

CASE STUDIES ON THE MISUSE OF CHARITIES AND NON-PROFIT ORGANISATIONS

These case studies have been taken from the FATF and other sources.

Case study 1

Mr X, of Middle Eastern origin, held two accounts that were solely credited by transfers from the social services and by several cash deposits.

The bank noticed several irregularities, firstly, there was no economic justification for the number of cash deposits as the individual did not have any known profession. Secondly, most of the deposits included references to the telephone industry.

Mr X also had power of attorney on the account of an NPO. This account was only used to perform cash deposits from donors. The amounts credited to the accounts of Mr X and the NPO were mainly withdrawn in cash by Mr X.

Police sources revealed that this NPO was a place of worship where Mr X performed services and they also revealed that this NPO could be linked to terrorist activities.

Case study 2

Several individuals from the Middle East residing in a European Country X opened accounts with various financial institutions in the names of Company A and Company B, both companies having been established in Western Europe, and an NPO established in Country X. These foreign nationals were officers of the companies and organisation and all were active in film production and telecommunications.

Several cash deposits from foreign nationals took place on these accounts. The total of the deposited funds amounted to up to several million Euros. Part of the money was used to increase company A's capital and part was used for international transfers to other companies which were also active in film production. Police sources revealed that company A's managers were active in an organisation suspected of being involved in terrorism and the deposits were suspected to have originated from terrorist activities.

Case study 3

A European national asked his bank for a direct debit instruction from his account to a NPO in Country A. The reference that accompanied this direct debit instruction referred to the sponsoring of an individual.

Further investigation revealed that the NPO was known to be closely linked to certain groups who financed acts of terrorism. Furthermore, the name of the individual who was to be sponsored was mentioned on the United Nations list of persons and organisations suspected of being linked to Osama Bin Laden, the Al Qaeda network and the Taliban.

Case study 4

An NPO held an account on which two individuals from the Middle East, residing in Country D, held power of attorney. The bank found it unusual that the name of the account was not stated correctly by the principals and that some deposits included references in a foreign language which referred to terrorist activities.

Further investigation identified that the NPO's account was credited by small transfers from several individuals and referenced as donations for the poor in the Middle East. Some cash deposits were also received. Some of the funds were subsequently withdrawn in cash.

Police checks revealed that the NPO was the subject of an investigation for the financing of terrorism. The funds collected by the NPO were apparently intended for training camps in the Middle East.