

**NON-PROFIT ORGANISATIONS (NPOS)
TYPES OF NPOS MISUSED FOR TERRORIST FINANCING
PURPOSES –
JULY 2023 -**

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INTRODUCTION - BACKGROUND

Important role of NPOs in the Principality :

- involvement in civil society ;
- humanitarian aid ;
- development aid ;
- social aid ;
- awareness-raising activities;
- public interest activities.

But there is a risk that some NPOs could be misused for terrorist financing purposes (FT) :

- With or without the knowledge of the NPOs concerned ;
- without the deliberate cooperation or fault of the representatives, employees and employees of the NPOs concerned.

The misuse of NPOs for FT purposes can take various forms :

- Exploitation of funds or assets;
- Misuse of the name and status of an NPO;
- Creating an NPO for illegal purposes,

PURPOSE OF THIS SESSION

- ❖ Presentation of various situations in which it has been demonstrated that NPOs have been misused for FT purposes;
- ❖ Provide NPOs with sufficient information and means to prevent FT and identify vulnerabilities.

1. What is terrorist financing?

- Provision of funds to commit terrorist activities ;
- support and maintenance of a terrorist person or group;
- provision of food, accommodation or training;
- provision of means of transport or communications equipment;
- financing through cash, bank transfers or contributions in kind;
- funds from both legal and illegal sources;
- objective: to conceal both the acts of financing and the nature of the activities financed.

2. Types of misappropriation of NPOs

❖ Various forms of diversion are possible given the diverse nature of NPOs.

■ Financing

- Collection of funds by individuals on behalf of NPOs with or without knowledge of the NPO without reaching the intended beneficiaries ;
- Using the NPO to launder money or use it as a front to move funds around ;

■ Use of resources

- Role of staff within the NPO allowing the use of the NPO's assets to communicate with terrorist representatives or meet with them in high-risk areas, with or without the knowledge of the NPO;

■ Misuse of the name and status of an existing NPO

- Adoption by an unregistered NPO of a name, contact details and address similar to those of an already registered NPO;
- To obtain a donation for a charitable cause.

■ Dummy NPO

- Creation of fictitious NPO to raise funds, promote causes and carry out activities in support of terrorism;
- NPO also used as a shell or front company to launder taxable or illegal funds.

3. Case studies

Scenario 1

- Creation of an NPO bearing the same name as a foreign organisation identified as supporting foreign terrorist groups.
- Funds largely derived from a foreign organisation known to act as a front for terrorist groups/linked to a network of organisations used to provide resources to terrorist groups.

Scenario 2

- Use of an NPO involved in humanitarian activities in conflict zones as a means of financing a front organisation linked to terrorism with the complicity of representatives of the grouping,

■ Cas de figure N°3

- Creation of a national NPO to provide a place of worship for a diaspora community from a conflict zone, and to raise funds for humanitarian causes.
- Sending funds following a natural disaster in the diaspora's country of origin.
- One of the beneficiary organisations was affiliated to an international front organisation of a foreign terrorist group operating in the diaspora's country of origin
- - A new faction had taken control of the NPO's board of directors and certain internal procedures by the NPO to work with organisations operating in the affected areas

■ Scenario 4

- Levy of a "tax" by a local money services business for the benefit of a terrorist organisation, on cash payments made by an NPO operating in areas controlled by terrorist organisations
- Or in other cases, the terrorist organisation itself levies a tax on the beneficiaries of charitable funds after receiving financial aid.

■ Scenario 5

- Creation of an NPO to finance foreign humanitarian activities in a conflict zone suspected of belonging to a network of humanitarian organisations favourable to, and influenced by, a foreign terrorist organisation present in the same conflict zone.

❖ CONTACT DETAILS AND INFORMATIONS

For all enquiries regarding NPOs and terrorist financing risks, please contact the Home Office:



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