



## GLOBAL NONPROFIT INFORMATION NETWORK COUNTERTERRORISM & CHARITIES AT A GLANCE

- 1. U.S. counterterrorism laws are impacting charities.** In response to the attacks of Sept, 11, 2001, the Bush Administration took steps to control what it described as a widespread and significant flow of funds from U.S.-based charities to terrorist organizations. Serious research now demonstrates that the role of charities in terrorist financing was greatly exaggerated by the Bush Administration – since 9/11, no charity has been convicted of materially aiding terrorists. Instead, some of the Administration’s counterterrorism programs designed to increase homeland security are having the opposite effect. The penalties threatened and burdens imposed by the U.S. government actively discourage charities from doing vital work in the world’s most trouble areas, places where a positive U.S. presence would support an American message of tolerance and compassion, and better protect global security.
- 2. U.S. charities are not a significant source of terrorist funding.** U.S.-based charities don’t fund terrorism; they fight the causes of terrorism. Despite the freezing of millions of dollars in charitable assets, no U.S. charity has been convicted for material support of terrorism. Rather than support the valuable role that charities play in fighting poverty, exclusion, and despair, the U.S. government imposes restrictions that hurt charities. Terrorists are financed by informal banking channels, smuggling, and overseas support. Fighting fear with facts, let’s unshackle charities to do what they do best, and focus tough law enforcement on the real sources of terror financing.
- 3. Charities are being shut down through a process that is secretive, arbitrary and unfair.** The process of designating individuals and entities as supporters of terrorism is unfair and un-American: vague, arbitrary, shrouded in secrecy and lacking oversight or appeal. The Executive Branch has almost unlimited power to freeze a charity’s assets based not only on fact but on vague suspicions, hearsay or an unfounded hunch -- a problem compounded by the increasingly broad definition of terrorism the U.S. government applies. Once designated, the charity has no realistic chance of getting off the SDGT list: it can neither examine the evidence against it nor present evidence of its own. Congressional oversight has not filled the void; it allows State and Treasury to act without review, while people in need go unserved.
- 4. Treasury Department enforcement actions are unclear and unfair, and penalties are disproportionately harsh.** The Treasury Department’s “voluntary” best practices are the worst of both worlds, demanding burdensome investigation by charities into their partners or grantees, but conferring no protection from legal sanction even if the Guidelines are painstakingly followed. The penalties for violating U.S. counterterrorism policies are very harsh: organizations can be destroyed, and officers sentenced to life imprisonment. Penalties are, in fact, harsher for charities than for corporations caught supporting terrorism. However, significant uncertainty remains as to what is required of charities and how the Guidelines are being used by the Treasury Department to evaluate charitable practices.

5. **Counterterrorism policies discourage charities from attacking the root causes of terrorism.** Charitable work both attacks the poverty and inequalities which move people to take part in acts of terrorism, and demonstrates to people in troubled regions the friendly and compassionate side of American society. But current counterterrorism policies encourage charities to avoid global hotspots and discourage work with Muslim charities. They taint relationships with organizations and individuals whom the federal government or potential donors might view as suspect, and they severely restrict and stigmatize work in critical areas of the globe.
6. **The Treasury Department's counterterrorism policies are unfairly suspicious of specific types of charities and styles of giving.** As expensive and odious as the so-called "voluntary" Anti-Terrorist Financing Guidelines are for all, they impose a special burden on small, innovative charities and on charities which focus largely on the Muslim world. In addition, the Treasury's "Risk Matrix for the Charitable Sector" discourages charities from working with new organizations or in troubled regions, by labeling such giving "high risk." This means that some of our nimble and innovative charities are shackled, and that U.S. charity actions that might be most effective in deterring potential terrorists from taking up arms and in elevating America's reputation are discouraged from doing their important work.
7. **A better federal counterterrorism strategy would improve charities' effectiveness and keep America safer.** A better regime for preventing terrorists from using charities to raise and move funds would lead to more effective philanthropy and allow charities to carry messages of tolerance and hope to the world's troubled regions. Rather than using ineffective procedures that do not protect against legal sanction, charitable resources should be preserved for effective methods of due diligence; innovative aid and development programs abroad could be funded, and decisions would be made based on mission and need. An approach rooted in fundamental principles of justice would be more effective in preventing terrorism. Crafting this new approach begins with effective Congressional oversight that considers the expertise and viewpoints of charitable organizations, a brake against the currently unchecked powers of the Executive, and demanding explanations in search of a better approach.

**What we want is more collaboration, more cooperation.**

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<sup>1</sup> "Charities" refers to direct service organizations, advocacy organizations, foundations, and organizations supporting social change.

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The Global Nonprofit Information Network (GNIN) was launched in March 2007 to foster information sharing focused on counterterrorism measures affecting charitable organizations and global civil society. The GNIN initiative is co-hosted by Grantmakers Without Borders ([www.gwob.net](http://www.gwob.net)), OMB Watch ([www.ombwatch.org](http://www.ombwatch.org)) and Urgent Action Fund for Women's Human Rights ([www.urgentactionfund.org](http://www.urgentactionfund.org)).



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*(This is the introduction to GNIN's seven part series on charities and counterterrorism policy.)*