

# TERRORIST FINANCING RISKS

PRESENTATION BY GUERNSEY  
AUTHORITIES

2023

# LEGAL POSITION

## THREE-PRONGED APPROACH –

- TARGETED FINANCIAL SANCTIONS
- TARGETED TF OFFENCES
- GENERAL TF OFFENCES

**NB - ALL THREE ARE RELEVANT TO SCHEDULE 3**

# TARGETED FINANCIAL SANCTIONS

TWO TYPES APPLICABLE HERE –

- UN/UK SANCTIONS REGIMES IMPLEMENTED UNDER SANCTIONS LAW
- GUERNSEY AUTONOMOUS LISTINGS UNDER TERRORIST ASSET FREEZING LAW (NONE TO DATE)

# KEY CONCEPTS

- OWNERSHIP OR CONTROL OF ASSETS
- MAKING FUNDS OR ECONOMIC RESOURCES AVAILABLE
- DIRECT OR INDIRECT

# UN/UK REGIMES

- 4 SEPARATE TF -RELATED REGIMES
  - ISIL/AQ
  - AFGHANISTAN
  - COUNTER TERRORISM
  - INTERNATIONAL COUNTER TERRORISM
- DESIGNATIONS AUTOMATICALLY EFFECTIVE
- THEMIS NOTICES

# TF OFFENCES

Meaning of terrorism – dual approach at section 1 of Terrorism & Crime (BoG) Law 2002

TF Offences (sections 8- 11A of TACL)

- Raising/using/possessing funds, or entering into funding arrangements for purposes of terrorism
- Laundering terrorist property
- Making insurance payment in response to demand for purposes of terrorism

# PURPOSES OF TERRORISM

## Section 1A –

- support not limited to financial support (e.g fake IDs, can be link to OCGs)
- financial support for any purpose (rent, living expenses etc.) is covered
- Covers secondary terrorist financing

# TARGETED TF OFFENCES

- Purposes of terrorism/terrorist property specifically apply to proscribed organisations
- Proscribed organisations – section 3/Schedule 2 of Terrorism Act 2000
- Changes to UK list automatically effective



# GENERAL TF OFFENCES

SECTION 1A TACL - Provision of support to an individual or entity involved in terrorism, very widely defined -

## 1. Person who

- Commits/attempts act of terrorism
- Acts as accomplice in act of terrorism
- Organises/directs others to commit act of terrorism
- Participates in terrorist group

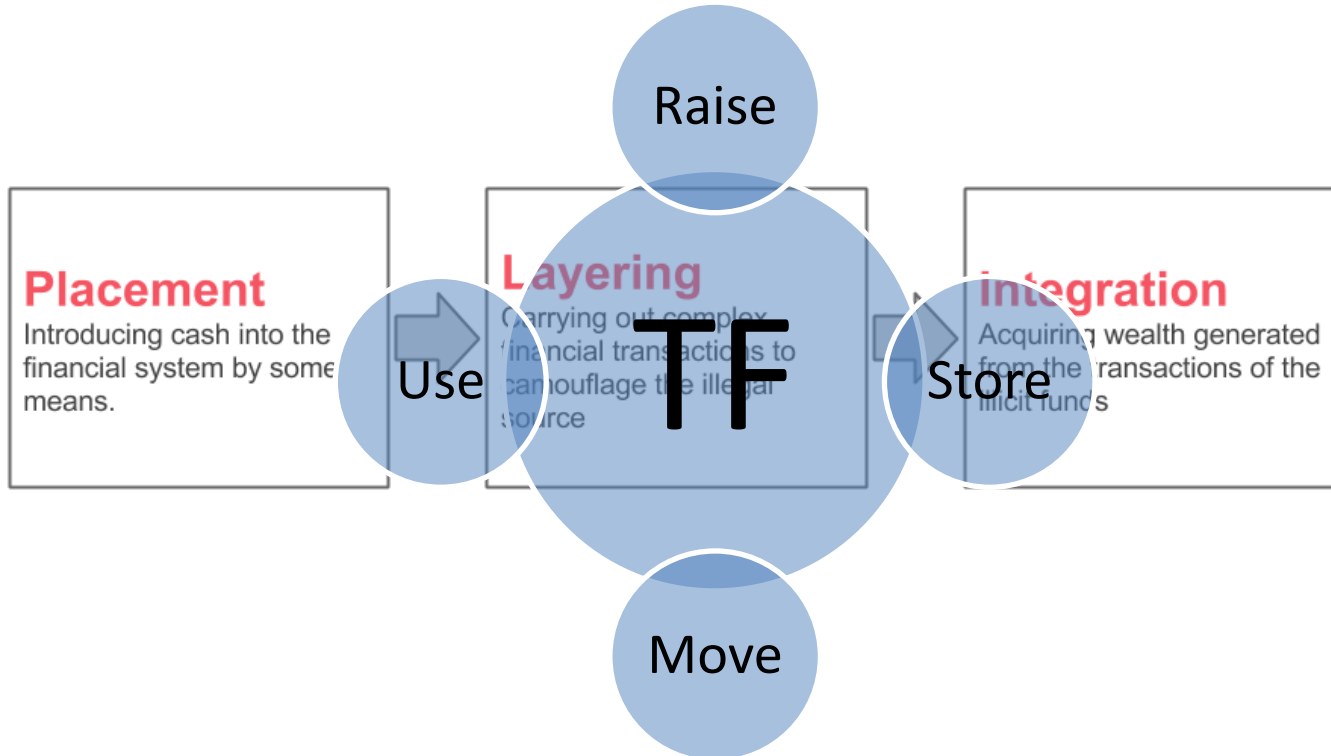
## 2. Entity owned or controlled directly or indirectly by person within 1

