

# Charities Need to Raise Their Defenses against Exploitation by Terrorists

Jun 14, 2010



Articles & Testimony

**T**errorist groups have long exploited charities. Humanitarian groups are attractive covers for illicit acts, after all. Characteristics that would arouse money-laundering suspicions in other organizations -- such as running projects in zones of conflict and sending a flow of money in only one direction -- are standard operating procedure for nonprofit groups.

The situation is so serious that a key global body focused on preventing financing of global terrorism declared in a 2008 report that "the misuse of nonprofit organizations for the financing of terrorism is coming to be recognized as a crucial weak point in the global struggle to stop such funding at its source."

To avoid this deadly exploitation, all nonprofit organizations must tighten their controls.

Make no mistake: The vast majority of charities are law-abiding, praiseworthy organizations. Their employees put themselves at great personal risk, working on the front lines in some of the most dangerous places in the world.

But among the minority of charities engaged in supporting terrorism, some are founded with the express purpose of financing terror, while others are infiltrated by terrorist operatives and supporters and co-opted from within.

A terrorist operative can find a nonprofit group to be a great resource: It offers day jobs, salaries, meeting places, and means to obtain official documents. Through charities, transnational terrorist groups have been able to move personnel, money, and material to and from high-risk areas under cover of humanitarian or charity work.

The federal government's efforts to prevent terrorists from abusing charities have been met with great skepticism from charities, but it is important to recognize that the Treasury Department has never tried to punish unwitting donors to terror groups. And the process it has used to vet charities it considers terrorist fronts is robust and vigorous and errs on the side of caution.

In eight egregious cases, charities operating as fronts for terrorist groups have been designated by the Treasury Department as terrorist organizations, and the government has frozen their assets and closed their operations.

In none of these cases was the government's action capricious or based on sparse, dated, or unreliable information.

Consider the example of Abd Al Hamid Sulaiman Al-Mujil, executive director of the Eastern Province office of the International Islamic Relief Organization, who was designated a terrorist by the Treasury Department in 2006. (Several other branch offices of his organization were also designated as fronts for terrorism by the Treasury that same year.)

According to information made public in the Treasury press statement announcing his designation, Mr. Al-Mujil was described by fellow jihadists as the "million-dollar man" for his support of terrorist groups, including Al Qaeda.

Organizations that are designated as terrorist groups can and do appeal their status, and the Treasury Department has lifted the label, and its accompanying restrictions, when warranted.

One reason charities remain vulnerable to terrorist financing, according to the Financial Action Task Force -- an international body that sets global standards designed to prevent illegal financing of terrorist groups -- is that charities do not face the strict regulatory requirements that other entities, such as financial institutions or private companies, must follow.

Despite their obvious shortcomings in recent years, banks and other companies usually do subject their business dealings to robust due-diligence procedures.

The same is not always the case for charities. But nonprofit organizations have no less a fiduciary responsibility to their donors than profit-making institutions have to their investors. Both need to apply high standards of review to their activities out of their own interest in protecting their reputations from risk.

The nonprofit world must appreciate the government's solemn responsibility to protect its citizenry, while the government must appreciate that charities come to this problem from a noble and well-intentioned perspective focused on facilitating quick, efficient, and timely aid. Thankfully, promoting opportunities for charitable giving and reducing the risk that those opportunities will be abused for illicit purposes are in no way mutually exclusive goals.

Unfortunately, communication between nonprofit groups and government agencies on these issues has been strained, at best.

Some within the nonprofit world stress that due diligence on the part of charities is difficult and costly and insist it has only limited value. In fact, the real question of the day is how to streamline due diligence and make it more cost-effective. There should be no debate over the threshold for harmonizing charity and security: a basic commitment to nonviolence.

Balancing the risk of violence and the opportunity for philanthropy, government and charity both have a responsibility to err on the side of caution, even as they work together to promote giving and humanitarian activity.

Both also have a responsibility to work cooperatively to make sure donors don't stop giving to charities that conduct legitimate work.

Already, public misunderstanding of the government's public response to terrorists' abuse of charities has deterred some donors, especially Muslim Americans, from giving.

The problem is not enforcement of U.S. laws banning financial support to terrorist organizations but rather the unintended effects the government's actions have had on charitable giving.

Much of the chill on donations is the result of misinformation. A small, unintentional mistake will not land a donor in the government's cross hairs.

Greater due diligence on the part of nonprofit organizations, combined with government outreach and information campaigns, would go a long way toward resolving this problem.

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