

## Charity & Security Network Shadow Report Submission to Financial Action Task Force Regarding United States 20206 Mutual Evaluation

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Annex

## Executive Summary

The purpose of this document is to acclimate the Financial Action Task Force (FATF) United States (U.S.) assessor team to U.S. anti-money laundering and countering the financing of terrorism (AML/CFT) laws and regulations that impact the work of U.S.-based non-profit organizations (NPOs), with a focus on regulatory changes and developments since the U.S.’ 2016 FATF Mutual Evaluation. Since the U.S.’ last mutual evaluation, the government has taken significant steps toward further harmonizing domestic AML/CFT regulatory frameworks with FATF standards, particularly as it relates to bank regulatory guidance to reflect changes in FATF Recommendation (R.8) and to improving beneficial ownership transparency and updates. The U.S. government has also taken steps to participate in and fund cross-sectoral dialogue and information sharing, although these efforts were not always sustained. However, Executive actions throughout 2025 threaten existing progress via non-enforcement of beneficial ownership reporting. The administration has also taken significant Executive actions resulting in effective instrumentalization of the U.S. AML/CFT regulatory infrastructure to target large portions of the NPO sector in a manner that is politically motivated and non-risk based. Civil society actors, legal experts, and representatives of grant-making and financial services institutions report a regulatory environment of uncertainty, distrust, and fear, to the ultimate detriment of provision of vital services to communities within the U.S. and around the world. Funding and financial institutions also cite gaps in changes to regulatory text versus how regulators and examiners operate, noting continued obstruction of implementing the risk-based approach (RBA) with regards to NPOs. If the current trajectory continues, the U.S. risks undermining decades of hard-fought progress, damaging productive partnerships between government and the private sector on issues relating to AML/CFT, and diverting valuable regulatory capacity toward politically motivated targeting of NPOs, potentially reducing capacity to respond to significant points of money laundering and terrorist financing vulnerability. C&SN urges FATF assessors to meet with as broad a range of NPO representatives as possible during their upcoming visit and to consider rating the U.S. as “partially compliant” on FATF R.8.

### I. Introduction: Purpose and Methodology

The purpose of this paper is to acclimate the FATF U.S. assessor team to U.S. AML/CFT laws and regulations that impact the work of legitimate U.S.-based NPOs, including operational charities, grant-making organizations, and others. We hope these comments will provide context for the assessors as they examine whether U.S. regulations align with the FATF criteria, including effectiveness and technical compliance, with an emphasis on R.8.

The paper provides background information and context on the implementation of U.S. AML/CFT regulations as applied to NPOs, with a focus on changes in regulatory policy since the U.S.’ last FATF Mutual Evaluation in 2016. This includes implementation of policies intended to enhance the U.S.’ compliance with FATF Recommendations 1 (R.1) and especially 8, such as updates to the Bank Secrecy Act/Anti-Money Laundering Examination Manual (BSA/AML Examination Manual),<sup>1</sup> passage of the Anti Money Laundering Act of 2020,<sup>2</sup> and convenings of multi-stakeholder working groups on financial access for NPOs. This paper also provides a summary of continued gaps in U.S. AML/CFT regulations impeding the legitimate work of U.S.-based NPOs, as well as recent escalations in political executive actions and rhetoric from the highest levels of government portraying large portions of the U.S. NPO sector as agents of terrorism and facilitators of terrorist financing.

Subsections of this paper go into further detail regarding trends impacting U.S.-based NPOs, and identify how well the laws and regulations discussed align with requirements in FATF R.8<sup>3</sup> criteria, including whether the U.S. regulations discussed are: focused, risk-based, and proportional to actual terrorist financing risk; integrative of NPO’s risk mitigation measures; proportionate to risk identification and mitigation and implement the RBA; uphold requirements to utilize simplified measures where scenarios are lower risk; minimally disruptive of legitimate NPO activity; flexible; and consistent with international law.

**The conclusion suggests that the U.S. AML/CFT regulations, as applied to NPOs, fall short of R.8 requirements due to failure to fully adopt a RBA and increased weaponization of the U.S. AML/CFT infrastructure for political targeting of NPOs.**

While the Charity & Security Network (C&SN) is the author of this paper, the findings in this document reflect input from 20 NPOs and 11 financial institutions and funders via participation in a digital survey conducted from November - December 2025, regarding ways in which their legitimate activities are enabled or hindered by U.S. AML/CFT regulations.

## II. Key Findings

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<sup>1</sup> Board of the Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, Office of the Comptroller of the Currency, “Joint Statement on Risk-Focused Bank Secrecy/Anti-Money Laundering Supervision,” July 2019, <https://www.fdic.gov/news/news/press/2019/pr19065a.pdf>.

<sup>2</sup> U.S. Senate, *Anti-Money Laundering Act of 2020*, December 2020, <https://www.congress.gov/congressional-record/volume-166/issue-214/senate-section/article/S7587-1>.

<sup>3</sup> The Financial Action Task Force, “Protecting non-profits from abuse for terrorist financing through the risk-based implementation of revised FATF Recommendation 8,” November 2023, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/protecting-non-profits-abuse-implementation-R8.html>.

Over the past nine years, the U.S. government has taken significant steps toward increasing its compliance with FATF recommendations, particularly as it relates to passing the most significant AML/CFT legislation since the USA PATRIOT Act, improving beneficial ownership transparency, and publishing updates to bank regulatory guidance to reflect changes in FATF R.8. The U.S. government has also taken steps to participate in and fund dialogue and information sharing initiatives between government, the private sector, and NPO actors; to conduct internal assessments regarding its own sanctions policy; to issue expansive humanitarian licensing authorities domestically; and to lead on passing historic humanitarian exemptions at the multilateral level. However, efforts to participate in and fund dialogue and information sharing were not always sustained, and survey findings and engagement with financial and AML/CFT experts show that funding and financial institutions report gaps in changes to regulatory text impacting day-to-day operations and remaining inconsistent with the practices and pressures of regulators and bank examiners, with the latter continuing to treat portions of the NPO sector as inherently high risk, despite U.S. government documents stating otherwise. Further, while historic domestic licenses and multilateral humanitarian exemptions under autonomous and multilateral sanctions regimes deserve abundant attention and praise, they fall outside of the scope of the greater U.S. AML/CFT architecture, highlighting the continued need for regulatory, legal, and policy coherence across U.S. counter-terrorism measures.<sup>4</sup>

Over the past year (2025), the U.S. government has also reversed points of progress, including proliferation of counter-terrorism measures, namely imposing Foreign Terrorist Organization (FTO) and Specially Designated Global Terrorist (SDGT) designations and limiting enforcement of beneficial ownership reporting. These include FTO and SDGT designations on transnational cartels, criminal networks, and narco-trafficking organizations,<sup>5</sup> resulting in increased conflation of laws and regulatory authorities focused on counter-terrorism with the new “war on drugs” and organized crime. The U.S. government has also imposed International Criminal Court (ICC) sanctions, including on: members of the ICC;<sup>6</sup> the United Nations (UN) Special Rapporteur on

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<sup>4</sup> Ashleigh Subramanian-Montgomery and Charity & Security Network, “A Study on the Impacts of UN Security Council Resolution 2664 on Financial Institutions & Donors,” December 2024, <https://charityandsecurity.org/wp-content/uploads/2024/12/A-Study-on-the-Impacts-of-UN-Security-Council-Res.-2664-on-Financial-Institutions-Donors-Report-Formatted-1-compressed.pdf>.

<sup>5</sup> Office of the Spokesperson, U.S. Department of State, “Designation of International Cartels,” February 2025, <https://www.state.gov/designation-of-international-cartels/>.

Bureau of Counterterrorism, U.S. Department of State, “Foreign Terrorist Organizations,” n.d. <https://www.state.gov/foreign-terrorist-organizations>.

<sup>6</sup> Kai Ambos and Verfassungsblog on Matters Constitutional, “The Sanctioning of Law: On the US Government’s Sanctions Policy Against the International Criminal Court,” December 18, 2025, <https://verfassungsblog.de/sanctions-us-icc-united-states/>.

human rights in the occupied Palestinian territories, Francesca Albanese;<sup>7</sup> and three Palestinian human rights organizations.<sup>8</sup> The U.S. government significantly increased targeting of large portions of the NPO sector on counter-terrorism grounds, including as agents of “domestic terrorism”, with broad CFT implications. The definition of “domestic terrorism” utilized by Executive branch authorities lacks grounding in domestic or international law and is sufficiently broad to cause concerns about incursion on legally protected rights of freedoms of speech and assembly, with negative impacts on legitimate NPO activity.

*Taken together, we wish to express concern that the U.S. government is moving further away from focusing its considerable regulatory capacity on leading AML/CFT threats and toward weaponization of these authorities to target perceived political opponents. Given this, we recommend that FATF assessors consider rating the U.S. as “partially compliant” on R.8, and to focus its recommendations on increased coordination among relevant entities with regards to NPO engagement and partnership in furtherance of the RBA; more regular evaluation of AML/CFT systems with regards to impact on legitimate NPO activity; increased coherency and consistent direction on supervisory guidance and application from bank regulators and examiners; addressing the contradiction between the strict liability for violations in the current AML/CFT regime and the need for a proportionate, RBA, as required by FATF; and expanded opportunities and funding for consistent fruitful public-private partnerships.*

### III. Overview of Key Regulatory, Policy, and Legal Developments Since 2016

#### A. Summary of Regulatory and Legal Environment

The Antiterrorism and Effective Death Penalty Act (AEDPA) of 1996<sup>9</sup> and the International Emergency Economic Powers Act (IEEPA)<sup>10</sup> remain the primary bodies of law governing key U.S. counter-terrorism measures. In regards to CFT, the Bank Secrecy Act (BSA), as amended by the USA PATRIOT Act,<sup>11</sup> governs the anti-terrorist financing legal obligations and standards

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<sup>7</sup> U.S. Department of State, “Sanctioning Lawfare That Targets U.S. and Israeli Persons - United States Department of State,” July 9, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/sanctioning-lawfare-that-targets-u-s-and-israeli-persons/>.

<sup>8</sup> U.S. Department of State, “Sanctioning Foreign NGOs Directly Engaged in ICC’s Illegitimate Targeting of Israel - United States Department of State,” September 4, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/09/sanctioning-foreign-ngos-directly-engaged-in-iccs-illegitimate-targeting-of-israel/>.

<sup>9</sup> U.S. Congress, “Antiterrorism and Effective Death Penalty Act of 1996,” PUBLIC LAW. Vol. 110 STAT. 1214, April 24, 1996, <https://www.congress.gov/104/plaws/publ132/PLAW-104publ132.pdf>.

<sup>10</sup> The Congressional Research Service, “The International Emergency Economic Powers Act: Origins, Evolution, and Use,” <https://www.congress.gov/crs-product/R45618>.

<sup>11</sup> U.S. Congress, “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001,” PUBLIC LAW, vol. 107, October 26, 2001, <https://www.govinfo.gov/content/pkg/PLAW-107publ56/pdf/PLAW-107publ56.pdf>.

that financial institutions must follow. Banking agencies use the Federal Financial Institutions Examination Council (FFIEC) *BSA/AML Bank Examiner's Manual* (BEM)<sup>12</sup> to set out guidance on risk-based procedures and policies on protection from terrorist financing and money laundering, and BSA compliance, and examinations by the Office of Foreign Assets Control (OFAC). The *BEM* comprises examiner instructions to conduct assessments of bank's compliance with BSA regulatory requirements and BSA/AML programs.<sup>13</sup>

The Anti-Money Laundering Act of 2020 (AMLA)<sup>14</sup> entails the most significant changes to U.S. AML policy, banking regulations, and efforts to combat CFT since the USA PATRIOT ACT,<sup>15</sup> while the Corporate Transparency Act of 2019<sup>16</sup> significantly enhanced transparency in business ownership.

Prior to the U.S.' 2016 FATF Mutual Evaluation, C&SN identified significant discrepancies with the U.S. AML/CFT regulatory framework and FATF standards, including as it relates to adoption of the RBA, proportionality of restrictions and regulations, flexibility, and consistency with IHL and IHRL.<sup>17</sup> C&SN expressed particular concern of an overly broad definition of what constitutes the provision of "material support" to designated terrorist entities; a chilling impact on NPOs and ancillary service providers fearful of incurring severe criminal penalties for running afoul of material support provisions; and lack of flexibility and accessibility in obtaining licenses for the purposes of carrying out humanitarian, development, and peacebuilding activities in areas where designated terrorist organizations are active. Despite positive steps toward integrating humanitarian exemptions within domestic sanctions regimes and increased attention on and initiatives to address de-risking, which deserves notable recognition and praise, a number of persistent and new challenges unfortunately still exist.

## B. Positive Developments Since 2016

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<sup>12</sup> "FFIEC BSA/AML Examination Manual," n.d. <https://bsaaml.ffiec.gov/manual>.

<sup>13</sup> Federal Deposit Insurance Corporation, "Bank Secrecy Act/Anti-Money Laundering Examination Manual Update: Examination Procedures and Manual Updates," December 1, 2021, <https://www.fdic.gov/news/financial-institution-letters/2021/fil21076.html>.

<sup>14</sup> U.S. Senate, *Anti-Money Laundering Act of 2020*, December 2020, <https://www.congress.gov/congressional-record/volume-166/issue-214/senate-section/article/S7587-1>.

<sup>15</sup> Charity-And-Security, "Congress Passes AML Act of 2020 - Charity & Security Network," Charity & Security Network, February 18, 2021. <https://charityandsecurity.org/financial-access/language-on-charities-and-derisking-in-ndaa/>.

<sup>16</sup> U.S. Senate, "Corporate Transparency Act of 2019," October 2019., <https://www.finance.senate.gov/imo/media/doc/Corporate%20Transparency%20Act%20of%202019%20Bill%20Text.pdf>.

<sup>17</sup> Council on Foundations and Charity & Security Network, "FATF Mutual Evaluation of the United States," July 6, 2015, <https://fatfplatform.org/assets/FATFUSEvalMemo2015.pdf>.

Since 2016, the U.S. government has taken key steps to continue bringing U.S. AML/CFT frameworks into compliance with FATF standards, including as it relates to protecting and facilitating legitimate NPO activity. (Note: A full list of U.S. government AML/CFT developments as they relate to NPOs can be found in the annex).

In 2020, Congress passed the AMLA, which mandated the Department of Treasury to develop a *De-risking Strategy*, signifying increased awareness regarding the unintended, negative impacts of de-risking on humanitarian aid.<sup>18</sup> This *De-risking Strategy*, published in 2023,<sup>19</sup> found that profitability is the primary factor motivating de-risking, alongside contributing factors such as reputational risk, risk appetite, and lack of clarity regarding regulatory expectations and burdens. The *Strategy* recommended increased public-private collaboration and sharing of best practices, among other measures.

