

Non-Profit Organisations (NPOs)

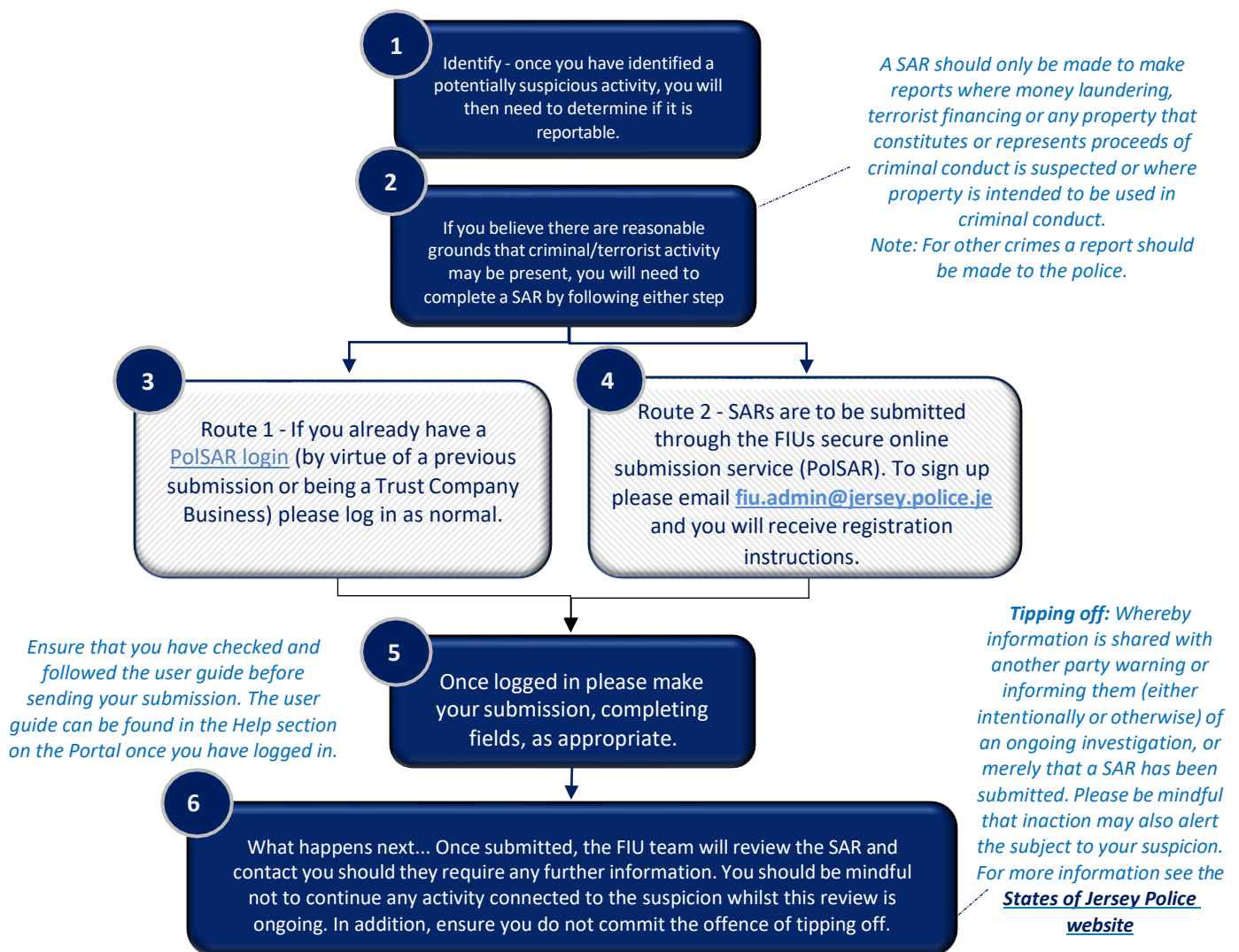
Suspicious Activity Reporting (SARs)

What to do if you have knowledge, suspicion, or reasonable grounds for suspicion that terrorist financing and/or money laundering activity is present.

A Suspicious Activity Report (SAR) must be filed with the Financial Intelligence Unit (FIU) and not the Jersey Financial Services Commission (JFSC).

A SAR is the format by which knowledge, suspicion, or reasonable ground for suspicion of money laundering and terrorist financing are reported. A SAR allows information and intelligence to be formally passed to law enforcement agencies - helping them prevent, detect, investigate, and prosecute crime.

Details on the requirements under the Proceeds of Crime (Jersey) Law 1999 and Terrorism (Jersey) Law 2022 can be located on page 2 of this flow chart.



As a minimum the following criteria should be included in the narrative of a SAR under the headings provided:

- Details of the suspicion (full rationale for suspicion)
- Relationship of the identified party with the NPO in question
- Location and value of funds received via donations/donated
- Information held on donations and/or onward funding connected to the suspicious activity and
- What activity prompted the SAR (Monitoring/Open source/Transaction)

If your submission relates to a complex structure (more than 4 entities involved) please consider submission of a structure chart.

