

# **GUIDELINES ON PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING FOR NGO/NPO SECTOR**



**Bangladesh Financial Intelligence Unit  
BANGLADESH BANK**

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## Preface

In response to the growing concern about money laundering and terrorist activities, the international community has been acting on many fronts. The United Nations (UN) was the first international organization to undertake significant actions to fight against money laundering through adopting several conventions and resolutions. Following the UN actions, the Financial Action Task Force (FATF) was formed by G-7 countries in 1989 as the first inter-governmental body against Money Laundering (ML).

In October 2001, the FATF expanded its mandate to deal with Combating Financing of Terrorism (CFT) and enhanced 40+9 recommendations as global standards for preventing ML and combating TF. To oversee the implementation of these recommendations in Asia Pacific Region, the Asia Pacific Group (APG) on Money Laundering, an FATF-style regional body, was founded in 1997 in which Bangladesh is a founding member.

In line with the international initiatives and standards, Bangladesh promulgated Money Laundering Prevention Act (MLPA), 2002. Subsequently MLPA, 2009 was enacted to expand the definition of ML and coverage of the offence. To strengthen the AML/CFT regime of Bangladesh and meet the international standards, MLPA, 2012 has been promulgated repealing the MLPA, 2009 and Anti-Terrorism Act (ATA), 2009 has been amended in 2012 and 2013. Both the Acts have empowered Bangladesh Bank (BB), thus Bangladesh Financial Intelligence Unit (BFIU) to perform an anchor role in combating money laundering and terrorist financing

Non Government Organization/Non Profit Organization (NGO/NPO) has been included as reporting organization in both the acts considering its inherent risk of money laundering and terrorist financing. Many instances have revealed terrorist abuse of charitable organizations worldwide to raise and move funds, provide logistic support, encourage terrorist recruitment or otherwise cultivate support for terrorist organizations and operations. These Guidelines are issued as per power conferred in section 23 of MLPA, 2012 and section 15 of Anti-Terrorism Act (ATA), 2009 and designed to assist NGO/NPOs in combating money laundering and terrorist financing. BFIU, as part of its supervisory process, will use these Guidelines as criteria against which it will assess the adequacy of policies, internal controls and procedures of the NGO/NPOs. These Guidelines are deemed to be the national best practice for NGO/NPOs to comply with the Bangladesh's AML/CFT regulation but not constitute a legal interpretation of the said Acts. Adherence to these guidelines does not constitute a legal defence against any civil or criminal liability for violating any state law. Although many NGOs, through their extensive experience and expertise have already developed effective internal controls and practices that lessen the risk of terrorist financing or money laundering, they should also have to comply with recommendations of these Guidelines in addition to their existing internal controls and practices.

Prevention of money laundering and terrorist financing requires collective effort from all relevant government and private sectors. An effective AML/CFT regime can only be implemented if all stakeholders comply with the country's AML/CFT laws, rules and regulations. NGO/NPOs, as major players in national economy and social system of Bangladesh, should comply with these Guidelines as a preventive measure to keep themselves safe from both the risk of money laundering and terrorist financing.

## List of Abbreviations

AML	Anti-Money Laundering
AMLD	Anti-Money Laundering Department
APG	Asia Pacific Group (on Money Laundering)
ATA	Anti-Terrorism Act
BB	Bangladesh Bank
BDT	Bangladesh Taka
BFIU	Bangladesh Financial Intelligence Unit
CAMLCO	Chief AML/CFT Compliance Officer
CDD	Customer Due Diligence
CFT	Combating the Financing of Terrorism
KYC	Know Your Customer
ML	Money Laundering
MLPA	Money Laundering Prevention Act
SAR	Suspicious Activity Report
STR	Suspicious Transaction Report
TF	Terrorist Financing
UNODC	UN Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution

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## **CHAPTER 1: BACKGROUND**

### **1.1 Introduction**

For most countries, money laundering and terrorist financing raise significant issues with regard to prevention, detection and prosecution. Sophisticated techniques used to launder money and finance terrorism have increased the complexity of these issues. Such sophisticated techniques may involve: multiple financial transactions, the use of different financial instruments and other kinds of value-storing assets, different types of financial institutions, accountants, financial advisers, shell corporations and other service providers and complex web of transfers to, through, and from different countries.

Money laundering and terrorist financing often display similar transactional features, mostly having to do with concealment and disguise. Both money laundering and terrorist financing can weaken individual Non-Government (Development) Organization, and they are also a threat to a country's overall reputation of development sector. Combating money laundering and terrorist financing is, therefore, a key element in promoting a strong, sound and stable development sector.

The processes of money laundering and terrorist financing (ML/TF) are a very fast changing phenomenon. Money launderers and terrorist financiers are inventing more and more complicated and sophisticated procedures and using new technologies for money laundering and terrorist financing. To address these emerging challenges, the global community has taken various initiatives against ML/TF. In accordance with international initiatives, Bangladesh has also taken so many initiatives in this regard.

### **1.2 Defining Money Laundering**

Money laundering can be defined in a number of ways. But the fundamental concept of money laundering is the process by which proceeds from a criminal activity are disguised to conceal their illicit origins. Most countries subscribe to the following definition which was adopted by the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) (the Vienna Convention) and the United Nations Convention against Transnational Organized Crime (2000) (the Palermo Convention):

- The conversion or transfer of property, knowing that such property is derived from any offense, e.g. drug trafficking, or offenses, or from an act of participation in such offense or offenses, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an offense or offenses to evade the legal consequences of his/her actions;
- The concealing or disguising the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from an offense or offenses or from an act of participation in such an offense or offenses, and;

- The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from an offense or offenses or from an act of participation in such offense or offenses.

The Financial Action Task Force (FATF) defines the term "money laundering" succinctly as "the processing of...criminal proceeds to disguise their illegal origin" in order to "legitimize" the ill-gotten gains of crime.