In 2020, the Financial Crimes Enforcement Network (FinCEN), the Board of Governors of the Federal Reserve System (Federal Reserve), the Office of the Comptroller of the Currency (OCC) the National Credit Union Administration (NCUA), and the Federal Deposit Insurance Corporation (FDIC) published a *Joint Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and Non-Profit Organizations*.<sup>20</sup> The fact sheet suggested that banks could find it useful to collect general, rather than specific and often invasive, information about donors and beneficiaries. NPOs applauded inclusion of this language,<sup>21</sup> as banks often ask NPOs to submit information about individual donors or the final recipients of humanitarian aid, which runs contrary to principles of many humanitarian groups and calls rights to privacy into question. Finally, it encouraged application of the RBA by banks, and underscored “that the U.S. government does not view the charitable sector as a whole as presenting a uniform or unacceptably high risk of being used or exploited for money laundering, terrorist financing (ML/TF), or sanctions violations.”<sup>22</sup>

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<sup>18</sup> Charity-And-Security, “Congress Passes AML Act of 2020 - Charity & Security Network,” Charity & Security Network, February 18, 2021, <https://charityandsecurity.org/financial-access/language-on-charities-and-derisking-in-ndaa/>.

<sup>19</sup> U.S. Department of the Treasury, “The Department of the Treasury’s De-risking Strategy,” 2023, [https://home.treasury.gov/system/files/136/Treasury\\_AMLA\\_23\\_508.pdf](https://home.treasury.gov/system/files/136/Treasury_AMLA_23_508.pdf).

<sup>20</sup> Board of Governors of the Federal Reserve System et al., “Joint Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and Non-Profit Organizations,” October 19, 2020, [https://www.fincen.gov/sites/default/files/shared/Charities%20Fact%20Sheet%2011\\_19\\_20.pdf](https://www.fincen.gov/sites/default/files/shared/Charities%20Fact%20Sheet%2011_19_20.pdf).

<sup>21</sup> Andrea Hall and Charity & Security Network, “Joint Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and Non-Profit Organizations,” n.d., <https://charityandsecurity.org/wp-content/uploads/2021/03/FINAL-feedback-on-Joint-Fact-Sheet-Dec-2020.pdf>.

<sup>22</sup> Board of Governors of the Federal Reserve System et al., “Joint Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and Non-Profit Organizations,” October 19, 2020, [https://www.fincen.gov/sites/default/files/shared/Charities%20Fact%20Sheet%2011\\_19\\_20.pdf](https://www.fincen.gov/sites/default/files/shared/Charities%20Fact%20Sheet%2011_19_20.pdf).

In 2021, federal bank regulators published an update to the chapter on NPOs in the *BSA/AML BEM*, which governs how bank examiners review bank compliance with BSA and AML/CFT requirements.<sup>23</sup> The revised chapter replaced the 2014 version,<sup>24</sup> which implied that NPOs are uniformly high-risk customers, contributing to de-risking of NPOs via account closures or declines to make transfers. The 2021 update states that banks will be examined by how they manage and mitigate risks for NPO accounts, emphasizes the importance of financial services access for NPOs, and notes that banks are “neither prohibited nor discouraged from providing banking services to charities and other NPOs.”<sup>25</sup> These changes brought the *BEM* into alignment with 2016 revisions to FATF R.8, which rejected past language that NPOs should be viewed as “particularly vulnerable” to terrorist financing abuse in favor of instituting a RBA that results in targeted, proportionate measures that do not unduly disrupt the activities of legitimate NPOs.<sup>26</sup> Critically, changes to the NPO chapter in the *BEM* reflected recommendations from NPOs and banks, clarifying that banks are not required to request or collect information on individual donors or beneficiaries, taking steps to mitigate privacy and data security concerns from the NPO community.

Also in 2021, the *Treasury 2021 Sanctions Review* was released<sup>27</sup> as a key part of the Department of Treasury’s sanctions modernization process. The *Review* outlined several steps toward modernizing the U.S. sanctions architecture, including communicating sanctions in a manner that is readily adaptable, enforceable, and understood; calibrating sanctions regimes in an effort to mitigate “unintended” impacts, including enhancing the use of humanitarian exemptions under sanctions regimes; modernizing sanctions infrastructure via investment in operational and workforce capacities; ensuring sanctions are tied to structured and clear policy objectives; and increasing multilateral coordination and engagement with a broad range of actors on sanctions policy, including NPOs.

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<sup>23</sup> Federal Financial Institutions Examinations Council, “FFIEC BSA/AML Examination Manual: Charities and Nonprofit Organizations,” November 2021, <https://www.ffcic.gov/sites/default/files/media/press-releases/2021/2021-december-1-charities-and-nonprofit-organizations.pdf>.

See also  
Charity-And-Security, “Federal Bank Examination Manual Chapter on Nonprofit Customers Updated to Reflect a Risk-Based Approach - Charity & Security Network,” Charity & Security Network, December 9, 2021, <https://charityandsecurity.org/news/federal-bank-examination-manual-chapter-on-nonprofit-customers-updated-to-reflect-a-risk-based-approach/>.

<sup>24</sup> Federal Financial Institutions Examination Council et al., *Bank Secrecy Act/Anti-Money Laundering Examination Manual*, 2014, [https://bsaaml.ffcic.gov/docs/manual/BSA\\_AML\\_Man\\_2014\\_v2\\_CDDBO.pdf](https://bsaaml.ffcic.gov/docs/manual/BSA_AML_Man_2014_v2_CDDBO.pdf).

<sup>25</sup> “FinCEN.gov,” FinCEN.gov, n.d., <https://www.fincen.gov/resources/statutes-and-regulations/bank-secrecy-act>.

<sup>26</sup> Global NPO Coalition on FATF, “NPOs Applaud Important Changes in Financial Action Task Force (FATF) Policy – NPOs No Longer Considered ‘Particularly’ Vulnerable,” June 29, 2016, <https://www.charityandsecurity.org/system/files/2016%2006%20NPOs%20applaud%20important%20changes%20in%20Financial%20Action%20Task%20Force%20%28FATF%29%20policy.pdf>.

<sup>27</sup> U.S. Department of Treasury, “The Treasury 2021 Sanctions Review,” October 2021, <https://home.treasury.gov/system/files/136/Treasury-2021-sanctions-review.pdf>.

In 2022, the U.S. served as a joint penholder on United Nations Security Council Resolution (UNSCR) 2664<sup>28</sup> which established a humanitarian carve-out to asset freeze measures across all existing and new UN sanctions regimes. In December 2024, the U.S. also served as a joint penholder for UNSCR 2761,<sup>29</sup> which created a standing application of the humanitarian carve-out to the 1267 UN ISIL (Da’esh) and Al-Qaida counter-terrorism sanctions regime (which was initially subject to a two-year limited exemption period).

Following passage of UNSCR 2664, the U.S. took immediate steps to domestically implement the Resolution<sup>30</sup>, harmonizing their autonomous sanctions regimes with UN standards for global humanitarian carveouts; this was carried out via issuances or amendments of baseline general licenses (GLs) across most U.S. sanctions regimes and publication of four accompanying Frequently Asked Questions (FAQs), while simultaneously encouraging other governments to follow suit. NPOs applauded the U.S.’ leadership in these two Resolutions,<sup>31</sup> and noted that the U.S.’ domestic implementation of UNSCR 2664 via the baseline GLs included many language recommendations submitted by a wide array of NPOs<sup>32</sup> — at the invitation of the Department of Treasury — on enshrining explicit protections for legitimate NPO transactions and activities in sanctioned contexts. The inclusion of peacebuilding and related activities in the baseline GLs showed a commitment to supporting more expansive NPOs in carrying out their work under sanctions regimes.

In 2023, the Department of Treasury’s OFAC issued *Supplemental Guidance for the Provision of Humanitarian Assistance*,<sup>33</sup> as a means of updating OFAC’s 2014 *Guidance Related to the Provision of Humanitarian Assistance by the Not-for-Profit Non-governmental Organizations*.<sup>34</sup>

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<sup>28</sup> United Nations Security Council, “Resolution 2664 (2022),” December 2022, <https://docs.un.org/en/S/RES/2664%282022%29>.

<sup>29</sup> United Nations Security Council, “Resolution 2761 (2024),” December 2024, [https://docs.un.org/en/S/res/2761\(2024\)](https://docs.un.org/en/S/res/2761(2024)).

<sup>30</sup> U.S. Department of the Treasury, “Treasury Implements Historic Humanitarian Sanctions Exceptions,” February 8, 2025, <https://home.treasury.gov/news/press-releases/jy1175>.

<sup>31</sup> Charity & Security Network, “Charity & Security Network Applauds US Plans to Significantly Expand Protections for Life-saving Aid - Charity Security Network,” Charity & Security Network, January 5, 2023, <https://charityandsecurity.org/csn-press-releases-advisories/charity-security-network-applauds-us-plans-to-significantly-expand-protections-for-life-saving-aid/>.

<sup>32</sup> Charity & Security Network, “Letter to Honorable Brian E. Nelson Regarding the 2022 National Terrorist Financing Risk Assessment,” February 3, 2022, <https://charityandsecurity.org/wp-content/uploads/2022/03/Letter-to-Under-Secretary-Brian-Nelson-on-2022-NTFRA.pdf>.

<sup>33</sup> Office of Foreign Assets Control, “Supplemental Guidance for the Provision of Humanitarian Assistance,” U.S. Department of the Treasury, February 2023, <https://ofac.treasury.gov/media/931341/download?inline>.

<sup>34</sup> Office of Foreign Assets Control, “Guidance Related to the Provision of Humanitarian Assistance by Not-For-Profit Government Organizations,” U.S. Department of the Treasury, October 2014, <https://ofac.treasury.gov/media/16186/download?inline>.

The 2023 guidance aimed to provide clarity on which activities are authorized under the new and amended baseline GLs<sup>35</sup> issued in December 2022. Civil society welcomed<sup>36</sup> the 2023 *Supplemental Guidance* as a step toward increasing communication materials from OFAC surrounding the new and amended baseline GLs. Likewise, OFAC issued a number of GLs, FAQs, and related guidance documents such as Compliance Communiqués and Fact Sheets related to humanitarian assistance provision in various sanctioned contexts, including Afghanistan (2022),<sup>37</sup> Syria (2023),<sup>38</sup> Palestine (2023)<sup>39</sup>, and Yemen (2024).<sup>40</sup>

In 2024, the Department of Treasury published an updated *National Terrorist Financing Risk Assessment* (2024 NTFRA) which concluded that: "...the vast majority of U.S.-based tax-exempt charitable organizations face little or no risk of being abused for terrorist financing."<sup>41</sup> The 2024 NTFRA was informed by previous iterations of the NTFRA in 2015,<sup>42</sup> 2018,<sup>43</sup> and 2022.<sup>44</sup> The 2024 NTFRA upheld the RBA approach throughout, praised NPOs risk mitigation and due diligence measures, and made fundamental shifts in how it addresses "sham charities" versus "legitimate charitable organizations" by including welcome language that clearly distinguishes

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<sup>35</sup> Charity & Security Network, "Charity & Security Network Applauds US Plans to Significantly Expand Protections for Life-saving Aid - Charity & Security Network," January 5, 2023, <https://charityandsecurity.org/csn-press-releases-advisories/charity-security-network-applauds-us-plans-to-significantly-expand-protections-for-life-saving-aid/>.

<sup>36</sup> Charity & Security Network, "Understanding OFAC's 2023 Supplemental Guidance for the Provision of Humanitarian Assistance Under the New & Amended Dec. 2022 General Licenses," April 13, 2023, <https://charityandsecurity.org/sanctions/understanding-ofacs-2023-supplemental-guidance-for-the-provision-of-humanitarian-assistance-under-the-new-amended-dec-2022-general-licenses/>.

<sup>37</sup> Office of Foreign Assets Control, "Fact Sheet: Provision of Humanitarian Assistance to Afghanistan and Support for the Afghan People", April 13, 2022, <https://ofac.treasury.gov/media/922136/download?inline>.

<sup>38</sup> Office of Foreign Assets Control, "Compliance Communiqué: Guidance for the Provision of Humanitarian Assistance to Syria", August 8, 2023, <https://ofac.treasury.gov/media/931236/download?inline>.

<sup>39</sup> Office of Foreign Assets Control, "Compliance Communiqué: Guidance for the Provision of Humanitarian Assistance to the Palestinian People", November 14, 2023, <https://ofac.treasury.gov/media/932311/download?inline>.

<sup>40</sup> Office of Foreign Assets Control, "Counter Terrorism Designation; Issuance of Counter Terrorism General License; Sanctions Compliance Guidance for the Provision of Humanitarian-Related Assistance and Critical Commodities to the Yemeni People", February 16, 2024, <https://ofac.treasury.gov/recent-actions/20240216>.

<sup>41</sup> U.S. Department of the Treasury, "2024 National Terrorist Financing Risk Assessment," 2024, <https://home.treasury.gov/system/files/136/2024-National-Terrorist-Financing-Risk-Assessment.pdf>.

<sup>42</sup> Charity & Security Network, "Analysis - U.S. National Terrorist Financing Risk Assessment 2015 Sets Stage for Review of Rules Impacting Nonprofit Organizations - Charity & Security Network," October 9, 2019, [https://charityandsecurity.org/analysis/us\\_natl\\_tf\\_risk\\_assmt\\_2015/](https://charityandsecurity.org/analysis/us_natl_tf_risk_assmt_2015/).

<sup>43</sup> U.S. Department of the Treasury, "National Strategy for Combating Terrorist and Other Illicit Financing," 2018, <https://home.treasury.gov/system/files/136/nationalstrategyforcombatingterroristandotherillicitfinancing.pdf>.

<sup>44</sup> Department of the Treasury, "2022 National Terrorist Financing Risk Assessment," 2022, <https://home.treasury.gov/system/files/136/2022-National-Terrorist-Financing-Risk-Assessment.pdf>.

between the two.<sup>45</sup> It also acknowledged that repressive measures, including misinformation campaigns targeting NPOs, can negatively impact their access to financial services and relationships and that de-risking and other barriers to financial access can adversely impact delivery of lifesaving services. The 2022 *NTFRA* was the first time the Treasury included language acknowledging that NPOs face financial access challenges and that NPO U.S. Agency for International Development (USAID) partners undergo supplemental vetting and sanctions compliance measures.<sup>46</sup> This was echoed in the 2024 *NTFRA* as well. Notably, all four NTFRAs have made similar assessments and conclusions regarding the U.S. NPO sector: that the majority of NPOs pose little to no terrorist financing risk.<sup>47</sup> Likewise, all four NTFRAs acknowledge that NPOs enact self-regulatory, due diligence, and risk mitigation measures to reduce their risk of terrorist financing and to ensure aid flows are safe, transparent, and accountable. The conclusions regarding the U.S. NPO sector across the NTFRAs reflects Treasury's understanding that only a small subset of U.S. NPOs merit additional AML/CFT attention.

