadian charity that operates in an area of conflict, even if there is no terrorism, can cause tremendous damage by unintentionally through its efforts and aid encouraging the conflict. Canadian charities that operate abroad should be aware of the concepts in the “Do No Harm Project” before they spend excessive amounts of time understanding the all the nuances of Canadian law relating to charities and terrorism. It is little comfort if concerted actions by a charity avoid \$10,000 getting into the hands of terrorists, but ill conceived programs prolong a civil war or genocide that costs a further 10,000 lives.

The 16 suggestions in this article if carried out would assist charities avoid involvement in terrorism and would assist in demonstrating that the charity has taken reasonable efforts to avoid illegal diversion of funds or resources. Although it may not be sufficient, having spent effort on avoiding involvement with terrorism can only assist a charity in defending itself, its reputation, its employees and directors.

Mark Blumberg is a lawyer at Blumberg Segal LLP in Toronto, Ontario. He can be contacted at mark@blumbergs.ca or at 416-361-1982 x. 237. To find out more about legal services that Blumbergs provides to Canadian charities and non-profits please visit the Blumbergs' Non-Profit and Charities page at www.blumbergs.ca/non_profit.php or www.globalphilanthropy.ca

This article is for information purposes only. It is not intended to be legal advice. You should not act or abstain from acting based upon such information without first consulting a legal professional.

Below I have reproduced excerpts from two publications dealing with Canadian charities and Terrorism namely CRA Charities Newsletter #12 **and** Charities in the International Context

The New Anti-Terrorism Law: Impact on Charities

On December 18, 2001, the Government's omnibus anti-terrorism legislation, Bill C-36, received Royal Assent. Most of the measures in Bill C-36 came into force on December 24, 2001, including Part 6, which establishes the Charities Registration (Security Information) Act.

This new Act is designed to support the fight against terrorism and safeguard the charities registration system under the Income Tax Act. Principally, it seeks to achieve these goals by allowing relevant security and intelligence information to be considered in deciding whether an organization should be registered as a charity.

Under the new legislation, the Solicitor General and the Minister of National Revenue may jointly sign a special security certificate in cases where they have reasonable grounds to believe that an organization provides financial or material support to terrorism. This certificate leads to an automatic judicial review, which replaces the normal appeal process under subsections 172(3) and 172(4) of the Income Tax Act. Special provisions will protect information that a Federal Court judge determines should not be disclosed. When a certificate has been issued, the Act gives the organization enough time (seven days) to apply for a court order to protect its identity during the judicial review. If granted, the court order ensures the organization's identity is not disclosed until after a Federal Court judge has decided on the reasonableness of the certificate issued by the ministers.

The judicial review process under the Charities Registration (Security Information) Act has been designed to be as fair and open as possible. After reviewing the classified information in private, the judge will provide a summary to the organization. The summary must contain enough information to allow the organization to respond, and may only exclude information that the judge has determined would be injurious to national security and the safety of persons. An organization has the right to legal counsel and the right, in open court, to challenge the case against it by introducing evidence, cross-examining witnesses, and calling witnesses on its own behalf. These measures give an organization the opportunity to mount an informed and effective defense.

If a Federal Court judge upholds the reasonableness of the security certificate, the certificate is deemed to be conclusive proof that an organization is ineligible for registration as a charity under the Income Tax Act. If confirmed, the certificate would be valid for seven years, subject to review if there has been a change in material circumstances. These new provisions have been modelled after legislation already in force, which has been determined by the courts to meet Charter standards of due process and fairness and has been endorsed by the European Court of Human Rights.

Charities in the International Context

Introduction and Overview

Introduction

Canadian charities that operate abroad face a complex set of circumstances and a sometimes dangerous working environment. It can be difficult to be certain exactly what rules apply, which guidelines to follow, or if there are best practices that could inform how charitable activities should be carried out. Work is currently underway within the CRA (Charities Directorate), across the federal government, and internationally that is relevant to working in this challenging international environment. The following points to the relevant CRA rules and guidelines that apply. It also summarizes other federal initiatives and international work. It gives a short description of the relevant work, as well as citations to access source material.

Canada's Income Tax Act rules apply no matter where a Canadian registered charity operates. The rules allow it either to make gifts to qualified donees, or to carry on its own activities. Few foreign organizations are qualified donees. As a result, most Canadian charities operating outside Canada must do so in the form of actively delivering their own programs.