Money Laundering is defined in Section 2 (v) of the Money Laundering Prevention Act, 2012 as follows:

**"money laundering" means –**

- (i) knowingly moving, converting, or transferring property involved in an offence for the following purposes:-
  - (1) concealing or disguising the illicit nature, source, location, ownership or control of the proceeds of crime; or
  - (2) assisting any person involved in the commission of the predicate offence to evade the legal consequences of such offence;
- (ii) smuggling money or property earned through legal or illegal means to a foreign country;
- (iii) knowingly transferring or remitting the proceeds of crime to a foreign country or remitting or bringing them into Bangladesh from a foreign country with the intention of hiding or disguising its illegal source; or
- (iv) concluding or attempting to conclude financial transactions in such a manner so as to reporting requirement under this Act may be avoided;
- (v) converting or moving or transferring property with the intention to instigate or assist for committing a predicate offence;
- (vi) acquiring, possessing or using any property, knowing that such property is the proceeds of a predicate offence;
- (vii) performing such activities so as to the illegal source of the proceeds of crime may be concealed or disguised;
- (viii) participating in, associating with conspiring, attempting, abetting, instigate or counsel to commit any offences mentioned above;

### **1.3 Why Money Laundering**

First, money represents the lifeblood of the organization/person that engages in criminal conduct for financial gain because it covers operating expenses and pays for an extravagant lifestyle. To spend money this way, criminals must make the money they derived illegally appear legitimate.

Second, a trail of money from an offense to criminals can become incriminating evidence. So criminals must obscure or hide the source of their wealth or alternatively disguise ownership or control to ensure that illicit proceeds are not used to prosecute them.

Third, the proceeds from crime often become the target of investigation and seizure. To shield ill-gotten gains from suspicion and protect them from seizure, criminals must conceal their existence or, alternatively, make them look legitimate.

#### **1.4 Why We Must Combat Money Laundering**

Money laundering has potentially devastating economic, security, and social consequences. Money laundering is a vital process to making crime worthwhile. It provides the fuel for drug dealers, smugglers, terrorists, illegal arms dealers, corrupt public/private officials, and others to operate and expand their criminal enterprises. This drives up the cost of government due to the need for increased law enforcement and health care expenditures (for example, for treatment of drug addicts) to combat the serious consequences that result.

Money laundering diminishes government tax revenue and therefore indirectly harms honest taxpayers. We also pay more taxes for public works expenditures inflated by corruption and because of those who evade taxes. So, we all experience higher costs of living than we would if financial crime - including money laundering - were prevented.

One of the most serious microeconomic effects of money laundering is felt in the private sector. Money launderers often use front companies, which co-mingle the proceeds of illicit activity with legitimate funds, to hide the ill-gotten gains. These front companies have access to substantial illicit funds, allowing them to subsidize front company products and services at levels well below market rates. This makes it difficult, if not impossible, for legitimate business to compete against front companies with subsidized funding, a situation that can result in the crowding out of private sector business by criminal organizations.

No one knows exactly how much "dirty" money flows through the world's financial system every year, but the amounts involved are undoubtedly huge. Among other negative socioeconomic effects, money laundering transfers economic power from the government and citizens to criminals. Furthermore, the sheer magnitude of the economic power that accrues to criminals from money laundering has a corrupting effect on all elements of society.

The social and political costs of laundered money are also serious as laundered money may be used to corrupt national institutions. Bribing of government officials undermines the moral fabric in society, and, by weakening collective ethical standards, corrupts our democratic institutions. When money laundering goes unchecked, it encourages the underlying criminal activity from which such money is generated.

Actions by NGO/NPOs to prevent money laundering (ML) are not only a regulatory requirement, but also an act of self-interest. An NGO tainted by money laundering

accusations from regulators or law enforcement agencies may lose its good reputation to their stakeholders and damage the reputation of the country as well. It is very difficult, and requires significant resources, to rectify a problem that could be prevented with proper program.

## 1.5 Defining Terrorist Financing

Terrorist financing (TF) can be simply defined as financial support, in any form, of terrorism or of those who encourage, plan, or engage in terrorism. The International Convention for the Suppression of the Financing of Terrorism (1999) under the United Nations defines TF in the following manner:

1. 'If any person commits an offense by any means, directly or indirectly, unlawfully and willingly, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:
  - a. An act which constitutes an offence within the scope of and as defined in one of the treaties that is annexed to this convention; or
  - b. Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking any active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing an act.
2. For an act to constitute an offense set forth in the preceding paragraph 1, it shall not be necessary that the funds were actually used to carry out an offense referred to in said paragraph 1, subparagraph (a) or (b)<sup>1</sup>.

According to the article 7 of the Anti Terrorism Act, 2009 (including amendments) of Bangladesh, financing of terrorism means:

(1) If any person or entity willfully provides, receives, collects or makes arrangements for money, service or any other property, whether from legitimate or illegitimate source, by any means, directly or indirectly, with the intention that, it would, in full or in part, be used-

(a) to carry out terrorist activity;

(b) by a terrorist person or entity for any purpose, or is in the knowledge that it may be used by a terrorist person or entity;

the said person or entity shall be deemed to have committed the offence of terrorist financing.

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<sup>1</sup> International Convention for the Suppression of the Financing of Terrorism (1999), Article 2, <http://www.un.org/law/cod/finterr.htm>. The treaties referred to annex in sub-paragraph 1(a) shall be available in this web link.

## **1.6 The Link Between Money Laundering and Terrorist Financing**

The techniques used to launder money are essentially the same as those used to conceal the sources of, and uses for, terrorist financing. But funds used to support terrorism may originate from legitimate sources, criminal activities, or both. Nonetheless, disguising the source of terrorist financing, regardless of whether the source is of legitimate or illicit origin, is important. If the source can be concealed, it remains available for future terrorist financing activities. Similarly, it is important for terrorists to conceal the use of the funds so that the financing activity goes undetected.

As noted above, a significant difference between money laundering and terrorist financing is that the funds involved with terrorist financing may originate from legitimate sources as well as criminal activities. Such legitimate sources may include donations or gifts of cash or other assets to organizations, such as foundations or charities that, in turn, are utilized to support terrorist activities or terrorist organizations.

## CHAPTER 2: INTERNATIONAL AND NATIONAL INITIATIVES

### 2.1 Introduction

In response to the growing concern about money laundering and terrorist activities, the international community has acted on many fronts. This part of this Guidelines discusses the various international organizations that are viewed as the international standard setters. It further describes the documents and instrumentalities that have been developed for anti-money laundering (AML) and combating the financing of terrorism (CFT) purposes.

### 2.2 The United Nations

The United Nations (UN) was the first international organization to undertake significant action to fight money laundering on a truly world-wide basis. The role of the UN is important for several reasons which are -

First, it is the international organization with the broadest range of membership. The UN, founded in 1945, has 191 members from all across the world.