In 2016 - 2018, 2021 - 2022, and 2023 - 2024, U.S. policy makers were invited to participate in several meetings of the U.S. Multi-Stakeholder Dialogue/Working Group on Financial Access (MSWG) for non-profit Organizations in an effort to facilitate dialogue and develop policy recommendations on addressing humanitarian financial access issues between government, financial institutions, and non-profit actors. The World Bank and the Association of Certified Anti-Money Laundering Specialists (ACAMS) led this process between 2016-2018.<sup>48</sup> The last two iterations of the U.S. MSWGs (2021 - 2022 and 2023 - 2024) were facilitated by the Center for Strategic and International Studies (CSIS) and financially sponsored by USAID.<sup>49</sup> An outcome report with robust policy recommendations for each MSWG actor was developed from the second iteration of the dialogue.<sup>50</sup> These latter two iterations also hosted three thematic workstreams that succeeded in being led by actors from different sectors, enabling cross-sectoral learning and exchange to be centered across these. Much of the substantive dialogue and recommendations from the overall MSWG stemmed from these workstreams. Government actors, particularly from the Departments of Treasury and State, were regular participants in the

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<sup>45</sup> Charity& Security Network, "Unpacking Treasury's 2024 National Terrorist Financing Risk Assessment - Charity & Security Network," April 14, 2025, <https://charityandsecurity.org/news/unpacking-treasurys-2024-national-terrorist-financing-risk-assessment/>.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

<sup>48</sup> Consortium for Financial Access, "Banking Nonprofit Organizations- The Way Forward," 2019, <https://charityandsecurity.org/system/files/ACAMS%20Financial%20Access%20Paper%20-%20Updated.pdf>.

<sup>49</sup> Sue E. Eckert, Jacob Kurtzer, and Sierra Ballard, "Mitigating Financial Access Challenges: Proposals from the CSIS Multi-stakeholder Working Group on Financial Access", Center for Strategic & International Studies, October 2022, [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/221025\\_Eckert\\_MSWG\\_Proposals.pdf?VersionId=q.ek7KW4xGmpvQSehJyWDaBzuN3TYgKE](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/221025_Eckert_MSWG_Proposals.pdf?VersionId=q.ek7KW4xGmpvQSehJyWDaBzuN3TYgKE).

<sup>50</sup> Ibid.

process. CSIS also brought in the support of external experts across the financial, sanctions, and AML/CFT space which lent credibility and substance to the dialogue and meetings.

In addition, between 2016 and 2024, Department of Treasury officials convened several virtual round table discussions with the NPO sector quarterly to every six months, and increasingly at the onset of new sanctions regimes, with the goal of communicating what activities and transactions are and are not allowed under newly issued GLs, and responding to clarifying questions and concerns about potential impacts on legitimate NPO activity. NPOs were able to submit questions in advance and during the round tables, and these fostered trust and more open, transparent, and routinized communication between the Treasury Department and NPOs. Likewise, the Department of Treasury, State, and USAID availed themselves to individual meetings with NPOs throughout this time period.

In 2023, the Department of State, USAID, the U.S. Mission to the UN (USUN), and the National Security Council (NSC) held a virtual round table with NPOs to discuss the new and amended baseline GLs. In 2024, a number of virtual round table discussions were held by various U.S. government agencies to foster communication and engagement with NPOs. The Department of Treasury worked with NPOs to facilitate a round table on OFAC's existing *Risk Matrix for the Charitable Sector*,<sup>51</sup> inviting feedback and inputs for how this could be improved. USAID also worked with NPOs to facilitate a round table discussion on the de-risking challenges faced by international NPOs and Muslim charities post-October 7, 2023. Additionally, the Department of Treasury, Commerce, State, and USAID held a round table for NPOs working on Syria to discuss the situation following the fall of the Assad regime and the implications for humanitarian programming. This showed a commitment to ongoing U.S. government-NPO engagement, built stronger relationships between the two actors, and was much appreciated by the NPO sector.

In May 2025, the Department of Treasury issued Syria GL 25 and an accompanying FAQ (updated June 2025)<sup>52</sup> "to authorize transactions by U.S. persons previously prohibited by the Syrian Sanctions Regulations,"<sup>53</sup> with the effective result of lifting U.S. sanctions on the country.<sup>54</sup> Additionally in May 2025, the Department of State waived the *Caesar Syria Civilian*

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<sup>51</sup> Office of Foreign Assets Control, "Risk Matrix for the Charitable Sector", n.d., <https://ofac.treasury.gov/media/15651/download?inline>.

<sup>52</sup> U.S. Department of Treasury, 'Frequently Asked Questions for Syria General License 25,' June 2025, <https://ofac.treasury.gov/media/934311/download?inline>.

<sup>53</sup> U.S. Department of State, "Providing Sanctions Relief for the Syrian People," May 2025, <https://www.state.gov/releases/2025/05/providing-sanctions-relief-for-the-syrian-people/>.

<sup>54</sup> U.S. Department of the Treasury, "Treasury Issues Immediate Sanctions Relief for Syria," February 8, 2025, <https://home.treasury.gov/news/press-releases/sb0148>.

*Protection Act of 2019 (Caesar Act)*<sup>55</sup> for a period of six months, to “advance Syria’s recovery and reconstruction efforts” and “enable a more effective humanitarian response across Syria.” This waiver was extended again in November for another six months.<sup>56</sup> In June 2025, the U.S. issued an Executive Order (EO) directing a wholesale revocation of U.S. sanctions against Syria.<sup>57</sup> In August, the Department of Commerce issued a rule that eased requirements on licensing for export controls, namely civilian exports, to the country,<sup>58</sup> followed by the Department of Commerce issuing a final rule to ease Syria export controls by making revisions to a number of licenses in September.<sup>59</sup> In November 2025 (updated in December 2025), the Department of Treasury, State, and Commerce issued a *Tri-Seal Advisory on Sanctions and Export Controls Relief for Syria*, providing an overview of sanction, designation, and export control easing issued by all three government agencies.<sup>60</sup> In December 2025, Congress passed the FY 2026 National Defense Authorization Act (NDAA),<sup>61</sup> comprehensively repealing the *Caesar Act*.<sup>62</sup> Rights groups supported these measures as a critical step toward facilitating humanitarian and development assistance as well as financial investment necessary to Syria’s reconstruction.<sup>63</sup>

C&SN wishes to underscore the particular significance of these historic actions, as the U.S. government rarely sunsets country-wide sanctions regimes in such a comprehensive manner. In addition, removing the designations of several entities and individuals eased previous barriers to financial access for NPOs and the private sector, including de-listing of Syrian President, Ahmed

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<sup>55</sup> House of Representatives, “Caesar Syria Civilian Protection Act (H.R. 31),” January 2019, <https://www.congress.gov/bill/116th-congress/house-bill/31>.

<sup>56</sup> U.S. Department of State, “Determination to Suspend the Imposition of Sanctions Pursuant to the Caesar Syria Civilian Protection Act of 2019 - United States Department of State,” November 10, 2025, <https://www.state.gov/releases/bureau-of-economic-energy-and-business-affairs/2025/11/determination-to-suspend-the-imposition-of-sanctions-pursuant-to-the-caesar-syria-civilian-protection-act-of-2019>.

<sup>57</sup> The White House, “Providing for the Revocation of Syria Sanctions,” June 30, 2025, <https://www.whitehouse.gov/presidential-actions/2025/06/providing-for-the-revocation-of-syria-sanctions/>.

<sup>58</sup> U.S. Department of Commerce, “Commerce Eases Export Control on Syria,” August 2025, <https://media.bis.gov/sites/default/files/documents/Commerce%20Eases%20Export%20Controls%20on%20Syria%20%20%281%29.pdf>.

<sup>59</sup> “Relaxing Export Controls for Syria,” Federal Register, September 2, 2025, <https://www.federalregister.gov/documents/2025/09/02/2025-16724/relaxing-export-controls-for-syria>.

<sup>60</sup> Office of Foreign Assets Control, “Sanctions and Export Relief for Syria: Triseal Advisory,” U.S. Department of Treasury, November 2025, <https://ofac.treasury.gov/media/934736/download?inline>.

<sup>61</sup> House of Representatives, “S.2296 - National Defense Authorization Act for Fiscal Year 2026,” December 2025, <https://www.congress.gov/bill/119th-congress/senate-bill/2296/text>.

<sup>62</sup> Rachel Alpert and Garrett Salzman, “Caesar Act Repeal and the Syria Sanctions Removal Report Card,” Just Security, December 19, 2025, <https://www.justsecurity.org/125619/removing-syria-state-sponsor-terrorism-designation/>.

<sup>63</sup> “Syria: US Lifting Sanctions Will Bolster Rights, Recovery,” Human Rights Watch, May 15, 2025, <https://www.hrw.org/news/2025/05/15/syria-us-lifting-sanctions-will-bolster-rights-recovery>.

al-Sharaa and Syrian Interior Minister, Anas Hasan Khattab,<sup>64</sup> as an SDGT in November 2025. The FTO designation on Syria's governing authority, Hay'at Tahrir al-Sham (HTS), was removed in June 2025;<sup>65</sup> the significance of this cannot be understated given this is one of the most restrictive and legally and financially consequential U.S. designations, and its removal paves the way for unfettered humanitarian and reconstruction efforts. C&SN applauds these actions and encourages the U.S. administration to continue the sanctions and designation relief and sunset trend to support financial access and inclusion across more countries.<sup>66</sup>

While not directly relevant to oversight of the NPO sector, we also wish to highlight significant efforts on the part of U.S. policymakers and implementers to improve beneficial ownership transparency, via passage and implementation of the Corporate Transparency Act (CTA),<sup>67</sup> including creation of a beneficial ownership database. These changes were made in direct response to FATF 2016 recommendations regarding lack of transparency in beneficial ownership and concerns over implications for the U.S. government's ability to accurately understand risk exposure across industries and to prevent serious financial crimes.<sup>68</sup>

### C. Gaps and Negative Developments

The section outlined above shows substantive progress on U.S. government actions that support NPO activity. Despite this, the U.S.' AML/CFT framework also continues to unduly impede the work of NPOs. In addition to gaps in implementation of several policies designed to mitigate the unintended impacts of AML/CFT regulations on legitimate NPO activity, the U.S. government has scaled back international coordination efforts to facilitate humanitarian access in areas where

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<sup>64</sup> U.S. Department of State, "United States Leads Effort to Delist Syrian Leaders," November 7, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/11/united-states-leads-effort-to-delist-syrian-leaders>.

See also

Brian Osgood, "US Removes Syrian President From Global 'Terrorist' Sanctions List," Al Jazeera, November 7, 2025, <https://www.aljazeera.com/news/2025/11/7/us-removes-syrian-president-from-global-terrorist-sanctions-list>.

<sup>65</sup> U.S. Department of State, "Revoking the Foreign Terrorist Organization Designation of Hay'at Tahrir al-Sham," July 7, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/revoking-the-foreign-terrorist-organization-designation-of-hayat-tahrir-al-sham>.

<sup>66</sup> Charity & Security Network, "Trump's Announcement to Cease Sanctions in Syria Would Boost Humanitarian Aid & Recovery Efforts - Charity & Security Network," May 15, 2025, <https://charityandsecurity.org/news/trumps-announcement-to-cease-sanctions-in-syria-would-boost-humanitarian-aid-recovery-efforts/>.

<sup>67</sup> U.S. Senate, "Corporate Transparency Act of 2019," December 2019, <https://www.finance.senate.gov/imo/media/doc/Corporate%20Transparency%20Act%20of%202019%20Bill%20Text.pdf>.

<sup>68</sup> The Financial Action Task Force Asia Pacific Group, "Anti-money laundering and counter terrorist financing measures: United States Mutual Evaluation Report," December 2016, <https://www.fatf-gafi.org/content/dam/fatf-gafi/mer/MER-United-States-2016.pdf.coredownload.inline.pdf>.

sanctioned entities are present; expanded its use of counter-terrorism designations into counter-narcotics and organized crime frameworks, diluting resources to respond to traditional terrorism threats and causing widespread concern within the NPO sector about application of the “material support” statutes as they relate to humanitarian service provision in the Americas; imposed ICC sanctions across a diverse array of actors in a politically motivated designation scheme; reversed course and drastically reduced previous engagement between U.S. government and NPO actors; and significantly increased targeting of large portions of the domestic NPO sector in a manner that is inconsistent with implementation of the FATF standards, namely R.8. In addition, the U.S. has ceased implementation of core aspects of beneficial ownership reporting, which was identified by FATF assessors in 2016 as a key point of vulnerability in the U.S’ regulatory framework.

### *Gaps in Existing Frameworks*

While NPOs welcomed acknowledgment by U.S. banking agencies of the due diligence measures performed by NPOs in the above-referenced *2020 Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and NPOs*, civil society also noted several key areas where the Fact Sheet and related guidance fell short.<sup>69</sup> In particular, NPOs encouraged regulatory authorities to provide more detailed guidance to banks on what constitutes a “legitimate” NPO versus a “sham charity” in order to mitigate against political targeting and disinformation used as a means to de-legitimize NPOs. This would help to prevent politically-motivated actors from creating disinformation that creates false positive NPO “hits” for CFT in online searches, commercial data aggregators, and compliance databases. As a potential solution, NPOs suggested that any charity registered as tax-exempt and with annual filings of Internal Revenue Service (IRS) form 990 be viewed as de facto legitimate.<sup>70</sup> NPOs also reported a continued disconnect between statements from Executive branch authorities on risk management for NPO bank clients and the statements and actions of bank examiners.

Similarly, while NPOs applauded 2021 updates to the chapter on NPOs in the *BSA/AML BEM*, civil society leaders noted that while the updated chapter included some NPO recommendations, it did not reflect language recommended by NPOs and banks that would have clarified regulatory expectations of banks.<sup>71</sup> This lack of clarification means that banks will be forced to continue operating under inconsistent and confusing regulatory expectations. Civil society actors also

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<sup>69</sup> Andrea Hall and Charity & Security Network, “Joint Fact Sheet on Bank Secrecy Act Due Diligence Requirements for Charities and Non-Profit Organizations,” n.d., <https://charityandsecurity.org/wp-content/uploads/2021/03/FINAL-feedback-on-Joint-Fact-Sheet-Dec-2020.pdf>.

<sup>70</sup> Ibid.

<sup>71</sup> Charity & Security Network “Federal Bank Examination Manual Chapter on Nonprofit Customers Updated to Reflect a Risk-Based Approach,” December 9, 2021, <https://charityandsecurity.org/news/federal-bank-examination-manual-chapter-on-nonprofit-customers-updated-to-reflect-a-risk-based-approach/>.

expressed frustration with the lack of substantive policy shifts or recommendations in the *Sanctions Review*, as well as its failure to adequately address the harmful impacts of sanctions on civilian populations, including negative impacts on peacebuilding and other forms of critical assistance.<sup>72</sup>

In regards to the U.S. MSWG, despite both NPOs and financial institutions being active in the first iteration of this process (2016 - 2018), it eventually stopped convening due to lack of participation by the U.S. government. For the second iteration (2021 - 2022), although advancing the robust policy recommendations developed in the final report had strong potential to lead to concrete outcomes and policy change, there was no accountability mechanism in place to ensure these were implemented. Without this mechanism, these policy recommendations were not acted on. This iteration also lacked participation from regulators. In the second and third iterations (2021 - 2022 and 2023 - 2024), the MSWG was not always able to foster the participation of all three actors, largely due to organizational issues like meetings being scheduled last minute, rendering some meetings poorly attended and ineffective. In the third iteration (2023 - 2024), the process lacked transparency, with private meetings being held between facilitators and some actors, without information sharing from these meetings. NPOs consistently requested a three-way symbiotic feedback loop for information exchange amongst all MSWG actors, and were clear in what information would be most valuable for them to receive from banks and government officials. Unfortunately, NPOs ended up being the sole actor sharing information, resulting in an extractive process.