## 3. Individual or entity acting on behalf of or at direction of person within 1 or 2

# WHERE TO LOOK?

- NON-APPLICABLE DESIGNATIONS
  - EU
  - OFAC
  - ISRAEL
- LOCATION/PURPOSE OF ACTIVITY

# Money Laundering V Terrorist Financing



# TYPES OF TF

## Operational **and** organisational

- Domestic income – taxation, extortion, intervening in business arrangements
- Crowd funding, use of social media platforms to move small amounts of money, hard to distinguish from humanitarian campaigns
- Use of NPOs/theft and/or sale of aid
- State sponsorship (e.g by Iran), payment for weapons, likely to increase
- Investment portfolio

# INVESTMENT PORTFOLIO

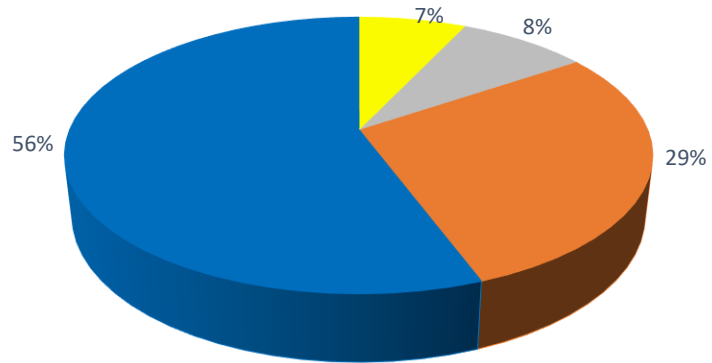
- Use of commercial companies (e.g. construction) in nearby countries – e.g. Turkey, Sudan, UAE, Algeria
- Main directors and UBOs are affiliated to terrorist organisation
- Transactions obfuscated, use of shell companies, same factors as trade-based ML