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The SAR requirements and other related provisions of the Proceeds of Crime (Jersey) Law 1999 (PoCJL) and the Terrorism (Jersey) Law 2002 (TJL).

The POCJL and TJL are the laws governing the SAR process. A brief overview of the Articles relating to suspicious activity reporting can be seen below.

Links to the laws: [Proceeds of Crime \(Jersey\) Law 1999](#) and [Terrorism \(Jersey\) Law 2002](#)

Art 32 PoCJL

It is not a breach of confidentiality to report “a suspicion or belief that any property constitutes or represents proceeds of criminal conduct or property used in or intended to be used in criminal conduct” and an immunity from prosecution (“consent”) may be given by the FIU for any act in relation to such property.

Art 34A PoCJL

Those in a trade, profession, business or employment must report “knowledge or suspicion that a person is engaged in money laundering”.

Art 34D PoCJL

A person in a (regulated) financial services business must report the “information received (at work) and the knowledge suspicion or reasonable grounds for suspecting that:

- (a) another person is engaged in money laundering;
- (b) any property constitutes or represents proceeds of criminal conduct; or
- (c) any property has been, is being or is intended to be used in criminal conduct”.

Terrorism (Jersey) Law 2002

Art 18 TJL

A terrorist financing offence is not committed if:

- it is done with the consent of a police or customs officer
- a person involved in a transaction or arrangement related to property, promptly and on their own initiative submits a SAR disclosing (a) a suspicion or belief that the property is terrorist property; and (b) the information on which the suspicion or belief is based. The FIU may forbid the person’s further involvement in the transaction
- a person involved in a transaction or arrangement relating to the provision of a financial service discloses promptly and on their own initiative (a) a suspicion or belief that the service is being or to be provided for the purposes of terrorism or for the support of a terrorist entity; and (b) the information on which the suspicion or belief is based. The FIU may forbid the person’s further involvement
- a person intended to make such a report but had a reasonable excuse not to do so; or made a report to their employer within their employer’s procedures

Art 19 TJL

Those in a trade, profession, business or employment must report belief (not knowledge) or suspicion that a person has committed a terrorist financing offence, and the information received (at work) on which that belief or suspicion is based.

Art 21 TJL

Those in a (regulated) financial services business must report knowledge (not belief), suspicion, or reasonable grounds for suspicion, that a person has (a) committed a terrorist financing offence or (b) that any property is or may be terrorist property.

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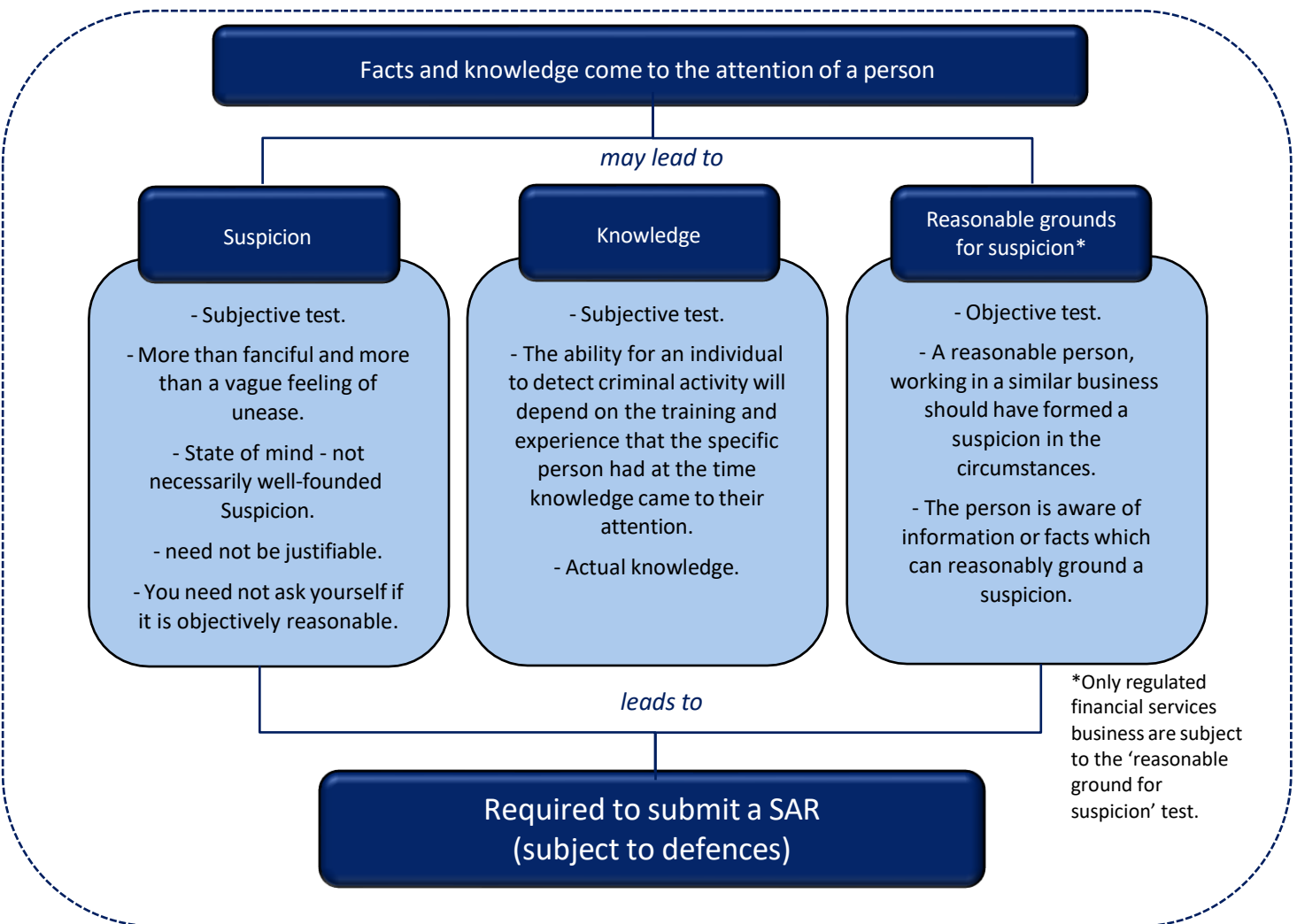
Where to look in the law and guidance for additional information

