

Suspicion Indicators Related to Non-Profit Organizations

Preface

Non-Profit Organizations (NPOs) are one of the sectors exploited by money launderers/financiers of terrorism for the purpose of camouflaging their illegal transactions. NPOs include organizations that aim to support public or private humanitarian work without any material or non-material consideration. Their activities are diverse through wide fields; r religious, cultural, educational or social, such as:

- Humanitarian and animal aid.
- Environmental aid.
- Education and arts.
- Healthcare.
- Social and other issues.

NPOs' sources of funds, received from donations, are often legitimate, yet they may be still exploited for illegal purposes by money launderers or extremist terrorist organizations and groups.

Indicators Related to Customer:

1. NPOs submit incomplete documents, or false, misleading, incomplete or unclear information.
2. NPO is fictitious and has no actual headquarters to carry out the activity or it uses front companies to collect its donations, indicating suspicion of money laundering.
3. NPO or its beneficial owner is listed in the UN sanctions lists.
4. NPO or its beneficial owner is within the names associated with known terrorist organizations or names carrying out terrorist activities.
5. Beneficial owner of the NPO's account is not clearly identified or the actual beneficiary of the funds is not known.
6. Candidates use fake IDs while running for positions with NPOs.
7. NPO's has a small number of employees or does not have employees at all, contradicting its stated objective or activity.

Indicators Related to Transaction:

1. Transactions' nature is not consistent with the activity of the NPO and their purpose is not clear.
2. Pattern of deposit transactions is in amounts below the reporting limit.
3. Multiple cash deposits in small amounts exist, followed by huge transfers to foreign accounts outside the state.
4. Unusually large withdrawal transactions, especially after the financial institution refuses to transfer funds outside the state, indicating suspicions of cross-border money transfer.
5. Purpose of the transactions mentioned in the local or international transfer documents contain terms related to extremism and terrorist acts, such as (the word "Booty", which means justified stolen funds).
6. NPOs carry out complex transactions and use unnecessary financial networks to carry out transactions, especially those taking place outside the state.
7. Transaction includes beneficiaries receiving assistance from a non-profit charitable organization, who do not appear to be in need of financial resources.

Indicators Related to Products, Services and Channels Used:

1. Multiple cash transactions for deposit/withdrawal operations.
2. Treasurer of the association or another employee authorized to withdraw cash from the NPO's account and deposit funds in the account of another person and then transfer it to the account of another suspected person (terrorist or other).
3. Unusual financial transactions exist with foreign bank accounts or multiple bank accounts outside the state are used.
4. Funds (donations) are collected by criminals or terrorists whose names are listed with the competent law enforcement agencies.

5. Non-profit organizations use ***crowd funding** sites and social media to collect donations, followed by cancelling those websites on the Internet, with the aim of using donation funds for the benefit of extreme right wing (ERW) groups.

Indicators Related to Geographical Location:

1. Transaction parties (owner, beneficiary, etc.) are from states known for supporting terrorist activities and organizations.
2. NPOs receive incoming transfers from non-profit commercial entities in states known for supporting terrorist activities and organizations.
3. NPOs receive large donations from foreign entities with no ties therewith.
4. NPOs collect funds (donations) and then transfer them to bank accounts in high-risk states.
5. No contributions from donors residing in the state.

Crowd Funding: Collection of financial contributions by several persons (as donations, often through websites or social networking sites that were created with the aim of supporting a charitable call or project, where funds resulting from the donations are used for illegal activities or terrorist financing operations. They are often used by Extreme Right Wing.

Extreme Right Wing (ERW): Those organizations are characterized by tyrannical aspects and have extremist, hostile or racist views and tendencies, such as (ethnic cleansing, genocide against a group of people based on their religious, political or cultural orientations and other forms of organized criminal behavior).