Second, the UN actively operates a program to fight money laundering; the Global Program against Money Laundering, which is headquartered in Vienna, Austria, is part of the UN Office of Drugs and Crime (UNODC).

Third, and perhaps most importantly, the UN has the ability to adopt international treaties or conventions that obligate the ratifying countries to reflect those treaties or conventions in their local laws.

In certain cases, the UN Security Council has the authority to bind all member countries through a Security Council Resolution, regardless of other actions on the part of an individual country.

#### 2.2.1 The Vienna Convention

Due to growing concern about increased international drug trafficking and the tremendous amounts of related money entering into financial system, the UN adopted the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) known as Vienna Convention, named after the city in which it was signed. The Vienna Convention deals primarily with provisions to fight the illicit drug trade and related law enforcement issues. At present, nearly 169 countries including Bangladesh are party to the convention. The convention came into force on November 11, 1990.

#### 2.2.2 The Palermo Convention

In order to fight against internationally organized crimes, the UN adopted the International Convention against Transnational Organized Crime (2000), named after the city in which it

was signed as Palermo Convention. The Palermo Convention specifically obligates each ratifying country to:

- Criminalize money laundering and include all serious crimes as predicate offenses of money laundering, whether committed in or outside of the country, and permit the required criminal knowledge or intent to be inferred from objective facts;
- Establish regulatory regimes to deter and detect all forms of money laundering, including customer identification, record-keeping and reporting of suspicious transactions;
- Authorize the cooperation and exchange of information among administrative, regulatory, law enforcement and other authorities, both domestically and internationally, and consider the establishment of a financial intelligence unit to collect, analyze and disseminate information; and
- Promote international cooperation.

This convention has come into force from 29th September 2003, having been signed by 147 countries and ratified by 82 countries. Bangladesh has also ratified the convention.

### **2.2.3 International Convention for the Suppression of the Financing of Terrorism**

The financing of terrorism was an international concern prior to the attacks on the United States on 11 September, 2001. In response to this concern, the UN adopted the International Convention for the Suppression of the Financing of Terrorism (1999). The convention came into force on April 10, 2002, with 132 countries signing the convention and 112 countries ratifying it including Bangladesh.

The convention requires ratifying states to criminalize terrorism, terrorist organizations and terrorist acts. Under the convention, it is unlawful for any person to provide or collect funds with the (1) intent that the funds be used for, or (2) knowledge that the funds be used to, carry out any of the acts of terrorism defined in the other specified conventions that are annexed to this convention.

### **2.2.4 Security Council Resolution 1267 & 1373 and Successors**

The UN Security Council has also acted under Chapter VII of the UN Charter to require member States to freeze the assets of the Taliban, Osama Bin Laden and Al-Qaeda and entities owned or controlled by them, as designated by the “Sanctions Committee” (now called the 1267 Committee). The initial Resolution 1267 of October 15, 1999, dealt with the Taliban and was followed by 1333 of December 19, 2000, on Osama Bin Laden and Al-Qaeda. Later Resolutions established monitoring arrangements (1363 of July 30, 2001), merged the earlier lists (1390 of January 16, 2002), provided some exclusions (1452 of December 20, 2002), and measures to improve implementation (1455 of January 17, 2003).

The 1267 Committee issues the list of individuals and entities whose assets are to be frozen and has procedures in place to make additions or deletions to the list on the basis of

representations by member States. The most recent list is available on the website of the 1267 Committee.

On September 28, 2001, the UN Security Council adopted Resolution 1373, which obligates countries to criminalize actions to finance terrorism. It further obligates countries to:

- deny all forms of support for terrorist groups;
- suppress the provision of safe haven or support for terrorists, including freezing funds or assets of persons, organizations or entities involved in terrorist acts;
- prohibit active or passive assistance to terrorists; and
- co-operate with other countries in criminal investigations and sharing information about planned terrorist acts.

The resolution also established the Counter Terrorism Committee (CTC) to monitor the performance of the member countries in building a global capacity against terrorism.

## **2.3 The Financial Action Task Force (FATF)**

The Financial Action Task Force (FATF) on Money Laundering, formed by G-7 countries in 1989, is an intergovernmental body whose purpose is to develop and promote an international response to combat money laundering. In October, 2001, FATF expanded its mission to include combating the financing of terrorism. FATF is a policy-making body, which brings together legal, financial and law enforcement experts to achieve national legislation and regulatory AML and CFT reforms. FATF adopted a set of 40 recommendations which are widely endorsed as the international standard for AML and CFT.

### **2.3.1 FATF Recommendations for NPOs**

The Financial Action Task Force (FATF) has studied the problem of terrorist financing and abuse across the charitable sector globally and has published typologies of such abuse. The FATF has also published Best Practices for Non-Profit Organizations and issued Interpretive Guidance strengthening the international standard for combating terrorist abuse of non-profit organizations.

FATF Recommendation 8 focused on the terrorist financing risk in non-profit organizations (NPO) sector and suggest adequacy of respective country laws and regulations in supervision of NPOs.

The FATF Recommendation 8 is stated here:

#### **FATF Recommendation 8: Non-Profit Organizations**

Countries should review the adequacy of laws and regulations that relate to entities that can be abused for the financing of terrorism. Non-profit organizations are particularly vulnerable, and countries should ensure that they cannot be misused:

- (a) by terrorist organizations posing as legitimate entities;

- (b) to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset-freezing measures; and
- (c) to conceal or obscure the clandestine diversion of funds intended for legitimate purposes to terrorist organizations.

## **2.4 National Initiatives of Bangladesh**

In line with international efforts, Bangladesh has taken initiatives to prevent money laundering and terrorist financing. Some important initiatives are given below:

- Bangladesh is a founding member of Asia Pacific Group on Money Laundering (APG) and has been participating in annual plenary meeting since 1997. As a member of APG, Bangladesh is committed to implement FATF's 40 recommendations. Subsequently, Bangladesh, as the first South Asian country, promulgated Money Laundering Prevention Act (MLPA), 2002 which came into force on 30 April, 2002. For exercising the power and shouldering the responsibilities, as stated in the MLPA, a separate department named Anti- Money Laundering Department (AMLD) was established in Bangladesh Bank.
- To address the shortcomings of the MLPA, 2002 and to meet the international standards Bangladesh enacted Money Laundering Prevention Ordinance (MLPO) in 2008 which was replaced by MLPA, 2009 by the parliament. To strengthen the AML/CFT regime of Bangladesh and meet the international standards, MLPA, 2012 has been promulgated repealing the MLPA, 2009 and Anti-Terrorism Act (ATA), 2009 has been amended in 2012 and 2013.
- Bangladesh has enacted Mutual Assistance in Criminal Matters Act, 2012 to enhance international cooperation on ML/TF and other related offences.
- Financial Intelligence Unit (FIU) was established in June, 2012 in Bangladesh Bank named as Anti Money Laundering Department (AMLD).
- To enforced and ensure the operational independence of FIU, AMLD has been transformed into the Bangladesh Financial Intelligence Unit (BFIU) on 25 January, 2012 under the provision of MLPA, 2012.