Today, charities may be operating under great difficulty in parts of the world where terrorism and other forms of violence prevail. The leaders of Canadian charities are called on to weigh such troublesome questions as how to meet desperate cases of need without providing support to one or another political faction or without prolonging the violence. In carrying out its mandate, the Directorate seeks to recognize the realities that charities face when operating under such difficult conditions. It welcomes helpful information and advice on this matter from the charities sector.

Terrorism can also become an issue in a different way -- when a Canadian charity is used to support terrorism. This was the issue Parliament addressed when it enacted the Charities Registration (Security Information) Act in December 2001, as an important element in Canada's response to terrorism. The law deals only with the rare situation where classified intelligence information about terrorist activities is needed to exclude an organization from registration as a charity. In most situations, open-source information and normal procedures should be sufficient to establish if an organization does not meet the requirements for registration.

Other countries and international bodies have also examined how terrorist financing has flowed from and through charities in their countries. Canada took part in these discussions. Through this work, an international consensus has emerged on basic standards or "best practices" that could be used to reduce the risk of abuse anywhere in the world. The sponsors of this work are interested in feedback from Canadian charities. In addition, while most Canadian charities operating internationally follow such practices, consideration of this work can help ensure vigilance in maintaining the current high standards.

Registered charities are therefore encouraged to review the best practices that international agencies and foreign governments have put forward for consideration. (International Best Practices; Policies in other Countries.) The discussion on best practices covers subjects such as internal governance, fundraising, financial accountability, and maintaining control over the charity's resources, along with suggested warning signs that should attract the attention of directors.

CRA Guidelines

For subjects falling within the Directorate's mandate, such as maintaining direction and control over international charitable programs, charities can refer to the guidelines that the Directorate has previously published in [Registered Charities: Operating Outside Canada](#).

Charities Registration (Security Information) Act

Within the CRA, the Charities Directorate has a regulatory responsibility to identify problems and to take measures that protect and maintain public confidence in the charitable sector. In deciding whether organizations should be registered as charities, we need to ensure that the tax benefits reserved for Canada's charities are not used to provide support to terrorism in the guise of charity.

Canada and the international community recognized, well before September 11, 2001, that terrorist groups can use non-profit organizations for cover, legitimacy, and resources. In July 1996, at the Paris Ministerial Meeting on Terrorism, the G7/G8 nations agreed to adopt domestic measures to prevent terrorist financing through front organizations that have, or claim to have, charitable goals.

Canada further committed itself to introducing measures to prevent the financing and support of terrorism when it signed the United Nations International Convention on the Suppression of Financing of Terrorism on February 10, 2000. The Convention emphasized the need to cut off financial support for terrorists and specifically referred to the important role played by charities in the international support network of some terrorist groups.

In December 2001, the enactment of the Charities Registration (Security Information) Act, under Part 6 of The Anti-terrorism Act, re-defined the role and importance of protecting the integrity of Canada's registration system for charities in terms of Canada's anti-terrorism objectives. The Act's purposes are:

"to demonstrate Canada's commitment to participating in concerted international efforts to deny support to those who engage in terrorist activities,

to protect the integrity of the registration system for charities under the Income Tax Act and

to maintain the confidence of Canadian taxpayers that the benefits of charitable registration are made available only to organizations that operate exclusively for charitable purposes."

Countering terrorism is a complex issue. The Government recognized that criminal measures alone are not enough and that a broad range of tools, including new civil law remedies, are required. The Charities Registration (Security Information) Act introduces a special administrative measure that will help the Charities Directorate meet its regulatory responsibilities without affecting the vast majority of Canadian charities.

The legislation has been specifically designed to protect the use of very sensitive information that may reveal an organization's ties to terrorist groups. This allows the Charities Directorate to make proper use of all information relevant to deciding whether an organization should be registered as a charity under the Income Tax Act.

The legislation establishes a test: are there reasonable grounds to believe, based on criminal and security intelligence reports, that an organization makes its resources available, either directly or indirectly:

to a terrorist group that is a listed entity under the Criminal Code, or

to any other organization engaged in terrorist activities or in activities that support terrorist activities?

The Minister of National Revenue and the Minister of Public Safety each review the evidence and sign a certificate if they believe the test has been met. The certificate is then referred automatically to a judge of the Federal Court to determine the reasonableness of the ministers' decision.

The judge prepares a summary of the security and criminal intelligence reports, which he gives to the affected organization. The organization can then appear before the judge to argue against the certificate.