There are reporting requirements under Article 32 and 34 of the Proceeds of Crime (Jersey) Law 1999 and Articles 18-21 of the Terrorism (Jersey) Law 2022 stating that a SAR must be made when there is knowledge, suspicion, or reasonable grounds for suspecting* that:

- Another person is engaged in money laundering or the financing of terrorism
- Any property constitutes or represents proceeds of criminal conduct
- Any property has been, is being or is intended to be used in criminal conduct or
- Any property is or may be terrorist property

Further information can be located on the Jersey Financial Services Commission (JFSC) and Jersey Financial Intelligence Unit (FIU) websites (see page 4 of this guide for links).

The JFSC Handbook Section 8 provides further guidance on what each of knowledge, suspicion, or reasonable grounds for suspicion means in practice and when a SAR should be submitted. An extract of the JFSC Handbook is below:



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What would be considered suspicious activity?

Terrorist financing abuse may happen in numerous ways. For example, NPOs may be:

A cover: This is when the NPO acts as a front, pretending to do good work. In reality, it funds terrorist activities. At times the donors are aware of this illicit purpose. In the case of the Benevolence International Foundation, the organisation contracted with Al Qaeda to provide support for an injured foreign terrorist fighter, whilst its documents made it look as if the aid was provided to an orphan. Front NPOs have been abused by organisations such as the Irish Republican Army, Al-Qaeda and Liberation Tigers of Tamil Eelam (LTTE).

A conduit: This occurs when a NPO undertakes good work and, additionally, siphons off funds for terrorist activities. This can occur when the NPO:

- Is 'hijacked' by a bad actor, such as a staff member or volunteer who has influence over funds and who diverts them to a terrorist organisation, terrorist cells or an individual terrorist. The siphoned off/diverted funds can then be used for terrorist causes such as to fund terrorist attacks, obtain weapons, and pay foreign terrorist fighters and their families
- Does not have adequate procedures and is not undertaking due diligence on who it is collaborating with (a Partner) or who it pays its funds to (Beneficiaries). Partners may include, for example, other NPOs and charities that the NPO collaborates with locally, or its contractors, vendors and suppliers, for example its security staff
- Is pressed to pay a 'tribute', a fee or a tax, for its 'safe passage' to enter, pass through, operate in, and exit an area

These tactics of abusing NPOs have been used by, for example, Al-Qaeda, Hezbollah, Lashkar-e-Tayyaba, Kurdistan Workers' Party (PKK) and Al-Shabaab.

A con: In this scenario, the NPO does not exist. Instead, bad actors pretend that they are raising funds for a legitimate NPO. They may for example wear charity T-shirts and raise funds through bucket collections. This tactic was used by the members of the Birmingham bomb plot.

Much diversion risk related to terrorist financing can be mitigated by good governance and robust policies and procedures. Such systems and controls are also beneficial to counter other forms of criminal activity, including money laundering and proliferation financing. Diversion displays similar characteristics as risks such as those related to bribery, corruption and fraud.

Where to refer to for assistance?

Financial Intelligence Unit - Jersey (FIU):

Website: [States of Jersey Police - Financial Crime \(JFCU\)](#)

Contact the FIU on (01534) 612250 or email fiu.admin@jersey.police.je

Jersey Financial Services Commission (JFSC):

Website: [Non-profit organisations — Jersey Financial Services Commission](#)

JFSC Handbook - [Section 8](#)

Contact the Non-Profit Organisations team: NPOEnquiries@jerseyfsc.org