# WHAT TO DO

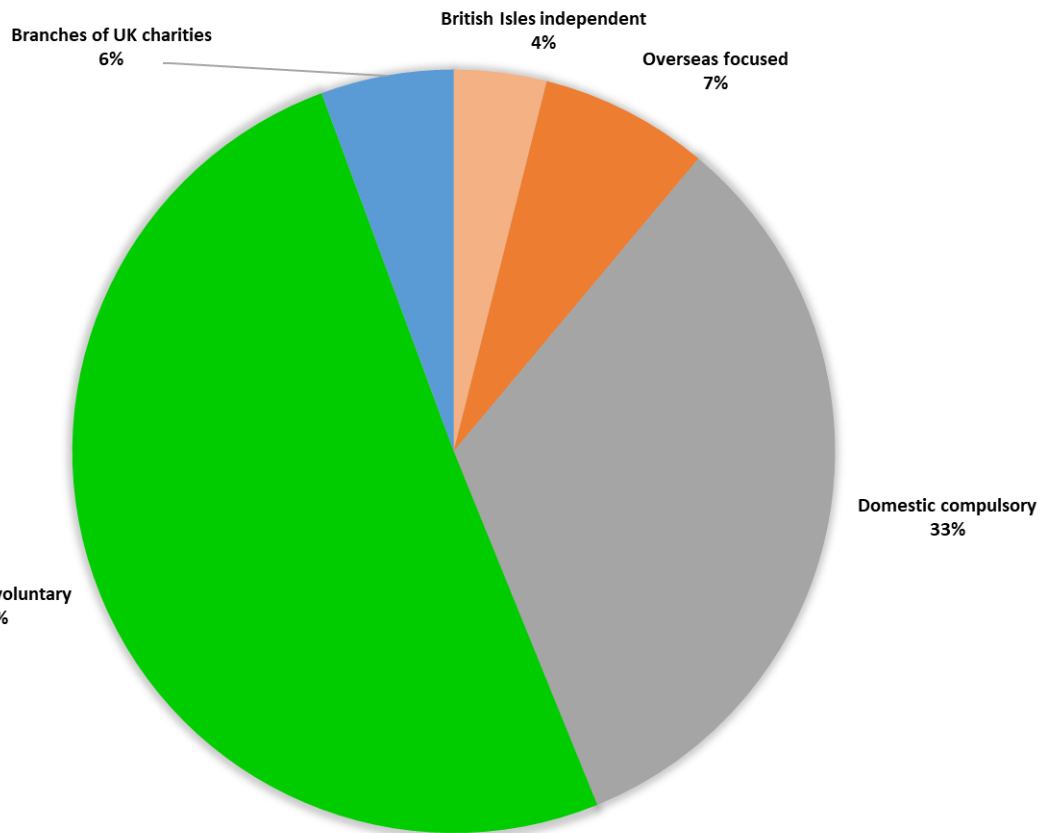
- Check money flows and entities up and down chain
- Pay special attention to use of MVTs, MSBs and crypto
- Look out for transactions that don't make commercial sense
  - Airbnb in conflict zone
  - Handcrafted items “Made in (*conflict zone/contested state*)”

