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'Violent extremist organisation' in India collected funds through well-structured networks: FATF report

India's onsite assessment by FATF is slated for November, while the assessment is likely to come up for discussion in the plenary discussion in June 2024.

Written by **Aanchal Magazine**

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The FATF is the global money laundering and terrorist financing watchdog. (AP/File)

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A “violent extremist organisation under investigation” in India collected funds through “well-structured networks” including offline and online fundraising mechanisms such as circulating QR codes and account details, a latest report by the **Financial Action Task Force (FATF)** has stated. Without naming the organisation, the FATF report makes a reference to the Popular Front of India (PFI) as having resorted to solicitation for funds at mosques and public places, which were ultimately used to procure arms and ammunition and for training the cadres.

“Indian officials reported that a violent extremist organisation under investigation collected funds through well-structured networks spanning the entire country. Resorting to solicitation at mosques and public places, **the group’s fundraising tactics included offline and online mechanisms, such as circulating QR codes and account details through which donors were asked to send money.** Over 3,000 bank

accounts and informal value transfer systems were used,” said the FATF citing the case study on PFI in its latest report titled ‘Crowdfunding for Terrorism Financing’.

The FATF is the global money laundering and terrorist financing watchdog. India’s onsite assessment by FATF is slated for November, while the assessment is likely to come up for discussion in the plenary discussion in June 2024. Due to the COVID-19 pandemic and the pause in the FATF’s assessment process, the mutual evaluation of India, which was last carried out in 2010, had been postponed to 2023.

The FATF report on ‘Crowdfunding for Terrorism Financing’ said the accounts (of PFI) involved both domestic and foreign transactions, making this case extremely difficult to investigate. “Funds were ultimately used to procure arms and ammunition and for training the cadres of the violent extremist organisation, among other purposes. A portion of the funds raised through crowdfunding was also invested and parked in businesses and real estate projects to generate regular income for terrorism activities,” it said.

The report further mentioned that “eight individuals in leadership roles within the violent organisation have been arrested” on terrorist financing (TF) charges and prosecution complaints have been filed. As a result of the investigation, Rs 3.5 crore in assets are being sought for confiscation, it said.



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Query sent by [The Indian Express](#) to the Ministry of Finance on this issue went unanswered.

In September last year, the Ministry of Home Affairs had declared the PFI along with its “associates or affiliates or fronts including Rehab India Foundation (RIF), Campus Front of India (CFI), All India Imams Council (AIIC), National Confederation of Human Rights Organization (NCHRO), National Women’s Front, Junior Front, Empower India Foundation and Rehab Foundation, Kerala as an “unlawful association”. This notification had come after the National Investigation Agency (NIA) along with the Directorate of Enforcement Directorate (ED) had carried out

nationwide search, detain, and arrest operations against the PFI, its offices, and members. Last month, the NIA searched 20 locations across six states in connection with a case against the banned PFI for allegedly attempting to disturb a rally of the Prime Minister in Bihar last year.

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The PFI was created in 2007 through the merger of three Muslim organisations in southern India, the National Democratic Front in Kerala, the Karnataka Forum for Dignity, and the Manitha Neethi Pasarai in Tamil Nadu. The PFI, which emerged in the aftermath of the ban on the Students Islamic Movement of India (SIMI), has projected itself as an organisation that fights for the rights of minorities, Dalits, and marginalised communities.

Earlier in March this year, the FATF had included a case study in a report titled 'Money Laundering and Terrorist Financing In The Arts And The Antiques Market' that resembled the Enforcement Directorate's case against former Yes Bank CMD Rana Kapoor. While FATF mentioned no name, calling the accused as 'Mr A,' it had made a reference to money laundering through paintings, including one bought from "the close relative of a member of the ruling political party at that time for USD 264,000." Following this, Information & Broadcasting Minister Anurag Thakur had cited the report to say it was a matter of "great shame" that the "story of Gandhi family's corruption" is part of the FATF report.

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The FATF report notes four main ways in which crowdfunding platforms can be abused for terrorist financing purposes — abuse of humanitarian, charitable or non-profit causes; use of dedicated crowdfunding platforms or websites; use of social media platforms and messaging apps; and interaction of crowdfunding with

virtual assets. Terrorists and violent extremists may rely on multiple methods to raise funds, for example, **a terrorist may establish a fundraising campaign on a dedicated crowdfunding platform, share the campaign on social media, and request payment in virtual assets, it said.**

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Some estimates have valued the global crowdfunding market at \$17.2 billion in 2020 and note that it is expected to reach \$34.6 billion by 2026, the report said adding that in 2022, there were over 6 million crowdfunding campaigns around the world. The FATF also said although **the majority of crowdfunding activity is legitimate, its research has shown that the Islamic State of Iraq and the Levant (ISIL), Al-Qaeda and ethnically or racially motivated terrorist (EoRMT) individuals and groups have exploited it to raise money for terrorist financing purposes. "The possibility of quickly and easily reaching a global audience can make crowdfunding an attractive method of fundraising for TF,"** it said.

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While certain jurisdictions and industry participants proactively implement measures to mitigate these risks, anti-money laundering and counter-terrorist financing (AML/CFT) regulation is not consistent across the globe, the FATF said. Many countries do not systematically assess the risks related to crowdfunding activity and therefore comprehensive data about its misuse is still generally lacking, it said. **Countries should assess the nature, size and risks associated with all types and methods of crowdfunding in their particular jurisdiction, including companies,**

individuals or any other type of organisation, it said. The report further recommended that countries should also take note of the risk analysis of the sector more globally given the cross-border nature of crowdfunding campaigns and associated financial transfers, it said, adding that countries should recognise that even if their jurisdiction does not have significant terrorism activity domestically, their jurisdiction can still be used as a pass-through for financial flows.

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