## CHAPTER 3: RISK AND VULNERABILITY OF NGO/NPO SECTOR

NGO/NPOs are committed to provide voluntary service to improve society, giving people a voice and enhancing quality of life. They often operate in areas of high risk, communities that are hard to reach and deliver services in extreme conditions. NGO/NPOs, like other parts of the society, condemn terrorist acts and indeed do much to alleviate conditions that may lead people to turn to extremism or terrorism.

### 3.1 Reasons for Vulnerability of NGO Sector

Though terrorist involvement in the NGO/NPO sector are rare in comparison to the size of the sector, however it is vulnerable to terrorism and other criminal abuse for a number of reasons<sup>2</sup>. NGO/NPOs:

- enjoy high levels of public trust and confidence, which is crucial to their success;
- often rely on goodwill and voluntary support in one form or another;
- are diverse in nature, involving in a broad range of activities and reaching all parts of society. Because of this reach, large numbers of people come into close contact with charities, including those who may abuse them, through their services, the use of their property and through their trustees and volunteers;
- are relatively easy to set up;
- may depend on one or two individuals who play a key, and often unsupervised, role, particularly within smaller charities;
- have a global presence, including in conflict areas and/or where there is little infrastructure, and frequently move money, goods and people to these areas;
- often have complex financial operations including multiple donors, investments and currencies, often receiving and using cash, having to account for high volumes of small scale transactions and using informal money transfers;
- may have complex programs of operation and may pass funds through intermediary partner organizations to deliver their services, as well as operating directly themselves;
- may have unpredictable and unusual income and expenditure streams, so suspicious transactions may be harder to identify;
- may have branches and/or projects that are not under the direct supervision or regular control of trustee management;
- may be subject to different and, in some cases, weaker levels of regulation in different parts of the world; and

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<sup>2</sup> “Compliance Toolkit: Protecting Charities from Harm”, Charity Commission, UK.

- are powerful vehicles for bringing people together for a common purpose and collective action, and may inadvertently provide a ready-made social network and platform of legitimacy for terrorists or terrorist sentiments.

### **3.2 Ways of NGO Abuse**

The abuse of NGOs for terrorist purposes may take a variety of different forms, especially given the diverse nature of the sector. The reputation, international reach and financial system of the NGOs can all provide openings for terrorists. An NGO's fund, facilities and name are precious assets and vulnerable to exploitation for terrorist purposes. Though these are usually at great risk from influence outside the NGO, abuse can also happen from within the NGO or be carried out by someone connected to it. Abuse might occur in the following ways:

#### **NGO fund**

Funds may be raised in the name of an NGO or charitable purposes, which are then used by the fundraisers for supporting terrorist purposes, with or without the knowledge of the NGO. Where an NGO's funds are being moved from one place to another, including internationally, they could be diverted before reaching their intended recipients. An NGO might be used to launder money or be used as a legitimate front for transporting cash or other financial support from one place to another. This risk is increased if the NGO's financial controls are weak. The recipients themselves could misuse the funds, a risk that increases if proper due diligence checks are not carried out first on the recipient.

#### **Use of NGO assets**

NGO vehicles might be used to transport people, cash, weapons or terrorist propaganda, or NGO premises used to store them or arrange distribution. Individuals supporting terrorist activity may claim to work for an NGO and trade on its good name and legitimacy in order to gain access to a region or community. They may use the NGO and/or its name as a seemingly legitimate cover to travel to difficult to reach places to take part in inappropriate activities such as attending terrorist training camps. The communications network of an NGO could be exploited to allow terrorists to contact or meet each other. Sometimes the NGO may simply provide the opportunity for terrorists to meet. These activities may well take place without the knowledge of the NGO or its trustees.

#### **Use of a NGO's name and status**

Terrorist activities may be hidden by or take place alongside additional, and otherwise legitimate, charitable activities. An NGO may give financial or other support to an organization or partner that provides legitimate aid and relief. However, that organization or partner may also support or carry out terrorist activities. A school that teaches terrorist ideology or trains terrorist recruits alongside proper classes may be able to provide full receipts for the school books bought with NGO funds. Its terrorist activities would make it completely unacceptable for a NGO to support that organization.

If an alternative purpose of an organization which distributes food is to support terrorism, this is not a legitimate charitable activity. If the organization has relief purposes, but chooses to provide relief only to the families of terrorists or a particular terrorist organization, this is also not legitimate activity. While each family may be in need, the unstated purpose becomes to help the terrorist or terrorist organization's work.

### **Abuse from within an NGO**

Although it is less likely than abuse by third parties, those within an NGO may also abuse their position within the NGO and the name of NGO itself for terrorist purposes. This might include 'skimming' off money in charitable collections and sending or using the funds to support terrorist activities. People within an NGO may arrange for or allow NGO premises to be used to promote terrorist activity. Trustees themselves may also be held accountable for engaging in inappropriate behavior or making inappropriate comments for a similar purpose. Charities may invite speakers or use volunteers they know to be likely to promote terrorism to influence the NGO's work. They may abuse the NGO by allowing those involved in terrorist activity to visit or work with them.

### **NGOs set up for illegal or improper purposes**

In extreme cases, terrorists may try to set up an organization as a sham, promoted as charitable but whose sole purpose is really to raise funds or use its facilities or name to promote or coordinate inappropriate and unlawful activities.

Two case studies presented here to depict the nature of NGO abuse.