In addition, while NPOs welcomed the 2023 *Supplemental Guidance for the Provision of Humanitarian Assistance*, civil society actors noted that it lacks necessary legal assurances, explicitly stating it “does not have the force of law, and does not supersede the actual legal provisions cited.”<sup>73</sup> This means that NPOs still remain exposed to a number of legal risks, such as liability under the U.S. material support statutes, associated with operating in sanctioned environments. Banks and financial institutions find little meaning in guidance alone without the “force of law”; without this legal binding, the *Supplemental Guidance* does not provide the legal assurances needed to support banks in applying the RBA, to end banks’ de-risking practices and to address overly burdensome compliance requirements, and to enable NPOs to carry out their work unimpeded under new and existing sanctions regimes.<sup>74</sup> Similarly, OFAC’s guidance

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<sup>72</sup> Megan Corrado and Paul Carroll, “Sanctions Review Fails to Review Sanctions: Congress Should Step In,” Just Security, November 2, 2021, <https://www.justsecurity.org/78837/sanctions-review-fails-to-review-sanctions-congress-should-step-in/>.

<sup>73</sup> Charity & Security Network, “Understanding OFAC’s 2023 Supplemental Guidance for the Provision of Humanitarian Assistance Under the New & Amended Dec. 2022 General Licenses,” April 13, 2023, <https://charityandsecurity.org/sanctions/understanding-ofacs-2023-supplemental-guidance-for-the-provision-of-humanitarian-assistance-under-the-new-amended-dec-2022-general-licenses/>.

<sup>74</sup> Ibid.

documents, such as Compliance Communiqués, Fact Sheets, and FAQs related to humanitarian assistance provision in various sanctioned contexts (Afghanistan, Syria, Palestine, and Yemen), also do not carry the “force of law”, replicating the same challenges; only GLs themselves are legally binding.

Additionally, NPOs welcomed release of the 2023 *De-risking Strategy* as an important step toward acknowledging the severity of the de-risking problem, increasing awareness, and mitigating against NPO de-risking. However, the strategy emphasized profitability as the main driver of de-risking, which is contrary to feedback C&SN has received during conversations with financial institutions — and with AML/CFT experts’ analysis — who instead highlight supervisory overreach, strict liability, and compliance risk and scrutiny as the main drivers of de-risking<sup>75</sup> (see also the below section on survey results for more detail.)

While significant progress has been made in the implementation of UNSCR 2664, with important positive results for humanitarian action,<sup>76</sup> this and progress gains from Resolution 2761 seem to have come to a standstill. Many countries still need to implement Resolution 2664 domestically, and financial institutions and donors need further sensitization and guidance from regulators on the Resolutions, in order to provide them the legal comfort needed to change their internal policies and procedures and grant agreements, respectively, in alignment with the Resolutions.<sup>77</sup> NPOs also continue to advocate for sunset provisions, review clauses, offramps, and impact assessments within sanctions regimes, as a means of ensuring that their impacts are understood, that sanctions regimes are timebound from the outset, that accountability mechanisms are built in, and that sanctions do not continue unchecked into perpetuity.<sup>78</sup> Further, while Resolutions 2664 and 2761, and the U.S.’ domestic implementation of UNSCR 2664 via

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<sup>75</sup> AML RightSource, “The US Treasury’s National Illicit Finance Strategy: A Closer Look,” May 2022, <https://www.linkedin.com/events/6932087198284451840/>.

<sup>76</sup> Alice Debarre and International Peace Institute, “Safeguarding Humanitarian Action From the Unintended Effects of Sanctions: Resolution 2664 and the 1267 ISIL/al-Qaida Regime,” Issue Brief, 2024, [https://www.ipinst.org/wp-content/uploads/2024/11/2411\\_Safeguarding-Humanitarian-Action-web.pdf](https://www.ipinst.org/wp-content/uploads/2024/11/2411_Safeguarding-Humanitarian-Action-web.pdf).

<sup>77</sup> Charity & Security Network, “Trump’s Terrorism Designation of Antifa: Meaningless or Serious Threat,” October 1, 2025, <https://charityandsecurity.org/news/trumps-terrorism-designation-of-antifa-meaningless-or-serious-threat/>.

<sup>78</sup> Charity & Security Network, “Charity & Security Network Applauds Landmark UN Security Council Resolution on Sanctions, Urges U.S. Government to Follow Suit,” December 9, 2022, <https://charityandsecurity.org/news/charity-security-network-applauds-landmark-un-security-council-resolution-on-sanctions-urges-u-s-government-to-follow-suit/>.

See also

Ashleigh Subramanian-Montgomery, “Even the Treasury Department admits sanctions don’t work,” *Responsible Statecraft*, April 10, 2023, <https://responsiblestatecraft.org/2023/04/10/even-the-treasury-department-admits-sanctions-dont-work/>.

See also

Joaquin Matamis, “The Limits of UN Security Council Resolution 2664,” *Stimson Center*, April 30, 2025, <https://www.stimson.org/2025/the-limits-of-un-security-council-resolution-2664>.

the new and amended baseline GLs are a historic step forward, it is worth reiterating that these actions fall under U.S. sanctions policy, not under U.S. AML/CFT regulations of core importance to the U.S. FATF Mutual Evaluation.

Cancellation of the Syria sanctions regime and *Caesar Act*, easing of export controls, removing the FTO designation on HTS, and de-listing several Syrian government leaders undoubtedly helped to remove barriers to financial access for NPOs operating in the region and to facilitate humanitarian efforts. However, the State Department continues to designate Syria as a State Sponsor of Terrorism (SST).<sup>79</sup> Legal experts caution that Syria's continued inclusion as an SST triggers intensive legal restrictions, including "bans on foreign assistance, arms exports and certain dual use items."<sup>80</sup> Financial services providers have shared with C&SN that Syria's continued inclusion on the SST list creates a chilling effect across the financial sector, whereby financial institutions are hesitant to re-engage in rebuilding, reinvestment, and reconstruction efforts absent the removal of this designation.

#### *Barriers to Effective Coordination and NPO Engagement*

Recent shifts in the U.S.' foreign policy agenda, in addition to large-scale reductions in force and re-organization of key government agencies have had a negative impact on coordination between the government, private sector, and NPOs as it relates to AML/CFT. For example, in the wake of the abrupt dissolution of USAID, no other donors have stepped forward to continue funding for the U.S. MSWGs on Financial Access. This has cut off a key avenue for cross-sectoral engagement on humanitarian financial access and de-risking challenges, including continued impediments due to AML/CFT regulations, and has thwarted implementation of policy recommendations developed during the previous MSWGs.

Roundtables that the Department of Treasury and other U.S. government agencies previously facilitated with NPOs have completely ceased starting in January 2025, with no anticipated resumption. NPOs now rely solely on individual relationships to engage government agencies, to conduct information sharing and exchange, and to discuss AML/CFT-related challenges and concerns, which is a much less inclusive and comprehensive approach than the previous round tables fostered and disadvantages smaller NPOs, especially those without a robust Washington, D.C. presence. It also creates an exclusionary environment by cutting off avenues of engagement for a wider and more diverse array of NPOs, privileging those with pre-existing relationships, and those safe enough to engage with the administration.

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<sup>79</sup> U.S. Department of State, "State Sponsors of Terrorism," January 11, 2025, <https://www.state.gov/state-sponsors-of-terrorism/>.

<sup>80</sup> Foley Hoag LLP, "Unpacking the U.S. Sanctions Reversal on Syria: Implications and Future Outlook," July 15, 2025, <https://foleyhoag.com/news-and-insights/publications/alerts-and-updates/2025/july/unpacking-the-us-sanctions-reversal-on-syria-implications-and-future-outlook/>.

In 2025, USAID's Bureau of Humanitarian Affairs (BHA) was dissolved and the State Department's Bureau of Population, Migration, and Refugees (PRM) experienced significant reductions in staff levels and a realignment of mission to focus on migration deterrence and repatriation. Prior to the second Trump administration, BHA and PRM played leading roles in inter-agency coordination on the implementation of UNSCR 2664, including diplomatic efforts encouraging other countries to follow the U.S.' example and harmonize domestic sanctions regimes and exemptions, with UNSC humanitarian carve-outs. Civil society reports confusion regarding which offices are now leading on UNSCR 2664 implementation, and to what extent its implementation remains a priority for the U.S. government.

#### *Proliferation of New Counter-terrorism and Countering the Financing of Terrorism Measures*

The Trump administration has also significantly expanded designations on counter-terrorism grounds throughout 2025, without accompanying humanitarian exemptions or guidance. In February,<sup>81</sup> Secretary of State Marco Rubio designated several cartels and transnational criminal organizations active in Mexico and Venezuela as both FTOs and SDGTs, including Mara Salvatrucha (MS-13), Cárteles Unidos (CU), Cártel de Jalisco Nueva Generación (CJNG), La Nueva Familia Michoacana (LNFM), Cártel de Sinaloa, Tren de Aragua (TdA), Cártel de Golfo (CDG), and Cártel del Noreste (CDN). Several FTO designations followed throughout the year, with those of particular concern to NPOs entailing: Ansarallah (the Houthis) in Yemen in March;<sup>82</sup> Viv Ansanm and Gran Grif in Haiti in May;<sup>83</sup> Los Choneros and Los Lobos in Ecuador in September;<sup>84</sup> Barrio 18 in El Salvador, Guatemala, and Honduras in September;<sup>85</sup> Antifa Ost, Informal Anarchist Federation/International Revolutionary Front, Armed Proletarian Justice, and

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<sup>81</sup> U.S. Department of State, "Designation of International Cartels - United States Department of State," May 5, 2025, <https://www.state.gov/designation-of-international-cartels/>.

<sup>82</sup> U.S. Department of State, "Foreign Terrorist Organization Designation of Ansarallah," March 5, 2025, <https://www.federalregister.gov/documents/2025/03/05/2025-03629/foreign-terrorist-organization-designation-of-ansarallah>.

<sup>83</sup> U.S. Department of State, "Foreign Terrorist Organization Designations of Viv Ansanm and Gran Grif," May 5, 2025, <https://www.federalregister.gov/documents/2025/05/05/2025-07464/foreign-terrorist-organization-designations-of-viv-ansanm-and-gran-grif>.

<sup>84</sup> U.S. Department of State, "Foreign Terrorist Organization Designation of Los Choneros and Los Lobos," September 5, 2025, <https://www.federalregister.gov/documents/2025/09/05/2025-17067/foreign-terrorist-organization-designation-of-los-choneros-and-los-lobos>.

<sup>85</sup> U.S. Department of State, "Foreign Terrorist Organization Designation of Barrio 18," September 24, 2025, <https://www.federalregister.gov/documents/2025/09/24/2025-18498/foreign-terrorist-organization-designation-of-barrio-18>.

Revolutionary Class Self-Defense in Germany, Italy, and Greece in November;<sup>86</sup> Cartel de los Soles in Venezuela in November<sup>87</sup>; and Clan del Golfo in Colombia in December.<sup>88</sup> In addition to the criminal liabilities these designations expose NPOs operating in FTO-controlled areas to, it also creates hesitancy for financial institutions to conduct transactions to and donors to fund programs in these areas, irrespective of humanitarian need. This ultimately harms not only NPO activities, but individuals and communities living under areas where FTO-designated entities operate, whose life-saving aid will be negatively restricted by these designations.

Accompanying issuance of these designations, in November, the Department of Treasury issued a *FinCEN Alert on Cross-Border Funds Transfers Involving Illegal Aliens*, warning money service businesses (MSBs) about being “vigilant in detecting, identifying, and reporting suspicious activity connected to cross-border funds transfers involving illegal aliens, i.e., individuals without legal status in the U.S.”<sup>89</sup> In this directive, FinCEN referenced FTO designations against some of the above-mentioned organizations.

In March, the Department of Justice (DOJ) announced the establishment of the “Joint Task Force October 7” (JTF 10-7).<sup>90</sup> The DOJ stated that the task force is part of “an initiative that will seek justice for the victims of the Oct. 7, 2023, terrorist attack in Israel and address the ongoing threat posed by Hamas and its affiliates” and that the DOJ will “investigate acts of terrorism and civil rights violations by individuals and entities providing support and financing to Hamas.” The DOJ stated that the task force will be made up of prosecutors and Federal Bureau of Investigation (FBI) officials, including officials focused on financial crime enforcement, amongst others, and that “FBI agents will be embedded with Israel’s National Bureau of Counter Terror Finance.” Civil society expressed several concerns about the Task Force. The first is that its broad mandate could lead to increased scrutiny and the potential for overreach against individuals and organizations supporting and operating in Palestine, creating opportunities for violations of freedom of speech and association, as well as impediments to the delivery of humanitarian

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<sup>86</sup> U.S. Department of State, “Foreign Terrorist Organization Designation of Antifa Ost, Informal Anarchist Federation/International Revolutionary Front, Armed Proletarian Justice, and Revolutionary Class Self-Defense ,” November 20, 2025, <https://www.federalregister.gov/documents/2025/11/20/2025-20663/foreign-terrorist-organization-designation-of-antifa-ost-informal-anarchist-federationinternational>.

<sup>87</sup> U.S. Department of State, “Foreign Terrorist Organization Designation of Cartel de los Soles,” November 24, 2025, <https://www.federalregister.gov/documents/2025/11/24/2025-20750/foreign-terrorist-organization-designation-of-cartel-de-los-soles>.

<sup>88</sup> U.S. Department of State, “Foreign Terrorist Organization Designation of Clan del Golfo,” December 17, 2025, <https://www.federalregister.gov/documents/2025/12/17/2025-23133/foreign-terrorist-organization-designation-of-clan-del-golfo>.

<sup>89</sup> FinCEN, “FinCEN Alert on Cross-Border Funds Transfers Involving Illegal Aliens,” U.S. Department of Treasury, November 28, 2025, [https://www.fincen.gov/system/files/FinCEN\\_Alert\\_Cross\\_Border\\_FINAL508.pdf](https://www.fincen.gov/system/files/FinCEN_Alert_Cross_Border_FINAL508.pdf).

<sup>90</sup> U.S. Department of Justice, “Justice Department Announces Launch of Joint Task Force October 7,” March 2025, <https://www.justice.gov/opa/pr/justice-department-announces-launch-joint-task-force-october-7>.

assistance.<sup>91</sup> The second is that the criminal, civil, and financial enforcement focus of the Task Force offers a wide range of potential consequences for NPOs and their financial institutions, who may calculate greater liability or risk in their operations. The third is that the JTF 10's design means that its mandate could be abused by invoking multiple legal avenues to attain documents desired from NPOs for criminal targeting outside of the Task Force's stated purpose. The fourth is how the JTF 10-7 plans to conduct investigations and prosecutions of terrorism cases, noting the Task Force is ripe for CFT to be weaponized against NPOs and individuals who oppose U.S. and Israel policy towards Palestine — and those providing services to migrant populations — as a means to suppress and criminalize dissent in the name of combatting terrorist financing.

