

Annex C:

Case studies

Proven instances of charities registered in England and Wales being exploited by terrorists remain rare. Even allowing for unreported and undetected abuses, it is clear that the vast majority of charities in this country are applying their resources towards legitimate charitable objectives, and in doing so make an extremely positive contribution to the social fabric of our society.

The following case studies are presented to illustrate situations where the existing safeguards to protect the sector have failed or have been seriously tested by terrorist abuse, as this material – alongside other information – has been important in shaping the findings of the review. This is followed by a case study in which an internationally active charity has adopted good practices to safeguard it from terrorist exploitation. Where the sector has been exploited, the information suggests that one of the three following methods has been used:

- deployment of a 'charity' to serve as a front organisation to raise funds in support of terrorist organisations;
- abuse of a legitimate charity to provide a transmission belt to move funds and other resources, and operatives, overseas; and
- abuse of a legitimate charity to deploy funds, resources and services being used to recruit members and foster grassroots support for a terrorist organisation's militant ideology.

Case study 1: Tamils Rehabilitation Organisation

In 2000 the Charity Commission received allegations that the Tamils Rehabilitation Organisation (TRO) had links with the Liberation Tigers of Tamil Eelam (LTTE) – a proscribed organisation under the Terrorism Act 2000. The Commission subsequently opened an inquiry and, as a precautionary step, froze the charity's bank accounts. It then issued an order requesting the submission of financial statements and records. During the course of the investigation it became apparent that the charity trustees had little, if any, control over money that was sent to Sri Lanka. The Commission therefore determined that an Interim

Manager be appointed to take over the administration of the charity. Continuing investigative work by the Charity Commission concluded that the charity's representatives had indeed liaised with the LTTE to make decisions about where funds should be applied. The Interim Manager determined that a new organisation, the 'Tamil Support Foundation' should be established. Suitable trustees were identified and appointed and the assets of the TRO were transferred to the newly created Tamil Support Foundation and other charities conducting relief work in Sri Lanka. The inquiry was subsequently closed.

Case study 2: North London Central Mosque

The Charity Commission became aware of internal difficulties within the North London Central Mosque in 1998. Working with the trustees to resolve these difficulties, increasing concerns were identified about the conduct of extremist Abu Hamza. By 2001 it was clear that Abu Hamza was using the charity inappropriately for personal and political rather than charitable purposes. Abu Hamza abused his position at the Mosque to engender support for Islamic terrorist acts. As a result, the Commission suspended and later removed him as trustee of the charity. During its investigation, the Commission found that Abu Hamza and his supporters had set up a new separate bank account for the charity, which was frozen and later shut down. Following Abu Hamza's removal the Commission has assisted the governing body to return the Mosque to a secure footing.

Case study 3: Islamic Foundation

The Charity Commission's routine monitoring work uncovered the fact that two trustees of the Islamic Foundation appeared to be individuals named on the Bank of England's asset freeze list. The Commission opened an inquiry and immediately suspended the named trustees. During the course of the investigation it materialised that the two individuals did not reside in the UK and had taken no real part in

the administration of the charity for some years.
The two trustees subsequently resigned.

The cases listed below by the National Terrorist Financial Investigation Unit relate to counter-terrorist investigations that remain current.

The detail from the cases listed has been removed to protect sensitive intelligence sources. However, the nature of the activity clearly demonstrates the extent to which the charitable sector is vulnerable to abuse by terrorists.

Case A

A UK-based charity raises funds from local charitable donations and by receiving funds from other reputable charitable organisations and businesses. It is believed that this charity also raises funds from wealthy individuals in the Middle East. These funds are then transferred to country A through multiple jurisdictions. The funds are transferred through the banking system, hawala and using cash couriers. These funds are destined to support attacks on UK or US interests in country A.

Case B

A UK-based charity raises funds from local donations, business interests and through fraud. These funds are then transferred to entities controlled by the trustees or withdrawn in cash and sent to country B where they are destined for a proscribed terrorist organisation.

Case C

Over a number of years a UK-based charity collected funds through local collections. These funds were then transferred through the banking system to an individual working in another charity in country C. These funds are then distributed by that individual to a proscribed terrorist organisation in country C.

Case D

A UK-based charity raises funds from local donations and business interests. The funds are then transferred to country D for the benefit of members of a proscribed terrorist organisation.

Charity case study

An internationally active charity, based in the UK and a member of British Overseas NGOs for Development (BOND), has developed the following risk management strategy based on its experiences:

- risk assessments of partners before they are accepted;
- risk assessments of projects before they are funded;
- funding agreements for each partner, with conditions for the continued funding of projects; and
- partner and project assessment visits to ensure that these conditions are being delivered on.