### **3.3 Case Study-I<sup>3</sup>**

It was reported that a US NGO M/s. ABC Associates working in Pakistan is under investigation of Law Enforcement Agency (LEA) on the charge of embezzlement of funds of projects. As per details, the intelligence aid agency gave a contract to M/s. ABC Associates, a foreign based NGO, of significant amount for the construction of a road. Later on, the aid agency found something fishy in the project and approached the National Accountability Bureau (NAB), which had already identified an embezzlement of funds. Further, Mr A, an authorized signatory of cheques of all suspicious accounts, was also investigated by the LEA for fraud and embezzlement. A detail analysis of accounts revealed a scheme of money laundering. The relevant scheme appears as below:

Stage 1: Mr. A embezzled funds of M/s. ABC Associates and sent them abroad to his family members and friends;

Stage 2: The counter-parties who received the funds sent them back home to Pakistan to Mr A's personal accounts and Mr. A explained to the bank that funds are salary/income.

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<sup>3</sup> APG Yearly Typologies Report 2012

Stage 3: Again Mr A withdrew the same funds in cash and got them converted in PKR currency and transferred them to his personal PKR accounts where he again withdrew the same funds in cash mode to avoid an audit trail of embezzled funds.

The overall pattern of activities suggests layering and integration of corruption money. The case has been disseminated to LEA.

### **Case Study II<sup>4</sup>**

A domestic NPO with operations abroad was involved with small disaster relief projects, among other activities. Most of these disaster relief activities were not, however, reported in the information that the organization was obligated to provide annually to the national regulatory body. Rather, they were discreetly included in the organization's Zakat disbursement and were revealed only through an audit of the organization's finances by the national regulatory body.

Examples of these Zakat disbursements included several thousand dollars to three organizations for earthquake relief, relief of poverty, and religious education. An audit done on the NPO found that it exercised no control or accountability over the use of these funds once they were transferred. Some of the recipient organizations had been implicated in supporting terrorism and terrorist activities.

The NPO was also under suspicion for using its Zakat and one other account for money laundering. The second account was used for collecting interest-free loans that the NPO received from its members. During an audit performed by the national regulatory body, irregularities were noted with the loans which suggested that the NPO was misusing the two accounts. A review of the information that the NPO was obligated to file annually revealed that for several years the amount of loans received by the organization was very close to the amount of loan repayments disbursed by the organization for the same fiscal period.

In addition to these issues, open source information from a think tank showed that a convicted money launderer was first the Vice-President, and then the President, of the NPO during this period. Additionally, the NPO's accountant and past President were implicated in the same money laundering scheme.

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<sup>4</sup> Typologies Report: NPO Sector Vulnerabilities, APGML 2011.

## CHAPTER 4: COMPLIANCE REQUIREMENTS

### 4.1 Definition of NGO & NPO under the Law

According to Section 2(r) of MLPA, 2012 and Section 2(24) of ATA, 2009 ‘Non Government Organization’ (NGO) means the institutions authorized or registered under:

- Societies Registration Act, 1860 (Act No. XXI of 1860),
- Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (Ordinance No. XLVI of 1961),
- Foreign Donations (Voluntary Activities) Regulation Ordinance, 1978 (Ordinance No. XLVI of 1978),
- Foreign Contributions (Regulation) Ordinance, 1982 (Ordinance No. XXXI of 1982),
- Microcredit Regulatory Authority Act, 2006 (Act No. XXXII of 2006)

which (i) receive fund (loan, grant, deposit) from local sources or provides with fund to others; and/or (ii) receive any kind of foreign donation or loan or grant.

According to section 2(e) of MLPA, 2012 and section 2(23) of ATA, 2009, ‘Non Profit Organization’ (NPO) means any institution registered under section 28 of the Company Act, 1994 (Act XVIII of 1994).

### 4.2 Compliance Requirements under the Acts

Compliance requirements for NGO/NPOs as reporting organization are based on Money Laundering Prevention Act (MLPA), 2012, Anti-Terrorism Act (ATA), 2009 (including amendments) and circulars or instructions issued by BFIU.

According to **section 25(1) of MLPA, 2012** responsibilities of all reporting organizations including NGO/NPO for the prevention of money laundering are -

- a) to maintain complete and correct information with regard to the identity of its customers during the operation of their accounts;
- b) if any account of a customer is closed, to preserve previous records of transactions of such account for at least 5(five) years from the date of such closure;
- c) to provide with the information maintained under clauses (a) and (b) to Bangladesh Bank from time to time, on its demand;
- d) if any doubtful transaction or attempt of such transaction as defined under clause (n)<sup>5</sup> of section 2 is observed, to report the matter as ‘suspicious transaction report’ to the Bangladesh Bank immediately on its own accord.

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<sup>5</sup> Clause (n) should be read as clause (z) because of the printing error.

According to Section 2 (z) of MLPA, 2012, “**suspicious transaction**” means such transaction—

- (i) which deviates from usual transactions;
- (ii) of which there is ground to suspect that,
  - (1) the property is the proceeds of an offence,
  - (2) it is financing to any terrorist activity, a terrorist group or an individual terrorist;
- (iii) which is, for the purposes of this Act, any other transaction or attempt of transaction delineated in the instructions issued by Bangladesh Bank from time to time.

According to **Section 16 of Anti-Terrorism Act, 2009**, responsibilities of all reporting organizations including NGO/NPOs to combat financing of terrorism are -

(1) Every reporting agency shall take necessary measures, with appropriate caution and responsibility, to prevent and identify financial transactions through it which is connected to any offence under this Act and if any suspicious transaction is identified, the agency shall spontaneously report it to Bangladesh Bank without any delay.

(2) The Board of Directors, or in the absence of the Board of Directors, the Chief Executive, by whatever name called, of each reporting organization shall approve and issue directions regarding the duties of its officers, and shall ascertain whether the directions issued by Bangladesh Bank under section 15, which are applicable to the reporting agency, have been complied with or not.

[Explanation: Directions of Bangladesh Bank include circulars, circular letters, guidelines and letters]

According to Section 2 (16) of **Anti-Terrorism Act, 2009**, “**suspicious transaction**” means such transaction –

- (i) which is different from usual transactions;
- (ii) which invokes presumption that -
  - (a) it is the proceeds of an offence under this Act,
  - (b) it relates to financing of terrorist activities or a terrorist person or entity;
- (iii) which is any other transactions or an attempt for transactions delineated in the instructions issued by the Bangladesh Bank from time to time for the purposes of this Act;

#### **4.3 Compliance Requirements for NGO/NPO**

In pursuance of section 23 of Money Laundering Prevention Act, 2009, the then Anti-Money Laundering Department of Bangladesh Bank issued AML circular 27, dated 15.06.2011 to be complied with by all Non Profit Organizations (NPO) and Non Government Organizations (NGO) operating in Bangladesh. The instructions of the said circular have been incorporated in these Guidelines.