# CHARITIES & OTHER NPOs

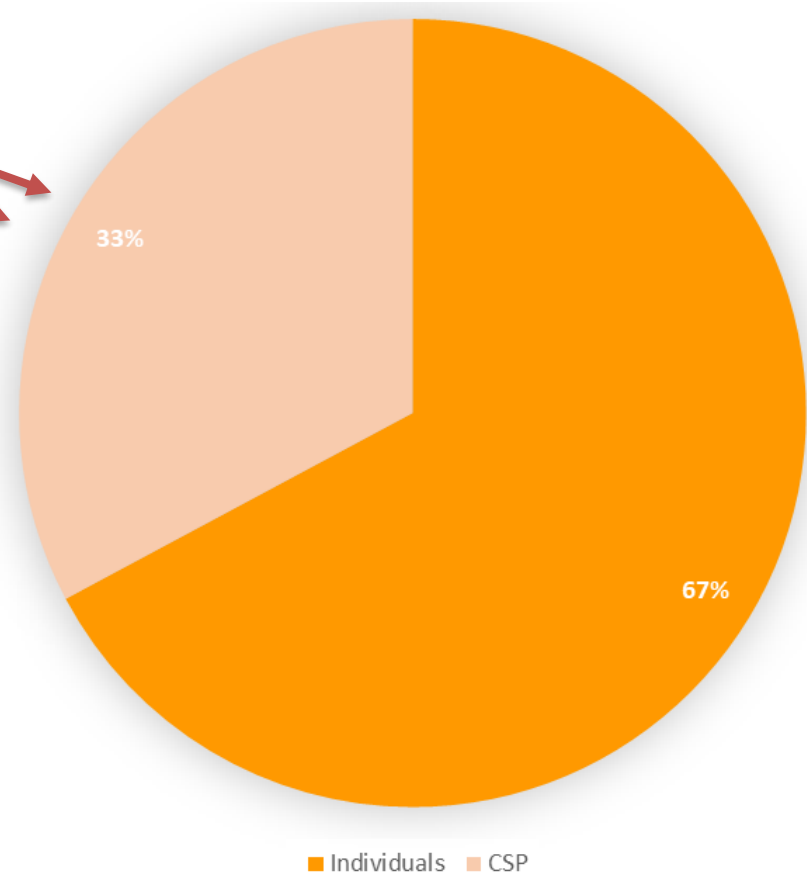
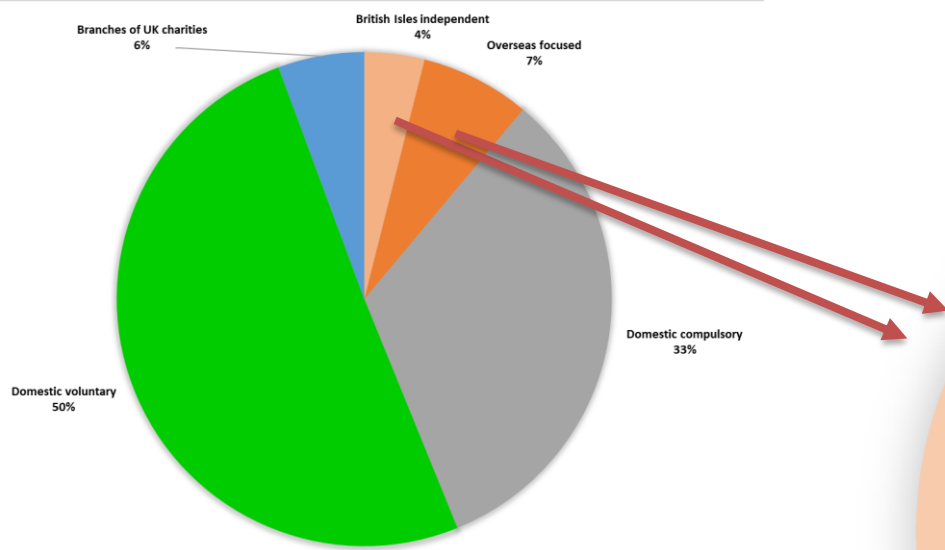
- International concern about charities/NPOs being abused for terrorist financing purposes
- Only likely to affect internationally active local charities/NPOs  
– see NRA 2
- Businesses to take account of third sector risks/ratings in NRA 2



