



Canadian Muslim Public Affairs Council (CMPAC) Consultation
Submission on the Financial Action Task Force (FATF) Revision
of R8 of the FATF Standards and its Interpretive Note

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Canadian Muslim Public Affairs Council | Oakville, ON, Canada
info@canadianmuslimpac.ca | www.canadianmuslimpac.ca

Executive Summary

This submission presents a recommendation to improve the guidelines in supporting countries to address terrorism financing risks while balancing due process and the reasonable treatment of NPOs critical to their respective landscapes.

We accept the suggested changes outlined in the draft document, including the removal of specific sanctions examples that have been misapplied in the Canadian Anti-Terrorism Financing regime.

Our further recommendation is that guidelines around the appropriate escalation of sanctions or consequences be laid out, including clarifying the parameters around which it is inappropriate to interfere with NPO activities. We also suggest clarity in directing countries to halt interference in legitimate NPO activities that may have been under investigation when there is compliance, and in the absence of evidence of terrorism financing abuse.

About The Canadian Muslim Public Affairs Council

The Canadian Muslim Public Affairs Council (CMPAC) is a non-profit advocacy organization that combats structural Islamophobia by mobilizing communities, engaging decision makers, and shaping public policy. Our work towards structural change is research backed and community driven.

CMPAC has actively addressed issues affecting the Muslim community by participating in policy consultations and submitting evidence and testimonies on relevant matters. For instance, CMPAC has contributed to discussions on Bill C-20, which pertains to the establishment of the Public Complaints and Review Commission and amendments to relevant Acts and statutory instruments.

The organization also engages internationally, submitting reviews to the UN Security Council's Counter-terrorism Executive Directorate (CTED) to ensure Canada's adherence to the UN's counter-terrorism resolutions.

Pertinent to this consultation, CMPAC has engaged on the issue of over-policing of Muslim community members and organizations when it comes to anti-terrorism financing, and made recommendations to the Department of Finance on the topic..

The organization's influence is evident in media contributions, where it has brought critical policy discussions to the forefront. CMPAC has addressed topics such as systemic Islamophobia, the need for political inclusivity to win over diverse communities, and the rise of Islamophobia during the COVID-19 pandemic.

Examples include:

Review into Canada Revenue Agency bias has let down Canadian Muslims

<https://nationalpost.com/opinion/review-into-canada-revenue-agency-bias-has-let-down-canadian-muslims>

The consequences of falling behind our allies on combatting terrorist financing

<https://policyoptions.irpp.org/magazines/january-2023/combating-terrorist-financing/>

The Liberal government must rid the country of systemic Islamophobia

<https://policyoptions.irpp.org/magazines/november-2021/the-liberal-government-must-rid-the-country-of-systemic-islamophobia/>

Issam Saleh: The Conservatives cannot afford to alienate Muslims if they hope to win next time around

<https://nationalpost.com/opinion/issam-saleh-the-conservatives-cannot-afford-to-alienate-muslims-if-they-hope-to-win-next-time-around>

Recommendations

CMPAC is generally supportive of the purpose and text revisions of this amendment to the Recommendation 8 Interpretive Note. Coming from the Canadian context where many NPOs, specifically Muslim-led organizations have dealt with unintended adverse consequences of the anti-terrorism financing regime, civil society looks to these recommendations to establish fair and transparent policy guidelines that will benefit the sector while maintaining security.

In Canada, Muslim charities audited under the CTF mandate have faced disproportionate sanctions, even when no evidence of wrongdoing was discovered. Consequently, the interpretive note has had profound implications. Any recommendations for sanctions should be approached with utmost prudence and framed with protective language for charities not proven to be involved in financing terrorism.

We propose relocating the list of potential sanctions to the best practices document and removing it from the interpretive note.

We also propose to modify the language of point 7(b)(iii) to state:

“Appropriate authorities should be able to apply effective, proportionate and dissuasive sanctions for **evidence-based substantiated** violations of **terrorism financing** by NPOs or persons acting on behalf of these NPOs. ”

We also recommend that the interpretive note should emphasize the right of NPOs to appeal allegations of terrorism financing before sanctions are applied. The interpretive note should also recommend that charities should not be disrupted by supervisory functions.

These recommendations are intended to protect NPOs who are given penalties for administrative violations or other reasons unrelated to terrorism financing, an unfortunately common occurrence in Canada.