### **4.3.1 Policy Guidelines for Prevention of Money Laundering and Terrorist Financing**

Each NGO/NPO shall have Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) Policy and have it approved by their Board of Directors/Trustee/top most policy making committee for proper compliance of relevant laws, circulars and guidelines issued by BFIU to prevent money laundering and terrorist financing. The organization shall review its AML/CFT Policy annually and ensure all relevant staffs are aware of the changes, if any.

### **4.3.2 Management Commitment**

The most important element of a successful AML/CFT program is the commitment of senior management, including the chief executive officer and the board of directors, to the development and enforcement of the AML/CFT objectives which can deter criminals from using their facilities for ML/TF, thus ensuring that they comply with their obligations under the law.

As part of its AML/CFT policy, NGO/NPO should communicate clearly to all employees on an annual basis through statement from the chief executive officer that clearly sets forth its policy against money laundering/terrorist financing and any activity which facilitates money laundering or the funding of terrorist. Such a statement should demonstrate the strong commitment of the organization and its senior management to comply with all laws and regulations designed to combat money laundering and terrorist financing.

### **4.3.3 Appointment of CAMLCO and Formation of AML/CFT Compliance Unit**

Each organization shall nominate a head office (Bangladesh Country Office in case of international NGO) based senior level officer as Chief AML/CFT Compliance Officer (CAMLCO) who will be responsible for AML/CFT legal and regulatory compliance and the contact point to communicate with Bangladesh Financial Intelligence Unit (BFIU). The CAMLCO will directly report to the Chief Executive for his/her AML/CFT related responsibilities. The name, designation, contact and e-mail address, telephone and fax number of the CAMLCO shall be provided (also whenever there is a change) to BFIU, Bangladesh Bank by each NGO/NPO.

Each NGO/NPO shall form an AML/CFT Compliance Unit in its head office which shall facilitate the CAMLCO to perform his responsibilities properly. The management should assign sufficient human resources in the Unit depending on the size and functions of the NGO/NPO.

### **4.3.4 Risk Based Approach**

NGO/NPOs shall take appropriate steps to identify, assess and understand their ML/TF risks for customers/direct beneficiaries (person, group of persons or organization etc), countries or

geographic areas, products, services, transactions or delivery channels. Based on the risk assessment, NGO/NPO shall take appropriate measures to mitigate the risk.

#### **4.3.5 Customer Due Diligence**

- a) NGO/NPO who receives foreign aid/grant/donation shall collect correct and complete information of identification of their direct beneficiaries (person, group of persons or organization etc) who receive cash/goods/services amounting more than 10 (ten) thousand taka in a year. Here identification information refers to formal name and other names used to identify the person, parents' name, date of birth, nationality, occupation, present and permanent address. Donor NGO/NPO, which implements projects through partner NGO/NPOs, should incorporate clauses in the project agreements that partners will preserve beneficiaries' information and fund shall not be used for ML/TF. In such cases, donor NGO/NPOs will be responsible for partners' compliance supervision; and partner NGO/NPOs will be responsible for beneficiaries' information.
- b) Collect correct and complete information of identification (formal name and other names used to identify the person, parents' name, photograph, date of birth, present and permanent address, occupation etc.) with supporting documents of those customers who have been sanctioned loan Tk. 75.00 (seventy five) thousand or above and those who have deposited more than 50.00 (fifty) thousand or above with the NGO/NPO and verify the authenticity of the information through field visit and other means (applicable for NGO/NPOs which have credit program).
- c) The donor NGO/NPO should collect information regarding projects and goals, physical presence, operating history, sources of income, such as official grants, private endowments and commercial activities from their fund recipient NGO/NPOs.

#### **4.3.6 Preservation of Information and Documents**

- a) NGO/NPOs shall preserve direct beneficiaries' information [mentioned in section 4.3.5(a)] for five years. NGOs shall also preserve micro credit customer's information [mentioned in section 4.3.5(b)] along with records of transaction for at least five years from the date of closure of the relationship with the customer. The donor NGOs should preserve partner NGO's information [mentioned in section 4.3.5(c)] for at least five years from the closing date of agreement.
- b) Each NGO/NPO shall preserve information related to its goals, objectives and activities in details in its head office and branch/project offices. This information should be publicly available.
- c) Collect and preserve the correct and complete information of identification of those who control or direct the activities of the organization (senior officers, board members, trustees or others) in details. Here complete information of identification refers to formal name along with other names used to identify the person, photograph, parents' name, spouse's name,

children's name, date of birth, nationality, present and permanent address, profession/sources of income and other involvements etc. This information should be publicly available.

The donor NGOs should collect such information from their fund recipient NGO/NPOs including any subcontracting organizations appointed by the NGO/NPO. The donor NGO/NPOs should preserve such information for at least five years from the closing date of agreement.

d) Preserve the audited financial statements (of the organization and of each project/component) of previous 5 (five) years with detail break up of income and expenditures, and with supporting documents.

e) Collect and verify the identification information, relevant experience, other involvements and supporting documents (copies of National ID, passport, academic and experience certificates etc.) of the selected candidates before/after recruitment. Here identification information refers to formal name and other names used to identify the person, photograph, parents' name, spouse's name, date of birth, nationality, present and permanent address. Besides that, organization may also seek and verify information from the references given by the candidate in their job application/resume.

#### **4.3.7 Transaction through Banking Channel**

a) NGOs are advised to maintain bank account in the name of the organization with nearby scheduled bank branch. All customers' transactions of NPOs/NGOs involving Tk.1,00,000/- (One Lac) and above shall have to be routed through banking channel.

b) Only one bank account shall be maintained by every NGO/NPO for receiving donations/grants.<sup>6</sup> Separate bank accounts for separate projects may be maintained after the donations have been received through the only bank account opened for receiving funds.

c) Bank accounts of NGO/NPOs should be operated only with joint signatures by at least two officials as approved by appropriate authority.

d) When cheques have been issued for deposits or withdrawals to and from the accounts of NGO/NPOs, the identity of depositors/withdrawers must be ascertained by the NGO/NPO for future reference.