In July, the Trump administration instrumentalized the Federal Emergency Management Agency (FEMA) for the purposes of immigration enforcement, stating that FEMA should direct U.S. state authorities to divert a portion of their federal terrorism prevention funds toward helping the federal government in its effort to deport migrants.<sup>92</sup> Utilization of counter-terrorism resources for the purposes of immigration enforcement, proliferation of the most legally severe and prohibitive counter-terrorism designations, and ongoing legal debate regarding the overly broad definition of "material support," have raised concerns about legal exposure among NPOs with programmatic presence in areas where recently designated entities are active, with particular impact to humanitarian organizations providing services to migrant populations throughout the Americas. Security experts have also expressed concern that concentration of counter-terrorism resources for the purposes of targeting cartels will weaken capacity to respond to traditional terrorism threats.

#### *Executive Branch Targeting of the NPO Sector*

In February, the Office of the President issued an EO announcing the creation of a sanctions regime against staff of, or individuals or entities engaging in investigations relating to, the ICC.<sup>93</sup> The Order stated that the ICC has engaged in "illegitimate and baseless actions" targeting the U.S. and certain allies, including Israel. The EO imposed sanctions on Karim Khan, the Chief

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<sup>91</sup> Charity & Security Network, "Call for Inputs on the Human Rights Impacts of Administrative Measures to Counter Terrorism and (Violent) Extremism," *Submission to the Special Rapporteur on Counter-Terrorism and Human Rights*, June 2025, <https://charityandsecurity.org/wp-content/uploads/2025/06/Final-Submission -Call-for-Inputs-on-the-Human-Rights-Impacts-of-Administrative-Measures-to-Counter-Terrorism-and-Violent-Extremism-1-1.pdf>.

<sup>92</sup> Rozen, Courtney, "Trump Administration to Require States Use Terrorism Funds for Migrant Arrests," Reuters, July 2025, <https://www.reuters.com/legal/government/trump-administration-require-states-use-terrorism-funds-migrant-arrests-2025-07-29/>.

<sup>93</sup> The White House, "Imposing Sanctions on the International Criminal Court," February 10, 2025, <https://www.whitehouse.gov/presidential-actions/2025/02/imposing-sanctions-on-the-international-criminal-court/>.

Prosecutor of the ICC, and authorized imposition of future sanctions on persons or entities who have “directly engaged in any effort by the ICC to investigate, arrest, detain, or prosecute a protected person without consent of that person’s country or nationality.” It defines “protected person” as any U.S. person, any foreign person who is a lawful resident or citizen of a U.S. ally that is not party to the Rome Statute, officials of the U.S. government or Armed Forces, and U.S. allies. Additional ICC-related actions in 2025 included sanctions on: the UN Special Rapporteur on human rights in the occupied Palestinian territories, Francesca Albanese in July;<sup>94</sup> four individuals who serve on the ICC in August;<sup>95</sup> and two ICC judges in December.<sup>96</sup> In September, Secretary of State Marco Rubio announced ICC designations against three Palestinian human rights organizations, under the EO noted above.<sup>97</sup> In response, 79 NPOs issued a statement condemning these sanctions and warning that they create a chilling effect deterring legitimate human rights and humanitarian work in Gaza, and warning of the dire threats they pose to the erosion of international law and to civil society working on accountability.<sup>98</sup> In the statement, NPOs also expressed concern that the continued existence of a U.S. sanctions regime against the ICC could trigger additional designations for NPOs engaged on a range of domestic and multilateral human rights issues, with accompanying apprehensions regarding restrictions on financial access for these organizations and their staff. Of significance, the sanctions against the ICC are not under terrorism-related sanctions programs.

However, the Trump administration has significantly increased targeting of large portions of the NPO sector on alleged counter-terrorism grounds. In September 2025, the Office of the President released an EO designating “Antifa” as a domestic terrorist organization<sup>99</sup> and issued *National Security Presidential Memorandum 7: Countering Domestic Terrorism and Organized Political*

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<sup>94</sup> U.S. Department of State, “Sanctioning Lawfare That Targets U.S. and Israeli Persons - United States Department of State,” July 9, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/sanctioning-lawfare-that-targets-u-s-and-israeli-persons/>.

<sup>95</sup> U.S. Department of State, “Imposing Further Sanctions in Response to the ICC’s Ongoing Threat to Americans and Israelis,” August 20, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/08/imposing-further-sanctions-in-response-to-the-iccs-ongoing-threat-to-americans-and-israelis/>.

<sup>96</sup> U.S. Department of State, “Sanctioning ICC Judges Directly Engaged in the Illegitimate Targeting of Israel,” December 18, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/12/sanctioning-icc-judges-directly-engaged-in-the-illegitimate-targeting-of-israel>.

<sup>97</sup> U.S. Department of State, “Sanctioning Foreign Entities Directly Engaged in Illegitimate Targeting of Israel,” September 2025, <https://www.state.gov/releases/2025/09/sanctioning-foreign-ngos-directly-engaged-in-iccs-illegitimate-targeting-of-israel>.

<sup>98</sup> Human Rights Watch et al, “Joint Statement: US Sanctions on Palestinian Human Rights Organizations Erodes International Law,” October 2025, <https://www.hrw.org/news/2025/10/17/joint-statement-us-sanctions-on-palestinian-human-rights-organizations-erodes>.

<sup>99</sup> The White House, “Designating Antifa as a Domestic Terrorist Organization,” September 22, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/designating-antifa-as-a-domestic-terrorist-organization>.

*Violence* (NSPM-7).<sup>100</sup> Both the EO and the memorandum include law enforcement directives with potentially significant impact to the NPO sector.

In the EO *Designating Antifa as a Domestic Terrorist Organization*, the Office of the President defines “Antifa” as a “militarist, anarchist enterprise that explicitly calls for the overthrow of the United States Government, law enforcement authorities, and our system of law.”<sup>101</sup> The EO alleges that “Antifa” deliberately “conceal[s] its funding sources,” and that individuals who are acting at the behest of Antifa or associated with it engage in coordination with other entities and organizations “for the purpose of spreading, fomenting, and advancing political violence and suppressing lawful political speech.” This EO has no legal basis and does not cite one.<sup>102</sup> It directs executive agencies and departments to utilize all available authorities to dismantle “Antifa” operations, including investigations and levying of criminal charges against any group or individual providing “Antifa” with material support for funding their operations. Although the EO calls for this federal action against anyone claiming to act on behalf of Antifa or providing it with funding or material support, the lack of clear legal authority for such action likely renders this language powerless.<sup>103</sup> Despite this, the EO has dangerous implications for NPOs: it may serve as a policy directive to federal agencies to use existing law as a political weapon against NPOs that disagree with the U.S. administration and/or President. It could lead to surveillance, investigations, and criminal prosecutions of protected First Amendment activities, and serve as a mechanism for targeting progressive NPOs.

In *NSPM-7*, the Office of the White House presents a “new law enforcement strategy” for disrupting domestic terrorism.<sup>104</sup> The memorandum outlines perceived “common recurrent motivations and indicia” for members of the “anti-fascist” umbrella, including, “anti-Americanism, anti-capitalism, and anti-Christianity; support for the overthrow of the United States Government; extremism on migration, race, and gender; and hostility towards those who hold traditional American views on family, religion, and morality.” *NSPM-7* directs the National Joint Terrorism Task Force (JTTF) and its affiliate state and local offices to “coordinate and

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<sup>100</sup> The White House, “Countering Domestic Terrorism and Organized Political Violence,” September 26, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/countering-domestic-terrorism-and-organized-political-violence/>.

<sup>101</sup> The White House, “Designating Antifa as a Domestic Terrorist Organization,” September 22, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/designating-antifa-as-a-domestic-terrorist-organization>.

<sup>102</sup> Charity & Security Network, “Trump’s Terrorism Designation of Antifa: Meaningless or Serious Threat?” October 1, 2025, <https://charityandsecurity.org/news/trumps-terrorism-designation-of-antifa-meaningless-or-serious-threat/>.

<sup>103</sup> Ibid.

<sup>104</sup> The White House, “Countering Domestic Terrorism and Organized Political Violence,” September 26, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/countering-domestic-terrorism-and-organized-political-violence/>.

supervise a comprehensive national strategy to investigate, prosecute, and disrupt entities and individuals engaged in acts of political violence and intimidation designed to suppress lawful political activity or obstruct the rule of law.”<sup>105</sup> The memo explicitly calls for the JTTFs to investigate “institutional and individual funders, and officers and employees of organizations that are responsible for, sponsor, or otherwise aid and abet” individuals engaging in acts of domestic terrorism and political violence, as well as investigations into potential Foreign Agents Registration Act (FARA) violations by NPOs and U.S. citizens who live abroad or who have close ties to foundations, foreign governments, or other related networks or individuals who launder money or play a role in “funding, creating, or supporting entities that engage in activities that support or encourage domestic terrorism.”

The memorandum calls for the DOJ to prosecute the Federal crimes referred through JTTF investigations “to the maximum extent permissible by law.”<sup>106</sup> It further directs the Attorney General to coordinate with the Treasury Secretary to “identify and disrupt” financial networks engaged in funding political violence and domestic terrorism, including issuance of new guidance by the Treasury Secretary for financial institutions regarding the filing of Suspicious Activity Reports (SARs) as it relates to illicit funding channels. *NSPM-7* also directs the IRS to take steps to ensure that tax-exempt entities are not “directly or indirectly financing political violence or domestic terrorism.” Finally, the memo calls for the Attorney General to make potential recommendations to designate any entities or groups that have members conducting activities that meet the “domestic terrorism” definition to be designated as a “domestic terrorist organization.”

For NPOs, *NSPM-7*’s directives have consequential implications for the sector: in addition to the calls to designate who the administration deems is a “domestic terrorist organization” — even with no existing legal authority to do so — the memorandum seeks to weaponize existing law and law enforcement agencies to target who the administration perceives as politically left-leaning organizations responsible for the administration’s definition of “a violent assault against democratic institutions, constitutional rights and fundamental American liberties.”<sup>107</sup> NPOs are also concerned that JTTFs have been put in charge of implementing *NSPM-7*; since 9/11, civil liberties and grassroots groups have exposed numerous examples of abuse of power and civil liberties violations within JTTF operations, which exist all over the U.S. Based on historical experience, NPOs can expect federal investigations to include surveillance, records requests and

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<sup>105</sup> Ibid.

<sup>106</sup> The White House, “Countering Domestic Terrorism and Organized Political Violence,” September 26, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/countering-domestic-terrorism-and-organized-political-violence/>.

<sup>107</sup> Charity & Security Network, “Summary and Commentary: Presidential Memorandum on Countering Domestic Terrorism and Organized Political Violence,” October 2, 2025, <https://charityandsecurity.org/analysis/summary-and-commentary-presidential-memorandum-on-countering-domestic-terrorism-and-organized-political-violence/>.

subpoenas, searches of offices and facilities, infiltrators and agent-provocateurs and FBI visits to the homes and workplaces of individuals associated with targeted organizations.<sup>108</sup>

Also in September, a senior lawyer in the Office of the Deputy Attorney General issued a directive to U.S. attorney's offices in California, New York, Washington, D.C., Chicago, Detroit, and Maryland, amongst others, to investigate the Open Society Foundation (OSF) for possible criminal violations, including material support for terrorism, racketeering, arson, and wire fraud.<sup>109</sup> The directive referenced a report by the Capital Research Center (CRC) (a conservative "investigative think tank") alleging that OSF has funded groups "tied to terrorism or extremist violence,"<sup>110</sup> despite the fact that CRC's president acknowledged that "his group had not found any evidence that the Soros network had committed a crime."<sup>111</sup> In response, OSF, which serves as a leading funder for human rights and democracy-focused NPOs, issued a statement condemning terrorism, characterizing any potential investigation into its activities as a "politically motivated attack[] on civil society," and emphasizing that its work is legally permissible activity "dedicated to strengthening democracy and upholding constitutional freedoms."<sup>112</sup> Politically motivated attacks against charities and NPOs often lead to bank de-risking, reputational harm, arduous and expensive legal battles, and, for NPOs, potential loss of current and prospective donors. For politically motivated lawfare actors, this is often the whole point of these attacks: not to win, but to create expensive and burdensome processes that take NPOs away from their core mission.<sup>113</sup>

On December 4, news outlets published a leaked memo from Attorney General Pam Bondi outlining implementing guidance for *NSPM-7*.<sup>114</sup> The memo adopted a broad view of what

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<sup>108</sup> Ibid.

<sup>109</sup> Barrett, Devlin, "Justice Dept Official Pushes Prosecutors to Investigate George Soros's Foundation," The New York Times, September 2025, <https://www.nytimes.com/2025/09/25/us/politics/justice-trump-george-soros-foundation.html>.

<sup>110</sup> Ryan Mauro, "Exclusive: Soros' Open Society Gave \$80 Million to Pro-terror Groups," Capital Research Center, n.d., <https://capitalresearch.org/article/exclusive-soros-open-society-gave-80-million-to-pro-terror-groups/>.

<sup>111</sup> People For. "DOJ Targeted Soros Based on Smear That Right-Wing Group Admits Showed No Lawbreaking," October 10, 2025, <https://www.peoplefor.org/doj-targeted-soros-based-smear-right-wing-group-admits-showed-no-lawbreaking>.

<sup>112</sup> Open Society Foundations, "Statement on Politically Motivated Attacks on Open Society," September 25, 2025, <https://www.opensocietyfoundations.org/newsroom/statement-on-politically-motivated-attacks-on-open-society>.

<sup>113</sup> Kay Guinane and The Charity & Security Network, "The Alarming Rise of Lawfare to Suppress Civil Society: The Case of Palestine and Israel," September 2021, <https://charityandsecurity.org/wp-content/uploads/2021/09/The-Alarming-Rise-of-Lawfare-to-Suppress-Civil-Society.pdf>.

<sup>114</sup> Office of the Attorney General, "Implementing NSPM-7: Countering Domestic Terrorism and Organized Political Violence," U.S. Department of Justice, December 2025, <https://www.documentcloud.org/documents/26371599-bondi-memo-on-countering-domestic-terrorism-and-organized-political-violence-1/>.

See also

constitutes “common characteristics of domestic terrorists and organizations” and definitions of “the domestic terrorism threat,” to include organized doxing of federal law enforcement, targeting political actors or public officials, mass rioting and destruction, and “violent efforts to shut down immigration enforcement.” The memo further cited “Antifa-aligned extremists” as a “domestic terrorism threat” and directed federal law enforcement to prioritize investigations into, and potential criminal prosecutions against, individuals and organizations who adhere to “extreme viewpoints on immigration, radical gender ideology, and anti-American sentiment.”<sup>115</sup> It states that federal law enforcement agencies must refer any encounter with or suspicion of domestic terrorism to the JTTFs “for the exhaustive investigation contemplated by NSPM-7”, and for JTTFs to “use all available investigative tools” to “map the full network of culpable actors involved.”