If the judge upholds the ministers' decision, the organization is barred from obtaining registration as a charity, or if already registered, it loses its registration. The bar to registration lasts for seven years. However, an organization can ask ministers to reconsider its case at an earlier point if there has been a material change in circumstances.

You can find:

the complete provisions of the Anti-terrorism Act, including Part 6, the Charities Registration (Security Information) Act, on the Web site of the Department of Justice. See <http://laws.justice.gc.ca/en/A-11.7/index.html>.

information in general regarding Canada's anti-terrorism initiatives on the Web site of Public Safety and Emergency Preparedness Canada through the following hypertext link: http://www.safecanada.ca/link_e.asp?category=6&topic=45.

Listed Entities

The following Web site of the Department of Public Safety and Emergency Preparedness Canada carries the names of listed entities:

<http://www.psepc.gc.ca/prg/ns/le/index-en.asp>.

International Best Practices

Canada's commitment to combating terrorism is reflected in its participation in the Financial Action Task Force (FATF). The FATF is an inter-governmental body that has been responsible for developing and promoting policies, both nationally and internationally, to combat money laundering. Its membership includes 33 countries, territories, and organizations. [\[Footnote 1\]](#)

At an extraordinary Plenary on the Financing of Terrorism held in Washington, D.C., on October 29 and 30, 2001, the FATF expanded its mission beyond money laundering to focus its energy and expertise on disrupting and preventing terrorist financing. In this regard, the FATF issued eight Special Recommendations to combat terrorist financing and called on all countries (not just member states) to adopt and implement them.

Special Recommendation VIII requires countries "to review the adequacy of laws and regulations" to prevent non-profit organizations from being used to finance terrorism. In particular, countries were to ensure that non-profit organizations "cannot be misused:

by terrorist organizations posing as legitimate entities;

to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures; and

to conceal or obscure the clandestine diversion of funds intended for legitimate purposes to terrorist organizations."

The full text of the FATF Special Recommendations can be found at http://www.fatf-gafi.org/document/9/0,2340,en_32250379_32236920_34032073_1_1_1_1,00.html.

In October 2002, the FATF held discussions in Madrid aimed at establishing practical guidelines to implement Special Recommendation VIII. Canadian officials played a

prominent role in these discussions and made a significant contribution to the drafting of a "best practices" paper for non-profit organizations. The paper was released on October 11, 2002, and is called Combating the Abuse of Non-Profit Organizations: International Best Practices. It offers some preliminary practical guidelines, and establishes a basis for best practices, on how to prevent charities and non-profit organizations from being misused to finance terrorism.

Most Canadian charities are well aware of how they can best manage their programs to ensure the proper, charitable application of their resources. Nevertheless, the FATF publication on "international best practices" offers some useful guidance, especially on internal governance practices. The publication can be found at <http://www.fatf-gafi.org/dataoecd/39/19/34033761.pdf> (PDF).

In the wake of the FATF's Cape Town Plenary, on February 21, 2006 the FATF issued an Interpretive Note to Special Recommendation VIII (Non-Profit Organizations). The note explains the objectives of the recommendation and offers specific measures that countries should put into place to ensure that their non-profit sectors are not misused for terrorist financing purposes. The link to the interpretive note is: <http://www.fatf-gafi.org/dataoecd/16/6/36174688.pdf> (PDF).

The Charities Directorate invites your comments on the the FATF best practices paper and the interpretive note. Please send them to: consultation-policy-politique@cra-arc.gc.ca.

Policies in Other Countries

The U.S. Department of the Treasury has issued a revised version of its publication entitled U.S. Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities. This publication can be accessed through the following hypertext link: <http://www.ustreas.gov/press/releases/po3607.htm>.

In 2002, the Charity Commission for England and Wales issued a policy statement on charities and terrorism (See <http://www.charity-commission.gov.uk/tcc/terrorism.asp>). In January 2003, the Commission published Operational Guidance: Charities and Terrorism. This document explains the principles underlying the Commission's handling of alleged links to terrorism among some U.K.-based charities. It also discusses how terrorist and other criminal groups can use charities for their own ends and outlines the duties and responsibilities of a charity's trustees to ensure that the organization's assets are not used to further the aims of any terrorist or terrorist group. The complete text of this publication may be found at <http://www.charity-commission.gov.uk/supportingcharities/ogs/g096.asp>.

Footnote

[Footnote 1] The members of the FATF are: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, the European Commission, Finland, France, Germany, Greece, the Gulf Co-operation Council, Hong Kong (China), Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Kingdom of the Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.