Another reason to clarify who is a terrorist.

December 2001
FATF will blacklist nations that lag in attacking terrorist funds

The Paris-based Financial Action Task Force, most recognized as the group that sets standards for national and international money laundering controls and, since 1999, annually "blacklists" nations for not cooperating in the global effort, has added standards for combating terrorist financing.

The FATF, whose 29 members include the United States and the Gulf Cooperating Council, met for two days in extraordinary session in Washington on October 29, and decided to expand its focus to combating terrorist financing. It has agreed to a set of eight new recommendations to add to its standard 40 Recommendations against money laundering that cover a wide range of national and institutional controls.

Terrorist "blacklist" in June 2002

The FATF set a deadline of June 2002 "to identify jurisdictions that lack appropriate measures to combat terrorist financing." Nations that are "blacklisted" under the new anti-terrorist standards face "counter-measures" in the same way that "non-cooperative" nations are threatened in the money laundering field.

Terrorist "techniques and mechanisms"

To guide financial institutions in meeting the requirements of eight new recommendations, the FATF plans to publish terrorist financing "techniques and mechanisms" by February 2002.

The new standards commit FATF members and their financial institutions to:

Promptly ratify and implement the 1999 United Nations International Convention for the Suppression of the Financing of Terrorism and UN Resolution 1373 requiring the freezing of terrorist assets
Make it a crime to finance terrorism, terrorist acts and terrorist organizations
Freeze and seize terrorist assets
Report suspicious transactions linked to terrorism
Provide the "widest possible range" of assistance to enforcement agencies in other countries that investigate terrorist financing
Impose anti-laundering requirements on "alternative remittance systems"
Strengthen customer identification measures in international and domestic wire transfers
Ensure that non-profit organizations and charities are not misused to finance terrorism
The FATF says each country should enact laws facilitating the confiscation of property intended to finance terrorism or deemed as the proceeds of terrorist acts.
"Hawalas" should be licensed
The FATF also wants nations to require persons or "legal entities" involved in the informal money transfer systems known as "hawala" to be licensed or registered and subject to FATF recommendations applicable to banks and non-bank financial institutions. It says unregistered hawalas should be subject to civil and criminal sanctions. Non-profit organizations and charities are particularly vulnerable because terrorist groups can infiltrate them by posing as legitimate chapters in order to "conceal or obscure the clandestine diversion of funds."

Self-assessments

By the end of the year, member countries will assess each other on progress on the anti-terrorism recommendations. Nations that participate in the self-assessments will be asked to make a commitment to comply with the recommendations by June 2002 and to prepare an action plan to implement recommendations not already implemented.

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