While a footnote in the memo states that investigations may not “be opened based solely on activities protected by the First Amendment or the lawful exercise of rights secured by the Constitution or laws of the United States,” legal experts express concern that definitions of what constitutes suspicious activity in the memo will imperil legally protected speech and assembly rights.<sup>116</sup> In addition, the memo directs federal prosecutors and law enforcement officials to consider referrals for criminal charges on tax crimes where “extremist groups are suspected of defrauding the Internal Revenue Service,”<sup>117</sup> raising concerns among civil society that federal authorities may target their tax-exempt status. Finally, the memo directs the JTTFs to coordinate with the FBI to create “a list of groups or entities engaged in acts that may constitute domestic terrorism” and provide it to the U.S. Deputy Attorney General. While inclusion on this list would not trigger statutory designations, C&SN is concerned that it would likely lead to de-risking. For NPOs, the leaked memo opens the door to widespread surveillance of activities protected by the First Amendment, prosecutions, and politically motivated criminal investigations,<sup>118</sup> and is a prime example of “the global war on terror coming home and becoming a domestic war on

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Lynch, Sarah N, “Bondi orders US law enforcement to investigate ‘extremist groups,’ Reuters, December 2025, <https://www.reuters.com/legal/government/bondi-orders-law-enforcement-investigate-us-groups-over-accusations-domestic-2025-12-05/>.

<sup>115</sup> Office of the Attorney General, “Implementing NSPM-7: Countering Domestic Terrorism and Organized Political Violence,” U.S. Department of Justice, December 2025, <https://www.documentcloud.org/documents/26371599-bondi-memo-on-countering-domestic-terrorism-and-organized-political-violence-1/>.

<sup>116</sup> Arnold and Porter, “DOJ Issues Sweeping New Domestic Terrorism Directive: What the Attorney General’s December 4 Memorandum Means for You,” December 8, 2025, <https://www.arnoldporter.com/en/perspectives/blogs/enforcement-edge/2025/12/doj-issues-sweeping-new-domestic-terrorism-directive>.

<sup>117</sup> Office of the Attorney General, “Implementing NSPM-7: Countering Domestic Terrorism and Organized Political Violence,” U.S. Department of Justice, December 2025, <https://www.documentcloud.org/documents/26371599-bondi-memo-on-countering-domestic-terrorism-and-organized-political-violence-1/>.

<sup>118</sup> Charity & Security Network, “Leaked Memo Shows DOJ Plans Aggressive Targeting of Nonprofits,” December 17, 2025, <https://charityandsecurity.org/news/leaked-memo-shows-doj-plans-aggressive-targeting-of-nonprofits/>.

terror.”<sup>119</sup> C&SN also wishes to express concern that the enforcement priorities outlined in the memo risks diverting valuable law enforcement resources away from serious AML/CFT points of vulnerability and national security threats.

In response to the September Executive actions, over 3,000 NPOs released an open letter expressing that the attacks on the non-profit sector amount to a “wholesale offensive against organizations and individuals that advocate for ideas or serve communities that the president finds objectionable, and that seek to enforce the rule of law against the federal government” and that President Trump’s efforts to “dismantle non-profit groups he simply disagrees with are reprehensible and dangerous — a violation of a fundamental freedom in America.”<sup>120</sup> In response to the December memo outlining implementing guidance for *NSPM-7*, legal experts posited that donors and tax-exempt organizations are likely targets of *NSPM-7* enforcement efforts and that NPOs should invest resources in shoring up their compliance measures and teams and in preparing for the impact of investigations and criminal charges.<sup>121</sup>

Since the issuance of the September Executive actions, several states have announced their own terrorist designations of U.S.-based NPOs. In November, Texas Governor Greg Abbott issued a proclamation designating the Council on American-Islamic Relations (CAIR) as “Foreign Terrorist and Transnational Criminal Organizations under the Texas Penal and Texas Property Codes”.<sup>122</sup> On December 8, Florida Governor Ron DeSantis issued an EO also designating CAIR as a “terrorist organization.”<sup>123</sup> In the Order, Governor DeSantis alleged that CAIR “was

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<sup>119</sup> Democracy Now!, “Domestic Terrorism”: Leaked DOJ Memo Targets “Anti-Americanism, Anti-Capitalism, Anti-Christianity”, December 8, 2025,

[https://www.democracynow.org/2025/12/8/ken\\_klippenstein\\_fbi\\_domestic\\_terrorism\\_nspm7](https://www.democracynow.org/2025/12/8/ken_klippenstein_fbi_domestic_terrorism_nspm7).

<sup>120</sup> “An Open Letter Rejecting Attacks on Nonprofit Organizations,” September 2025,

<https://charityandsecurity.org/wp-content/uploads/2025/10/An-Open-Letter-Rejecting-Presidential-Attacks-on-Nonprofit-Organizations.pdf>.

See also

Hina Shamsi, “How NSPM-7 Seeks to Use ‘Domestic Terrorism’ to Target Nonprofits and Activists,” The American Civil Liberties Union, October 27, 2025, <https://www.aclu.org/news/national-security/how-nspm-7-seeks-to-use-domestic-terrorism-to-target-nonprofits-and-activists>.

<sup>121</sup> Arnold and Porter, “DOJ Issues Sweeping New Domestic Terrorism Directive: What the Attorney General’s December 4 Memorandum Means for You,” December 8, 2025,

<https://www.arnoldporter.com/en/perspectives/blogs/enforcement-edge/2025/12/doj-issues-sweeping-new-domestic-terrorism-directive>.

<sup>122</sup> Governor Greg Abbott, “Proclamation by the Governor of the State of Texas,” November 2025,

[https://gov.texas.gov/uploads/files/press/PROC\\_declaring\\_Muslim\\_Brotherhood\\_and\\_CAIR\\_Transnational\\_Criminal\\_Organizations\\_IMAGE\\_11-18-2025.pdf](https://gov.texas.gov/uploads/files/press/PROC_declaring_Muslim_Brotherhood_and_CAIR_Transnational_Criminal_Organizations_IMAGE_11-18-2025.pdf).

<sup>123</sup> State of Florida Office of the Governor, “Executive Order Number 25-244,” December 2025,

<https://www.flgov.com/eog/sites/default/files/executive-orders/2025/EO%202025-244.pdf>.

See also

Governor Rob DeSantis, “Florida is designating the Muslim Brotherhood and CAIR as Foreign Terrorist Organizations,” December 2025,

designated as an unindicted co-conspirator by the United States Government in the largest terrorism-financing case in American history” and has “been convicted of providing, and conspiring to provide, material support to designated terrorist organizations.” Governor DeSantis directed the Florida Highway Patrol and the Florida Department of Law Enforcement to take action to prevent alleged unlawful activities by CAIR. In response, CAIR National and CAIR Florida said they would sue Governor DeSantis for his “defamatory and unconstitutional” EO, “smearing [CAIR] as a foreign terrorist organization.”<sup>124</sup>

It is important to note that state action based on state laws have no effect beyond the limited powers of states in the national security arena. There are no consequences under federal law. However, we are including these, as state action could influence other actors, such as banks and donors, with potential for broader implications for NPOs working on similar issue areas. While the Governors of Texas and Florida issued their respective terrorism designations independent of federal government authorities, C&SN wished to highlight these cases as an indication of overall shifting attitudes toward NPOs within the U.S.

In response to significant changes in the regulatory posture toward NPOs and increases in the criminal targeting of NPOs, funders have already begun to change their grant-making behavior. In October, the Children’s Investment Fund Foundation, which is one of the biggest foundations globally, announced that it would pause grant-making to U.S.-based NPOs due to “uncertainty over the U.S. policy environment for foreign funders.”<sup>125</sup> This is a trend that is likely to increase given the sheer amount of executive actions targeting the NPO sector, which we can anticipate will enhance funders’ and financial institutions’ fears of running afoul of U.S. AML/CFT regulations.

#### *Threats to NPO Tax-exempt Status*

In November 2024, the U.S. House of Representatives passed H.R.9495, the “Stop Terror-Financing and Tax Penalties on American Hostages Act,”<sup>126</sup> popularly known as the “Non-profit

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[https://x.com/GovRonDeSantis/status/1998156452377293228?ref\\_src=twsrctwsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1998156452377293228%7Ctwgr%5E5aa856ad79a70ecfaed290dea96521448f9d362e%7Ctwcon%5Es1\\_&ref\\_url=https%3A%2F%2Fmynews13.com%2Ffl%2Forlando%2Fnews%2F2025%2F12%2F09%2Fdesantis-declares-cair-muslim-brotherhood-terror-organizations.](https://x.com/GovRonDeSantis/status/1998156452377293228?ref_src=twsrctwsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1998156452377293228%7Ctwgr%5E5aa856ad79a70ecfaed290dea96521448f9d362e%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fmynews13.com%2Ffl%2Forlando%2Fnews%2F2025%2F12%2F09%2Fdesantis-declares-cair-muslim-brotherhood-terror-organizations.)

<sup>124</sup> Council on American Islamic Relations, “CAIR, CAIR-Florida, Tell Ron Desantis ‘See You in Court,’ After Unconstitutional and Defamatory Publicity Stunt,” December 2025, [https://www.cair.com/press\\_releases/breaking-cair-cair-florida-tell-ron-desantis-see-you-in-court-after-unconstitutional-and-defamatory-israel-first-political-stunt/](https://www.cair.com/press_releases/breaking-cair-cair-florida-tell-ron-desantis-see-you-in-court-after-unconstitutional-and-defamatory-israel-first-political-stunt/).

<sup>125</sup> Jesse Chase-Lubitz, “Major Foundation Pauses Grants to US, Citing Unclear Policy Changes,” Devex, October 22, 2025, <https://www.devex.com/news/major-foundation-pauses-grants-to-us-citing-unclear-policy-changes-111066>.

<sup>126</sup> U.S. House of Representatives, “Stop Terror Financing and Penalties on American Hostages Act (H.R.9495),” 118 Congress, <https://www.congress.gov/bill/118th-congress/house-bill/9495/text/rh>.

Killer” bill.<sup>127</sup> The Bill grants the Treasury Secretary sweeping authority to designate any U.S.-based NPO as a “terrorist supporting organization” and to remove its tax-exempt status if the organization is found by the Treasury Secretary to have “provided material support to a terrorist group, even if this “support” is not intentional or connected to actual violence.”<sup>128</sup> It also enables the Treasury Secretary to strip the tax-exempt status from an NPO without providing a meaningful opportunity for the NPO to respond to these allegations before a court of law. H.R.9495 does not require the Department of Treasury to disclose related evidence or reasoning for being designated as a “terror supporting organization.” 354 NPOs expressed opposition to the Bill, underscoring concern that the legislation would endow the Executive with broad powers to strip tax-exempt status from any NPO they deem a political opponent based on unilateral allegations, essentially dismantling NPOs at will.<sup>129</sup> NPOs also expressed concern that the prohibition on material support to FTOs already exists and applies to U.S. non-profits, making the language in the Bill redundant and unnecessary.<sup>130</sup>

Ultimately, given the legislation lacks due process protections and adequate guardrails, while containing provisions for use of “secret” evidence to shut down NPOs, it can be weaponized to target non-profits in the name of stopping terrorist financing.<sup>131</sup> R.8<sup>132</sup> and its accompanying Best Practices Paper (BPP)<sup>133</sup> is clear that domestic AML/CFT measures should not be “unduly disrupting or discouraging legitimate NPO activities” or be overly restrictive or burdensome. Were it to pass, this legislation would be a misapplication of the U.S.’ implementation of R.8, as H.R.9495 can be used to instrumentalize CFT against U.S.-based NPOs, with negative impacts for the sector, and potential broader implications for financial institutions’ and regulators’ treatment of, and engagement with, NPOs. Although provisions containing language from H.R.9495 were removed from the “One Big Beautiful Bill” in May 2025, many NPOs (including

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<sup>127</sup> Noah Hurowitz, “House GOP Moves to Ram Through Bill That Gives Trump Unilateral Power to Kill Nonprofits,” The Intercept, November 25, 2025, <https://theintercept.com/2024/11/15/nonprofits-trump-bill-gop-republicans/>.

<sup>128</sup> “Civil Society Letter to House Opposing H.R. 9495,” American Civil Liberties Union, November 22, 2024, <https://www.aclu.org/documents/civil-society-letter-to-congress-opposing-hr-9495>.

<sup>129</sup> “Civil Society Letter to House Opposing H.R. 9495,” American Civil Liberties Union, November 22, 2024, <https://www.aclu.org/documents/civil-society-letter-to-congress-opposing-hr-9495>.

<sup>130</sup> Charity & Security Network, “Updated: New House Bill Repeats Language With Dangerous Implications for Charities,” November 25, 2024, <https://charityandsecurity.org/news/new-house-bill-repeats-language-with-dangerous-implications-for-charities/>.

<sup>131</sup> Ibid.

<sup>132</sup> The Financial Action Task Force, “Protecting non-profits from abuse for terrorist financing through a risk-based implementation of revised FATF recommendation 8,” November 2023, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/protecting-non-profits-abuse-implementation-R8.html>.

<sup>133</sup> The Financial Action Task Force, “Best Practices on Combating the Abuse of Non-Profit Organizations,” November 2023, <https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/Bpp-combating-abuse-npo.html>.

C&SN) expressed concern about the possibility of its reintroduction and passage in a Republican-controlled Congress.<sup>134</sup>

Indeed, on Dec. 18, 2025, legislation “To amend the Internal Revenue Code of 1986 to terminate the tax-exempt status of terrorist supporting organizations” was introduced in both the House<sup>135</sup> and Senate.<sup>136</sup> The House bill, H.R.6800, is referred to the House Ways and Means Committee and the Senate bill, S.3554, is referred to the Senate Committee on Finance.<sup>137</sup> In Congressman David Kustoff’s press release<sup>138</sup> announcing the bill, he stated he is “introducing legislation to strip CAIR of its tax-exempt status,” claiming CAIR is a “radical group of terrorist sympathizers with a long history of undermining American values and trying to unconstitutionally impose Sharia Law on Texas,” and urged President Trump to take federal action “to ensure this breeding ground for anti-American hate is starved of funding and forced to close its doors once and for all.” Neither bill has a Democratic co-sponsor<sup>139</sup> and as of Dec. 23, 2025, only the House version has available text.<sup>140</sup>

On Oct. 6, 2025, at the second year commemoration of the Oct. 7, 2023 Hamas attacks, the U.S. House Committee on Ways and Means sent a letter to the IRS calling for the agency to strip several U.S.-based NPOs of their 501(c)(3) tax-exempt status.<sup>141</sup> In the letter,<sup>142</sup> the Committee

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<sup>134</sup> Charity & Security Network, ““Nonprofit Killer” Provision Removed from “One Big Beautiful Bill”, Concerns for Charities Remain,” May 28, 2025, <https://charityandsecurity.org/news/nonprofit-killer-provision-removed-from-one-big-beautiful-bill-concerns-for-charities-remain/>.

<sup>135</sup> House of Representatives, “To amend the Internal Revenue Service Act of 1986 to terminate the tax-exempt status of terrorist supporting organizations,” December 2025, <https://www.congress.gov/bill/119th-congress/house-bill/6800/text?s=1&r=41&q=%7B%22search%22%3A%22actionDate%3A%5C%22119%7C2025-12-17%5C%22+AND+%28billsReserved%3A%5C%22N%5C%22+OR+type%3A%5C%22AMENDMENT%5C%22%29%22%7D>.