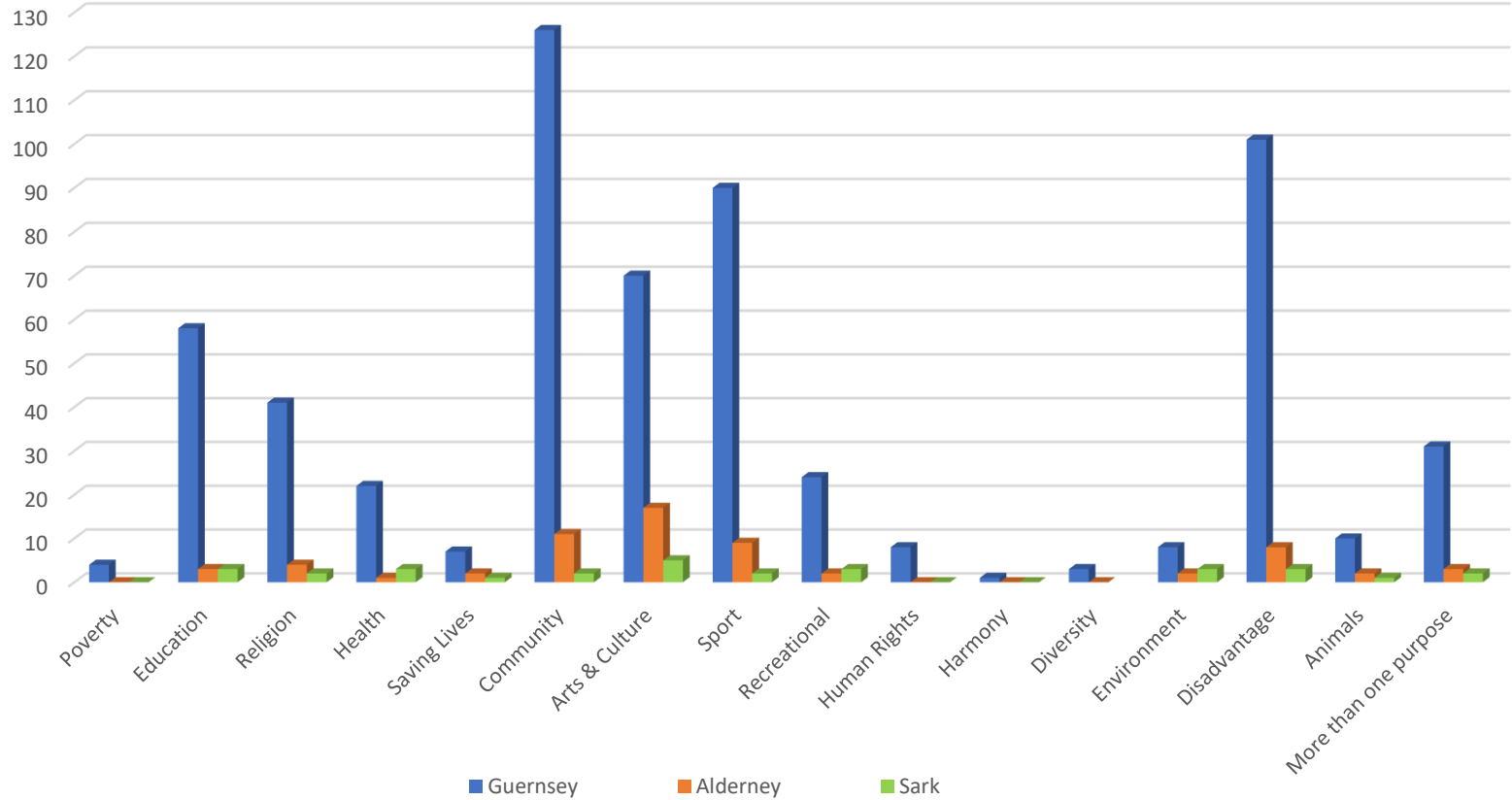
■ Internationally active: British Isles  
■ Internationally active: Overseas







# Charities/NPOs Objectives and Purposes



# Terrorist Financing – FIU Process

- FIU Assessment and management of sensitive financial intelligence
- FIU Intelligence [gather, analysis, and dissemination]
- Aligned with the UK Contest Strategy
- Terrorist financing intelligence handling and investigations procedure / policy
- Incoming SAR – TF link
- Referred to the CT Policing for TF Risk Assessment
- Disseminated to UK CT Network
- Result – TF link
- Case referral to EFCB
- Close liaison FIU, EFCB, CT Policing and UK

# Private Public Partnership

- Guernsey's Integrated Money Laundering & Terrorist Financing Intelligence Task Force (GIMLIT)
- Established March 2023 extending to International banks January 2024
- FIU, AML / CFT Authorities, GFSC, AGCC, Retail Banks & Private banks
- Voluntary membership
- Operational working group
- GIMLIT Briefing Paper / FAQs
- Sharing of information extended to reporting entities
- FIU GIMLIT Request Form – Section 7 TF linked enquiry
- Engagement with the UK JMLIT, Europol PPP & Others

# Quad Island Terrorist Financing Forum

- Formed 2021
- Share typologies and trends in relation to Suspicious Activity Reports in relation to TF
- To share best practice in investigative techniques when conducting investigations in to TF
- To share experiences of barriers in investigations and how these are overcome.
- To obtain briefs from NTFIU on trends and typologies
- To invite guest speakers to add value to participant knowledge on trends, typologies and investigative techniques
- To develop training opportunities including joint courses on ML