#### **4.3.8 Foreign Operation of NGOs**

Activities of the foreign operations may become vulnerable if they are not properly monitored. NGOs should follow these rules for their foreign operations:

a) Bank account operations policy/rules of the foreign branches/subsidiaries (even if registered as separate entity) must be approved by the competent supervisory body of mother organization in the home country.

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<sup>6</sup> The Foreign Donations (Voluntary Activities) Regulation Rules, 1978; Section 7.

- b) Sending aid to abroad must be restricted for those NGOs that are officially registered and licensed for intended purpose in their respective countries. Aid should not be directly sent to individuals, institutions or small foreign NGOs that are not subject to regulations and supervision by their own countries, due to inherent risks and to the difficulties of supervising them.
- c) The provision of aid should be focused on the implementation of specific projects, programs and activities that are under effective supervision of competent authorities in the beneficiary countries, or under the supervision of an international organization.
- d) All cross border remittance must be made through formal banking channel after compliance of all regulatory requirements. Remittance should be made through bank accounts exclusively to the order of first beneficiary and deposited to its bank account in host country through correspondent banks.
- e) Preserve detail information in the home country regarding the functions of their foreign operations and the updated information of the key officers/staffs working there.

#### **4.3.9 Fund Utilization as Approved by Regulatory Authority**

- a) Board of Trustee/Executive Committee (highest policy making body) and senior management of the NGO/NPOs must ensure that all funds are utilized in a manner that is consistent with the stated goals, objectives and activities of the organization which have been approved by the regulatory authority. Independent Audit should have to be conducted annually.
- b) All NGO/NPOs shall follow generally accepted accounting principles in their accounting practice.

#### **4.3.10 Meeting and Training on AML/CFT**

The senior management shall conduct meeting once at least in every 3 (three) months on AML/CFT strategy and activities of the organization.

Each NGO/NPO also shall arrange training program or send its officers (at least senior management, finance, compliance and program staffs) for training on AML/CFT issues. NGO/NPOs shall maintain the records of the meeting and training conducted.

#### **4.3.11 Restriction on Receiving Fund from Certain Persons/Organizations/Country**

NGO/NPO functioning in Bangladesh shall not receive any fund from any person or organization or their directly or indirectly related organizations that are listed under the resolutions of United Nation Security Council (Resolution 1267, 1373, 1540 and their

successor resolutions)<sup>7</sup>. Any such transaction must be freezed and reported to BFIU immediately.

Enhanced Due Diligence (EDD) should be made while receiving fund from any person/organization of the countries which are listed under the High Risk and Non-Cooperative Jurisdictions of Financial Action Task Force (latest ‘FATF Public Statement’). Furthermore, NGO/NPOs shall collect the correct and complete identification information and supporting documents of their donors.

#### **4.3.12 Clearance for Foreign Donation**

Each NGO/NPO shall obtain clearance from appropriate authority for receiving foreign aid/grant/donation/loan, preserve the relevant documents and would not return any portion of the donation to the donor without the prior approval of the appropriate authority.

#### **4.3.13 Reporting of STR/SAR**

a) Each NGO/NPO shall ensure appropriate monitoring system, so that the recipients of fund cannot use it for the purpose of money laundering or terrorist financing. As per MLPA, 2012 and ATA, 2009, reporting organizations including NGO/NPO are obligated to submit STR/SAR to Bangladesh Bank. CAMLCO of the NGO/NPO shall report it to General Manager, Bangladesh Financial Intelligence Unit, Bangladesh Bank in ‘Annexure-A’ form if involvement of any customer in any such incident/transaction is identified or any activity of recipient appears suspicious to them.

b) NGO/NPO shall report Suspicious Transaction Report (STR) or Suspicious Activity Report (SAR) in ‘Annexure-B’ form if they suspect any partner NGO/NPO’s (donor or recipient) involvement with or got request from them to carry out such activities which are contrary to the existing AML/CFT law and rules of the country.

If any NGO/NPO or any person of NGO/NPO is involved with terrorism or financing in terrorism activities, organized crime; or is involved with corruption and bribery, fraud, forgery, or any other (predicate) offences and the money or property earned from them is laundered or attempted to be laundered, such incidents should also be reported in ‘Annexure-B’ form.

Any person, organization, regulator or government agency can submit such STR/SAR to General Manager, Bangladesh Financial Intelligence Unit, Bangladesh Bank with specific information and supporting documents.

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<sup>7</sup> List of persons or organizations under the resolutions of United Nation Security Council is available in <http://www.un.org/sc/committees/index.shtml> & [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml) and FATF Public Statement is available in <http://www.fatf-gafi.org/topics/> high-riskandnon-cooperative jurisdictions/.

When an NGO/NPO submits a STR/SAR to BFIU or where it is known that a customer or any transaction is under investigation of any authority, the NGO/NPO should not destroy any records related to the customer or transaction till conclusion of the case even though the five-year time limit may have been elapsed.

#### **4.3.14 Providing Information, Documents and Compliance**

Each NGO/NPO shall provide information and documents as requested by Bangladesh Financial Intelligence Unit (BFIU) within stipulated time and ensure compliance of its (along with other regulatory authorities) directions issued time to time

### **4.4 Penalties for Non-compliance**

There are provisions of penalties for non-compliance of laws and instructions of BFIU.

#### **4.4.1 Penalties under MLPA, 2012**

According to **section 25 (2) of MLPA, 2012**, if any reporting organization violates the directions mentioned in sub-section (1) of section 25 of MLPA, 2012, Bangladesh Bank may:

- (1) impose a fine of at least taka 50 (fifty) thousand but not exceeding taka 25 (twenty five) lacs on the reporting organization; and
- (2) in addition to the fine mentioned in clause (a), cancel the license or the authorization for carrying out commercial activities of the said organization or any of its branches, service centers, booths or agents, or as the case may be, shall inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the organization.

In addition to the above mentioned provisions there are also some provisions of penalties in the **section 23 of MLPA, 2012**. These are:

(3) If any reporting organization fails to provide with the requested information timely under this section, Bangladesh Bank may impose a fine on such organization which may extend to a maximum of Taka 5 (five) lacs at the rate of Taka 10 (ten) thousand per day and if any organization is fined more than 3(three) times in 1(one) financial year, Bangladesh Bank may suspend the registration or license of the organization or any of its branches, service centers, booths or agents for the purpose of closing its operation within Bangladesh or, as the case may be, shall inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the organization.