<sup>136</sup> U.S. Senate, “To amend the Internal Revenue Service Act of 1986 to terminate the tax-exempt status of terrorist supporting organizations (S.3554),” December 2025, <https://www.congress.gov/bill/119th-congress/senate-bill/3554>.

<sup>137</sup> Charity & Security Network, “Nonprofit Killer Bill Re-Introduced in the House and Senate”, December 18, 2025, <https://charityandsecurity.org/news/nonprofit-killer-bill-re-introduced-in-the-house-and-senate/>.

<sup>138</sup> Congressman David Kustoff, “Congressman Kustoff Introduces Legislation to Strip Tax-Exempt Status from Terrorist-Supporting Non-Profits”, December 18, 2025, <https://kustoff.house.gov/media/press-releases/congressman-kustoff-introduces-legislation-strip-tax-exempt-status-terrorist>.

<sup>139</sup> Charity & Security Network, “Nonprofit Killer Bill Re-Introduced in the House and Senate”, December 18, 2025, <https://charityandsecurity.org/news/nonprofit-killer-bill-re-introduced-in-the-house-and-senate/>.

<sup>140</sup> H.R.6800, “To amend the Internal Revenue Code of 1986 to terminate the tax-exempt status of terrorist supporting organizations,” December 16, 2025, [https://kustoff.house.gov/sites/evo-subsites/kustoff.house.gov/files/evo-media-document/kustof\\_044\\_xml.pdf](https://kustoff.house.gov/sites/evo-subsites/kustoff.house.gov/files/evo-media-document/kustof_044_xml.pdf).

<sup>141</sup> Charity & Security Network, “U.S. Congress Seeks to Weaponize The IRS, but Faces Legal Hurdles,” October 15, 2025, <https://charityandsecurity.org/analysis/u-s-congress-seeks-to-weaponize-the-irs-but-faces-legal-hurdles>.

<sup>142</sup> U.S. House Committee on Ways and Means, “Letter to The Honorable Scott Bessent and The Honorable Frank Bisignano”, October 6, 2025, <https://waysandmeans.house.gov/wp-content/uploads/2025/10/10.6.25-Letter-to-IRS.pdf>.

alleged that cited organizations are suspected of supporting terrorist activity — but offered no evidence beyond speculation in the media to support their allegations.<sup>143</sup> The letter sent by the House Ways and Means Committee, combined with legislative efforts to strengthen executive power to strip tax-exempt status from NPOs, indicates that the Trump administration and its allies in the U.S. Congress expect the IRS to become a tool to be wielded against their political opponents, including NPOs, despite there being clear legal barriers designed to prevent such weaponization.<sup>144</sup>

#### *Reversal of Progress on Beneficial Ownership Transparency*

At the same time as the Trump administration is increasing investigations and potential criminal targeting of NPOs on counter-terrorism grounds, in March 2025, the Department of Treasury announced the “suspension of enforcement of [the] Corporate Transparency Act against U.S. citizens and domestic reporting companies.”<sup>145</sup> FinCEN subsequently issued a Notice of Proposed Rule Making (NPRM) proposing narrowing of beneficial ownership information reporting to foreign companies only.<sup>146</sup> NPOs raised concern that suspension of enforcement of this critical component of the CTA will facilitate money laundering, and directly contradicts international best practices and FATF standards.<sup>147</sup>

## IV. Survey Results

The Charity & Security Network circulated surveys to members of the U.S. NPO community, as well as to financial institutions and funders. The surveys solicited information regarding how members of these communities interact with the U.S. government, what has or has not tangibly changed from a regulatory, financial access, and engagement perspective between the last U.S. FATF Mutual Evaluation in 2016 to present, and in what ways their operations and/or internal policies and/or grant agreements may be unduly impacted, or supported by, the U.S.’ implementation of the FATF standards, namely R.1 and R.8, and U.S. AML/CFT regulations.

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<sup>143</sup> Charity & Security Network, “U.S. Congress Seeks to Weaponize The IRS, but Faces Legal Hurdles,” October 15, 2025, <https://charityandsecurity.org/analysis/u-s-congress-seeks-to-weaponize-the-irs-but-faces-legal-hurdles/>.

<sup>144</sup> Ibid.

<sup>145</sup> U.S. Department of the Treasury, “Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies,” February 8, 2025, <https://home.treasury.gov/news/press-releases/sb0038>.

<sup>146</sup> Federal Register, “Beneficial Ownership Information Access and Safeguards, and Use of FinCEN Identifiers for Entities,” December 16, 2022, <https://www.federalregister.gov/documents/2022/12/16/2022-27031/beneficial-ownership-information-access-and-safeguards-and-use-of-fincen-identifiers-for-entities>.

<sup>147</sup> Ian Gary, “Treasury Reopens the Floodgates to Dirty Money in the U.S.,” The FACT Coalition, March 3, 2025, <https://thefactcoalition.org/treasury-reopens-the-floodgates-to-dirty-money-cta/>.

### *NPO Survey Findings*

20 NPOs responded to the survey, of which 85% were registered 501(c)(3) organizations, 5% were fiscally sponsored by another entity, 5% were universities, and 5% responded from a European affiliate of a confederated international NPO with 17 chapters, including one in the U.S. Organizations varied in size and mandate, including humanitarian service delivery; human rights monitoring and advocacy; democracy strengthening; peacebuilding; healthcare and education; women, peace, and security (WPS); law and research; and economic justice and development. 90% of survey respondents managed a budget of larger than \$1 million. 90% of survey respondents stated that they work with major U.S. commercial banks, 40% with regional banks, 35% with correspondent or intermediary banks, 25% with fintech or online payment platforms, and 20% with community banks. 80% of respondents reported that they had formal, written internal policies to prevent terrorist financing abuse and to reduce terrorist financing risks, including due diligence and risk mitigation measures, transaction monitoring, and technical training for staff. 20% of respondents reported partial, project-based controls.

Since the U.S.’ 2016 FATF Mutual Evaluation, 75% of organizations experienced delayed or rejected wire transfers, 35% experienced excessive or repeated due diligence requests, 35% experienced bank account closures or asset freezes, 20% had their banking relationships terminated, and 15% had encountered restrictions with online fundraising or payment platforms. 10% stated that they had experienced all of the above-listed barriers to financial access, and another 10% said they had not experienced any of the above-listed barriers to financial access.

When asked what reason financial services providers gave as justification for restrictions or termination of services, 50% of organizations reported that service providers cited activities in high-risk jurisdictions, 40% reported that service providers cited compliance with sanctions, 30% reported that providers cited compliance with AML/CFT regulations, 30% reported that providers cited compliance with counter-terrorism measures, 30% reported that providers cited NPOs as being a high-risk sector (humanitarian, peacebuilding, or human rights work), 20% reported that providers cited reputational or political risk, and 45% said they did not receive any explanation. Only 5% of respondents reported that providers cited profitability, echoing financial institutions and AML/CFT experts stating that profitability is only one aspect of de-risking, rather than the root cause. 5% of respondents stated that all of the above-listed justifications had been given to them. 10% of respondents stated that none of the above-listed justifications applied to them.

When asked if they believed their organization had been de-risked or treated as higher risk and why, 50% of respondents stated that they believed this was due to the geographic focus of their organization; 40% attributed this to types of programming or types of activities their organization supported (humanitarian, rights-based, advocacy, climate change, or Palestine);

40% stated this was due to working with partners or beneficiaries outside of the U.S.; and 10% stated this was due to their religious affiliation. 5% of respondents stated that all of the above-listed potential reasons for de-risking or treatment as higher risk applied to them and 25% stated that none of the above-listed potential reasons applied to them. In comments allowing for further elaboration, one respondent stated that work engaging on Palestine and China-related issues had been flagged and another respondent stated that payments to partners in Kenya and Sudan are consistently rejected by financial institutions. One respondent said they rarely receive an explanation as to why transactions are blocked. Another stated they were frequently unable to conduct wire transfers in dollars.

When asked what they considered to be the main drivers of non-profits de-risking, NPOs cited a range of factors: 30% of respondents cited bank's fears of regulatory penalties, including fines and legal cases; 25% cited compliance costs for banks, including sanctions, AML/CFT, and counter-terrorism compliance; 15% cited inconsistent guidance and expectations from regulators/supervisory overreach; 15% cited limited NPO sector knowledge within compliance teams; 15% cited reputational or political risk aversion; 15% cited lack of clear U.S. government guidance; 5% cited data aggregator or negative media screening issues; 5% cited religious or cultural bias; and 5% cited complexity of cross-border transfers. 10% stated that all of the above-listed drivers applied. One respondent stated that they were unsure which were the main drivers of non-profit de-risking. One respondent stated that the main drivers of non-profit de-risking were unknown risks, citing future regulation or government sanctions.

When asked which parts of their work had been most impacted by financial restrictions, respondents cited a diverse range of areas: 25% of respondents cited cross-border grants or transfers; 20% cited emergency or humanitarian relief; 10% cited partnerships with smaller or local NPOs; 10% cited operations and implementation; 10% cited donor engagement or fundraising; and 5% cited payroll or vendor payments. One respondent noted institutional sustainability, while another stated that one donor had closed their offices. 10% of respondents stated that all of the above-cited areas of impact applied to them; and 15% stated that none of the above-cited areas of impact applied to them.

Consequences of restrictions on financial access varied from minor delays in transfer of funds to significant delays impacting delivery of lifesaving humanitarian assistance, to closure of partner organizations. Several organizations cited high costs of compliance with AML/CFT standards, including wire fees and personnel hours. One respondent estimated that their organization spent \$100,000 annually on administrative compliance for AML/CFT regulations. Overall, 40% of respondents noted that these consequences had relatively severe impacts on their operations. Several organizations cited increased reputational risk. One respondent said they had experienced financial freezes as a result of their work in Yemen. Another respondent said they added a disclaimer on their organization's website stating that donations made to the

organization via online platforms would not benefit programs in sanctioned countries, including Syria and Yemen.

When asked which steps they had taken as a result of financial restrictions, NPOs cited a diverse range of measures: 45% of respondents cited increased spending on compliance and legal fees; 15% stated that they had shifted to informal or personal payment channels like hawala or cash carry; 5% stated that they had closed or restricted programs in certain countries or areas; and 5% stated that they avoided or reduced sensitive partnerships or themes or changed types of programming activities. 15% of organizations said all of the above-cited changes applied to them, while 10% cited no major changes. One respondent stated that an intermediary had begun making payments on their behalf, and one stated that they shifted funding for programs in Syria and Yemen through contributions from non-U.S. donors.

Survey respondents were divided when asked if they noticed a change in financial access due to regulatory, policy, and guidance changes since the U.S.’ 2016 FATF Mutual Evaluation. 50% of respondents stated they were unsure if there had been any changes (positive or negative), 35% stated that they had noticed no change or that financial access had remained the same, and 15% reported improved access due to the Department of Treasury’s issuance of new and amended baseline GLs in December 2022 and updated *Supplemental Guidance for the Provision of Humanitarian Assistance* in 2023. 5% of organizations reported improved financial access due to FATF changes to R.8, and 5% stated that their financial access has either decreased or become more restrictive since 2016.

Respondents noted that difficulties in access varied across jurisdiction, with partners operating in high-risk jurisdictions continuing to experience similar hurdles as prior to 2016. One respondent noted that access has slightly improved in Syria while remaining the same or deteriorating in Lebanon and Yemen. Another respondent stated they moved to a regional bank, and that they remain unable to wire in U.S. dollars (USD) as these transactions are stopped in New York and sent back via the Society for Worldwide Interbank Financial Telecommunications (SWIFT). One respondent highlighted that their partners based in the Middle East region have had difficulties that have led them to change banks in order to receive funds.

Respondents were also divided regarding their experiences with U.S. government engagement. When asked how they would describe U.S. government engagement with the non-profit sector on CFT issues, 45% of respondents said they were unsure how to categorize U.S. government engagement and outreach with the non-profit sector, 35% reported rare or no outreach or engagement from U.S. government agencies, 15% reported regular and constructive outreach or engagement, and 5% reported occasional or limited engagement from U.S. government agencies.

When asked if they had noticed improvements in information sharing between NPOs, regulators, and financial institutions over the last nine years, 40% of respondents reported partial improvement, 15% noted improved transparency, 10% stated that information sharing was still fragmented or unclear, and 35% respondents stated they were unsure if information sharing had improved.

When asked how confident they were that U.S. authorities, including Treasury, FinCen, and OFAC understood impacts to civil society as a result of financial restrictions on a scale of one to five, with one being not at all confident and five being fully confident, 25% of organizations gave a rating of one, 35% gave a two rating of two, and 30% gave a rating of three. Only 10% of respondents gave a rating of four and five.

When asked how they would rate current oversight and monitoring by U.S. authorities of NPOs, including the IRS, Treasury, or state charity regulators on a scale of one to five in terms of being focused, proportionate, and risk-based, with one being overly burdensome and five being appropriately targeted, 20% of respondents gave a rating of one; 20% gave a rating of two; 50% gave a rating of three; and 10% gave a rating of four.

When asked how to describe the current environment for non-profit financial access in the U.S., 45% of respondents characterized the current environment as neutral or dependent on the financial institution, 40% described the current environment as increasingly restrictive, and 10% stated that they found the current landscape to be supportive and enabling. One respondent noted that communication has been comparatively more fragmented, unclear, and restrictive since the start of the second Trump administration. Another respondent expressed concern that the Trump administration is deliberately targeting NPOs in an attempt to criminalize them. One respondent noted they are being threatened with lawsuits.

### *Financial Institutions and Funders Survey Results*

11 respondents representing a mix of financial institutions and funders responded to the survey. 45% of these organizations identified themselves as a foundation, philanthropic funder, or grantmaker; 36% as commercial or retail banks; and 18% as a fintech or digital payment platform. One respondent described their organization as a capacity building intermediary. 45% of respondents said their organizations were primarily national (U.S.-based) in scope, and 55% of organizations said they engaged in cross-border or international transactions. When asked to define their area of expertise, 36% identified as a compliance or AML/CFT officer; 27% described their role as that of Executive leadership or board member; and 27% stated they engaged in grantmaking or served as a program officer. When asked about their level of engagement with their institution's AML/CFT policies or due diligence processes, 64% of respondents stated that they had a high, direct degree of engagement with these, while 18%

described their engagement as moderate (aware of AML/CFT policies but not directly responsible), and another 18% as low (limited familiarity). When asked if their institution currently provides financial services for or funds non-profit clients engaged in cross-border activities, 45% of respondents stated that their institution currently provides these financial services; 45% stated that their organization did not currently provide these services; and 9% were unsure.

When asked how their institutions assess the risk level of non-profit clients, 55% of respondents cited case-by-case due diligence (KYC/KYCC); 18% cited sector-specific or geographic criteria; 18% stated that they assessed risk according to domestic AML/CFT regulations and frameworks such as the NTFRA; 9% cited a standardized internal scoring model; 9% stated that they used an external compliance service or data aggregator; 9% stated that they relied on media reporting; and 9% stated they conducted assessments according to FATF R.8. 27% of respondents stated they utilized all of the above-cited models and resources, and 18% stated they used none.

When asked how familiar they were with NPO self-regulatory measures, including internal due diligence, compliance, and risk mitigation, 45% of respondents stated that they were somewhat familiar (having a level of familiarity but would benefit from more understanding), 36% stated that they were very familiar (having a deep and clear understanding of NPO self-regulatory measures), and 9% stated that they were not at all familiar (unaware that NPOs have self-regulatory measures in place). One respondent stated that they were aware of some of the self-regulatory measures NPOs have in place but that these were not standardized or universal and are very individualized based on the funder or grantmaker.

When asked if their institution has updated internal policies and procedures or funding agreements, approaches, and relationships in response to international and domestic AML/CFT changes since the last U.S. FATF Mutual Evaluation in 2016, respondents were divided. 36% cited significant updates; 27% of respondents stated that they were unsure; 18% stated that they had made minor updates; and 18% reported no changes.

Similarly, institutions reported a mixed approach regarding internal guidance for staff with regards to onboarding and exiting NPO clients, as well as with regards to maintaining or ending funding relationships and services with NPO grantees and partners. 55% of respondents reported that their institution has written guidance for staff regarding onboarding or maintaining NPO clients or for funding NPO clients; 27% reported partial guidance (informal or case-based); and 18% reported no guidance (decisions made individually). 64% of respondents reported no written guidance for staff for exiting NPO clients or ending funding relationships or services with NPO grantees/partners (citing instead that decisions are made individually); while 27% reported partial guidance (informal or case-based).

Respondents reported a range of actions limiting or terminating financial arrangements with NPOs over the past three years, including: 55% of respondents stated they imposed additional due diligence requirements; 45% stated they declined to open new NPO accounts or to start funding relationships/grant agreements with grantees/partners; 36% stated they closed or restricted NPO accounts or ended funding relationships/grant agreements with NPO partners/grantees; and 18% of respondents reported re-established or expanded services or relationships with NPOs. 36% reported there were no notable changes over the past three years.

When asked to elaborate on why their institution determined to end or restrict financial or funding relationships with NPOs, respondents cited reputational risk and fear of opening the door for investigation from regulatory authorities; concerns with regulator oversight, including the potential for examiners to express their own opinions which could require extensive implementation of additional controls; risk exposure; cost of expanded due diligence; cost of risk management versus the financial benefit of serving a relatively small number of NPO clients; and evolving program priorities. One respondent noted that decisions to end funding relationships can be complex but that they typically involve evolving program priorities.

When asked about the main challenges in providing financial services and grant agreements or funding partnerships to/with NPOs, respondents cited a range of factors: 64% of respondents noted compliance costs including sanctions, AML/CFT, and counter-terrorism compliance; 55% noted inconsistent guidance and expectations from regulators/supervisory overreach; 55% noted regulatory penalties including fines and legal cases; 36% noted reputational or political risk; 18% noted strict liability; 18% noted profitability; 18% noted lack of clear U.S. government guidance; 18% noted complexity of cross border transfers; 18% noted limited NPO sector knowledge within compliance teams; 9% noted religious or cultural affiliation; and 9% noted data aggregator or negative media screening issues. 9% of respondents cited all of the above-cited challenges, and 9% cited none of the above-referenced challenges. One respondent noted concerns of weaponization or politicization of U.S. bureaucratic policies including IRS tax statutes and FARA. Another respondent noted NPO transactions with comprehensively sanctioned countries and/or high-risk third countries.

When asked how they would describe the current environment for banking and funding NPOs, 55% of respondents characterized the current environment as increasingly restrictive; while 27% characterized the current landscape as stable but cautious, and 18% characterized it as unsustainable. When asked to elaborate on these perceptions, one respondent stated, “While guidance and statements from Supervisory Agencies and Treasury suggest a more friendly environment for banking NPOs, in reality the environment has not changed with bank examiners raising substantial concerns when a risk does not exist (i.e. a charity is obtaining the majority of the funding from the U.S. government however examiners are still challenging the source of the funds) and suggesting controls that are not easily implemented and are costly to maintain.”

Another respondent stated, "Financial institutions have becom[e] overly and unreasonably risk-averse being afraid of any kind of misstep with a view to the financial (not sanctions!) regulators and a tendency to attach the broadest possible interpretation to prohibitions and restrictions to not [run] afoul of future negative regulatory assessments." Another respondent cited, an "increasingly chilling effect created by growing politicization and weaponization of regulatory bodies and criminalization of dissent." A respondent also noted that international transactions can be subject to increased scrutiny. Another respondent cited "new requirements for information that was not necessary." A final respondent expressed the opinion that "NPOs that are transparent and well documented should not have an issue obtaining banking services."

When asked if U.S. agencies and/or regulators (Treasury, FinCEN, the OCC, or the FDIC) have provided their institution with clear guidance or outreach on engaging with non-profit clients on terrorist financing issues under a RBA, 73% of respondents reported that U.S. agencies and/or regulators rarely provided this (little or no outreach); while 18% reported this being provided occasionally (some guidance but not sustained); and 9% reported that they were unsure. 0% of respondents reported that U.S. agencies and/or regulators provided regular and constructive engagement.

When asked how to describe current supervisory expectations and guidance regarding NPO accounts and AML/CFT compliance, 64% of respondents characterized current guidance and expectations as excessive (treating most NPOs as inherently high risk); 18% characterized expectations and guidance as generally appropriate but occasionally burdensome; and 9% characterized guidance and expectations as proportionate (focused on higher risk activities only). 9% of respondents said that they were unsure.

When asked if they believed that information sharing has improved between NPOs, regulators, financial institutions, and donors over the past nine years, 55% of respondents reported somewhat or partial improvement; 36% stated that they were unsure if information sharing had improved; and 9% said they did not believe information sharing has improved (still fragmented or unclear). 0% of respondents reported improved transparency and communication. When asked to elaborate, one respondent stated that information sharing had significantly improved between NPOs and the private sector.

When asked what steps from U.S. agencies and regulators would help reduce de-risking and ending grant agreements and funding relationships with NPOs while maintaining compliance integrity, respondents suggested a range of possible solutions, including issuance of more clear, user friendly-guidance from OFAC; a focus on transactions and suspicious activity inherent within these transactions as opposed to the NPO sector at large; and continued communication on how to engage in successful due diligence. One respondent stated that NPO and financial institutions should have more agency in managing risk appropriately, with less need to defer to

the opinions and preferences of regulators and bank examiners that are not linked to facts. A respondent noted that training, support, education, and technical assistance would be valuable, while another expressed value in education to the philanthropic sector writ large. Another respondent highlighted that a better requirement and information sharing structure would be a good step, with another underscoring transparency around the need for new requirements. A respondent described that steps could entail a focus on genuine compliance to end money laundering and funding for terrorism, in addition to ending criminalization of dissent and weaponization of regulatory bodies. Some respondents expressed pessimism at the prospects of significant change: one expressed doubt that action from individual agencies or regulators would be sufficient, noting that the initiative and incentive needs to come from the highest level government officials to compel financial institutions to invest in enhanced due diligence capacity. Another respondent expressed pessimism at the possibility of fruitful engagement in the current political climate.

## V. Summary of Current Landscape

Given the changes in policy outlined above, as well as the experiences of NPOs, financial institutions, and grant making organizations, the current landscape for U.S. NPOs with regards to AML/CFT regulations is one of considerable concern and uncertainty. The U.S. NPO sector presents very little risk for terrorist financing, and NPOs have substantial expertise in operating in high-risk jurisdictions, in addition to implementing stringent self-regulatory controls, such as due diligence, risk mitigation, and compliance measures.<sup>148</sup>

The increasing convergence of counter-terrorism measures with regards to countering drug trafficking via the proliferation of FTO designations toward transnational criminal organizations operating throughout Latin America has significantly increased the risk profile for a range of NPOs, including those providing humanitarian support services for migrant and immigrant communities, without accompanying legal protections or clarifying guidance for NPOs and financial institutions. Due to these designations, U.S.-based NPOs working transnationally are at increased risk of being accused of terrorism financing for even unintentional — or in cases where FTO-designated entities are embedded in every part of the country, such as the Cartels throughout Mexico — unavoidable engagement with a designated entity.

Drastic changes in the structure and priorities of key federal agencies have also undermined opportunities for cooperation and effective information sharing between government, NPOs, and the financial sector, with consequences for international coordination and cross-border activities and transactions. Escalating Executive actions and political rhetoric portraying large swaths of the U.S. NPO sector as potential agents of domestic terrorism further contributes to an

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<sup>148</sup> Shukri Muhomed, Jerome Puri, Helen Stickler and Divya Sugand, “NGOs’ Due Diligence and Risk Mitigation: A Holistic Approach,” The London School of Economics and Political Science and Charity & Security Network, March 2021, <https://charityandsecurity.org/wp-content/uploads/2021/04/NGOs-Due-Diligence-and-Risk-Mitigation.pdf>.

environment of fear and uncertainty and reduces opportunities for constructive cross-sectoral dialogue. Legislation is being re-introduced in both U.S. chambers of Congress to strip NPOs of their tax-exempt status, while ICC-related sanctions are being wielded as a tool of repression and a scorning of international law. At the same time, while much progress due to policy change has advanced, NPOs with long histories of programmatic presence in high-risk jurisdictions still continue to face substantial challenges, with NPO ability to navigate a complex and rapidly changing regulatory environment increasingly dependent on personal relationships and political access.

Recent changes in the U.S' AML/CFT regulatory framework and stated priorities are not reflective of priority areas identified by FATF during the last U.S. FATF Mutual Evaluation. In 2016, FATF identified the need to address critical gaps in “risk mitigation through the regulatory framework”, due to minimal coverage of certain institutions, businesses, and specific parts of sectors; minimal measures currently imposed on designated non-financial professions and businesses other than dealers in precious stones and metals, and casinos; and “lack of timely access to adequate, accurate and current beneficial ownership information.”<sup>149</sup>

In 2016, FATF assessed the U.S. to be compliant with R.8 and did not register any concerns regarding particular AML/CFT risks for any portion of the U.S. NPO sector. However, FATF did note that the U.S. has not engaged in a “comprehensive review of the adequacy of laws and regulations relating to NPOs since 2003,” and to our knowledge and research, as of December 2025, this still has not occurred. If conducted, a comprehensive review should assess where U.S. laws and regulations relating to NPOs are upholding R.8 by implementing the RBA, ensuring these measures are proportionate, flexible, risk-based, and focused, and do not unduly restrict or disrupt legitimate NPO operations and activities, or create disproportionate obligations on the sector.<sup>150</sup>

The U.S. government’s increase in targeting of the NPO sector appears to be politically motivated and is non-risk based. Recent measures to divert significant law enforcement resources into investigations of the NPO sector are all the more concerning in light of significant back sliding on priority areas identified by FATF assessors during the U.S.’ 2016 Mutual Evaluation, particularly beneficial ownership transparency.

Taken together, recent policy developments indicate that despite some significant progress since 2016, the current U.S. AML/CFT regulatory landscape in the U.S. does not reflect the RBA, and raises serious concerns that regulatory capacity to prevent and deter legitimate money laundering

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<sup>149</sup> The Financial Action Task Force, “Anti-Money Laundering and Counter-Terrorist Financing Measures: United States Mutual Evaluation Report,” December 2016, <https://www.fatf-gafi.org/content/dam/fatf-gafi/mer/MER-United-States-2016.pdf.coredownload.inline.pdf>.

<sup>150</sup> The Financial Action Task Force, “Protecting non-profits from abuse for terrorist financing through the risk-based implementation of revised FATF recommendation 8,” November 2023, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/protecting-non-profits-abuse-implementation-R8.html>.

and terrorist financing activity will instead be weaponized to silence political opponents and NPO actors either critical of the Trump administration's policies or engaged in legitimate activity it opposes.

## VI. Comparison with FATF Standards<sup>151</sup>

Based on the findings outlined above, we find that the U.S. both does not adopt a RBA with regards to NPO activities and that U.S. AML/CFT regulations disrupt and discourage legitimate NPO activity, bringing the U.S. AML/CFT regulatory framework out of step with FATF R.8. **Given the rise of targeting of NPO actors on counter-terrorism grounds, the groundwork and precedent laid for new CFT measures to be used to suppress NPOs and restrict open civic space, and related diversion of resources away from points of vulnerability in the U.S. AML/CFT architecture and toward seemingly politically motivated targeting of NPO actors, we recommend FATF consider assessing the U.S. as partially compliant with R.8.** Further, we find that current approaches undermine the U.S. government's ability towards technical compliance and effectiveness in executing FATF R.8 and immediate outcomes (IOs), particularly as it relates to IO.1, Assessment of risk, coordination and policy setting; IO.2, international cooperation; and IO.10, terrorist financing preventive measures and financial sanctions.

In line with FATF standards, we recommend that:

- The U.S. increases coordination among relevant entities with regards to NPO engagement and partnership in furtherance of the RBA.
- The U.S. takes steps to more regularly evaluate AML/CFT measures with regards to impact on legitimate NPO activity and to make necessary improvements based on findings.
- The U.S. expands and reinvests in opportunities for public-private partnerships, including cross-sectoral dialogues between financial institutions, NPOs, and government.
- The U.S. develops increased coherency and consistent direction on supervisory guidance and application from bank regulators and examiners.
- The U.S. addresses the contradiction between the strict liability for violations in the current AML/CFT regime and the need for a proportionate, RBA, as required by FATF.
- The U.S. reverses course on closing civic space and politically motivated actions against NPOs, enabling it to better align with and uphold FATF R.8 in regards to not unduly disrupting or impeding legitimate NPO activity.

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<sup>151</sup> The Financial Action Task Force, "Methodology for Assessing Technical Compliance With the FATF Recommendations and the Effectiveness of AML/CFT/CPF Systems," December 2025, <https://www.fatf-gafi.org/content/dam/fatf-gafi/methodology/FATF-Assessment-Methodology-2022.pdf.coredownload.inline.pdf>.

We urge FATF assessors to request meetings with as broad a range of U.S.-based NPOs as possible, including NPOs who appear on current or future state or federal lists of “terrorism supporters” or “domestic terrorists”, and NPOs who are most under attack by the U.S. administration, including those working on gender, immigration, Palestinian rights, and those that are Muslim-led and/or support Muslim communities. C&SN is ready to support in facilitating this engagement. We believe meeting with a diverse array of NPOs is critical in understanding the impacts of U.S. AML/CFT regulations on the sector, in line with FATF R.8.

## VII. Conclusion

The U.S. risks reversing significant progress on bringing the U.S. financial system and regulatory bodies into full compliance with FATF standards and recommendations. Heightened Executive actions and political rhetoric portraying large sections of the NPO sector as agents of terrorism and resulting directives for law enforcement entities to dedicate significant resources toward investigating and criminally charging NPOs on CFT and counter-terrorism grounds risks rupturing productive points of coordination between the government, private sector, and NPOs on shared goals of preventing acts of money laundering and terrorist financing, holding criminal actors to account, and identifying and mitigating points of vulnerability. We urge FATF assessors to request consultative meetings with as broad a range of actors as possible during the course of their upcoming in-country visit to the U.S. in March 2026, including with NPOs operating at the local, state, and federal levels.