# BUSINESS TF RISK ASSESSMENT

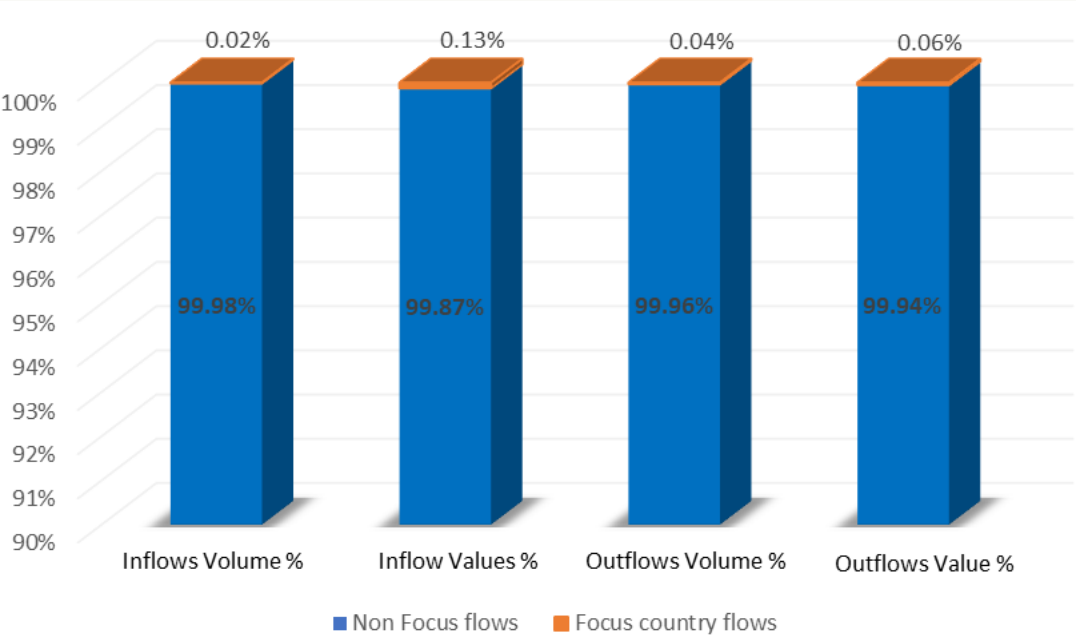
Ingredients for TF business risk assessment:

- Understanding of current TF threat
- National Risk Assessment
- Management Information
- Appendix I of the Handbook

# Lafarge fined \$778m by US for supporting terrorist groups



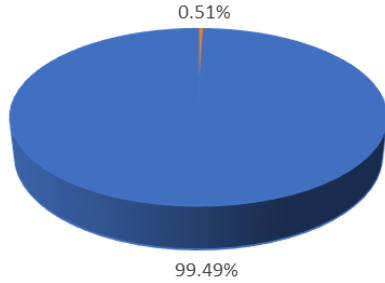
# Bailiwick flows to/from Focus Countries 2020 - 2022



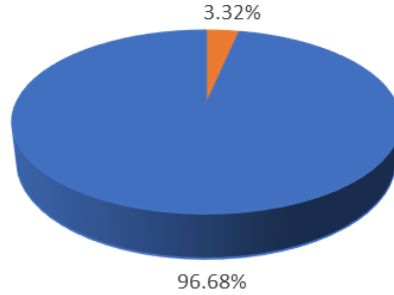


## Bailiwick connections to Focus Countries 2022

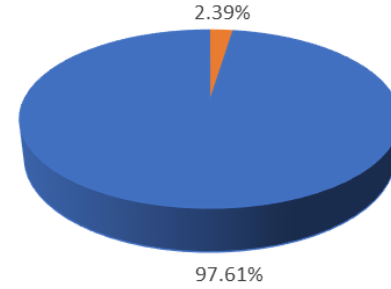
**Banks** (*Business relationships*)



**Insurance** (*Business relationships*)

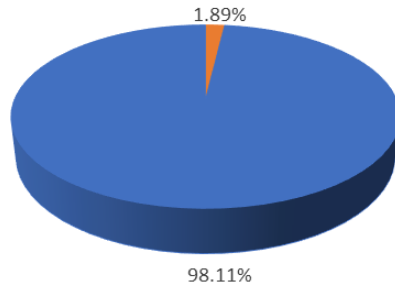


**Investment** (*Business relationships*)



### **TCSPs**

*Business relationships*



*Fiduciary turnover*