(4) If any reporting organization provides with false information or statement requested under this section, Bangladesh Bank may impose a fine on such organization not less than Taka 20 (twenty) thousand but not exceeding Taka 5 (five) lacs and if any organization is fined more than 3(three) times in 1(one) financial year, Bangladesh Bank may suspend the registration or license of the organization or any of its branches, service centers, booths or agents for the purpose of closing its operation within Bangladesh or, as the case may be, shall inform the

registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the said organization.

(5) If any reporting organization fails to comply with any instruction given by Bangladesh Bank under this Act, Bangladesh Bank may impose a fine on such organization which may extend to a maximum of Taka 5 (five) lacs at the rate of Taka 10 (ten) thousand per day for each of such non compliance and if any organization is fined more than 3(three) times in 1(one) financial year, Bangladesh Bank may suspend the registration or license of the organization or any of its branches, service centers, booths or agents for the purpose of closing its operation within Bangladesh or, as the case may be, shall inform the registration or licensing authority about the fact so as to the relevant authority may take appropriate measures against the said organization.

(6) If any reporting organization fails to comply with any order for freezing or suspension of transaction issued by Bangladesh Bank under clause (c) of sub-section 23(1) of MLPA, 2012, Bangladesh Bank may impose a fine on such organization not less than the balance held on that account but not more than twice of the balance held at the time of issuing the order.

(7) If any person or entity or reporting organization fails to pay any fine imposed by Bangladesh Bank under sections 23 and 25 of this Act, Bangladesh Bank may recover the fine from accounts maintained in the name of the relevant person, entity or reporting organization in any bank or financial institution or Bangladesh Bank, and in this regard if any amount of the fine remains unrealized, Bangladesh Bank may, if necessary, make an application before the court for recovery and the court may pass such order as it deems fit.

(8) If any reporting organization is imposed fine under sub-sections 23 (3), (4), (5) and (6), Bangladesh Bank may also impose a fine not less than Taka 10 (ten) thousand but not exceeding taka 5 (five) lacs on the responsible owner, directors, officers and staff or persons employed on contractual basis of that reporting organization and, where necessary, may direct the relevant organization to take necessary administrative actions.

#### **4.4.2 Penalties under ATA, 2009**

**Section 16(3)** if any reporting agency fails to comply with the provision under sub-section (1) [of section 16],

- the said reporting agency shall be liable to pay a fine, determined and directed by Bangladesh Bank, not exceeding taka 25 (twenty five) lac and
- Bangladesh Bank may suspend the registration or license with intent to stop operation of the said agency or any of its branches, service centers, booths or agents within Bangladesh or, as the case may be, shall inform the registering or licensing authority about the subject matter to take appropriate action against the agency.

**Section 16(4)** If the Board of Directors, or in the absence of the Board of Directors, the Chief Executive Officer, by whatever name called, of any reporting organization fails to comply with the provision of sub-section (2) [of section 16],

- the Chairman of the Board of Directors, or the Chief Executive Officer, as the case may be, shall be liable to pay a fine, determined and directed by Bangladesh Bank, not exceeding taka 25 (twenty five) lac, and
- Bangladesh Bank may remove the said person from his office or,
- as the case may be, shall inform the competent authority about the subject matter to take appropriate action against the person.

**Section 16(5)** If any reporting agency fails to pay or does not pay any fine imposed by Bangladesh Bank under sub-section (3), or if the Chairman of the Board of Directors, or the Chief Executive Officer, by whatever name called, fails to pay or does not pay any fine imposed by Bangladesh Bank under sub-section (4), Bangladesh Bank may recover the amount from the reporting agency or from the account of the concerned person by debiting any account maintained by him in any bank or financial institution or in Bangladesh Bank, and in case of any unrealized or unpaid amount, Bangladesh Bank may, if necessary, apply before the concerned court for recovery.

**Annexure A: Suspicious Transaction/Activity Report (STR/SAR) Format**

(For suspicious NGO/NPO Customers)

<b>A.</b>	<b>Reporting Organization:</b>	
	1. Name of the NGO/NPO:	
	2. Detail Address of Head Office/ Country Office:	
<b>B.</b>	<b>Suspected for (put tick mark):</b>	
	1. Money laundering	
	2. Terrorist financing	
<b>C.</b>	<b>Details of Report:</b>	
	1. Date of Sending Report:	
	2. Name of the NGO Project/Program where the person is a beneficiary:	
	3. Address of the NGO Project Office:	
<b>D.</b>	<b>Details of Customer/Beneficiary</b>	
	1. Name:	
	2. Father's Name:	
	3. Mother's Name:	
	4. Date of Birth:	
	5. Occupation:	
	6. Address:	
	7. Nationality:	
<b>E.</b>	<b>Reasons for considering the activity/transaction as suspicious/unusual:</b>	

<b>F.</b>	<b>Has your NGO taken any action in this context? If yes, give details</b>
<b>G.</b>	<b>Attached Documents:</b>
	1. 2.

[Please add additional information if you feel necessary]

Signature of CAMLCO:

Name:

Designation:

Phone:

E-mail:

**Annexure-B: Suspicious Transaction/Activity Report (STR/SAR) Format**  
**(For suspicious NGO/NPO)**

<b>A.</b>	<b>Reporter's Detail:</b>	
	1. Name of the Reporter:	
	2. Detail Address:	
	3. Organization:	
<b>B.</b>	<b>Suspected for (put tick mark):</b>	
	1. Money Laundering	
	2. Terrorist Financing	
<b>C.</b>	<b>Details of Report:</b>	
	1. Date of Sending Report:	
	2. Name of the Suspected NGO/NPO:	
	3. Address of the Suspected NGO/NPO:	
	4. (a) License No. & Date: (b) Licensing Authority:	
	5. Projects/Activities of the NGO	
	6. Name of the Key Persons with Designation of the NGO:	
	7. Name of the Suspected Persons with Designation of the NGO: (with their father's & mother's name, address)	
<b>D.</b>	<b>Reporter's Relation with the Suspected NGO/NPO (if any):</b>	
<b>E.</b>	<b>Nature of Suspicious Activity/Transaction and Reasons for Considering it as suspicious:</b>	
<b>F.</b>	<b>Attached Documents:</b>	

[Please add additional information if you feel necessary]

**Details of Reporter:**

Signature:

Name:

Phone:

E-mail: