

June 18, 2010

Marcus Owens
c/o Caplin & Drysdale Attorneys
One Thomas Circle, NW Suite 1100
Washington, DC 20005

Re: Modifications to Treasury's *Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities* ("Guidelines")

Dear ~~Mr. Owens~~, *Marcus*,

I am responding to your letter of April 15, 2010 to David Cohen, Treasury Assistant Secretary for Terrorist Financing, regarding revisions to Treasury's Guidelines.

First, I would like to thank you for your support over the years in assisting our office engage the charitable sector in the development of best practices to protect against terrorist abuse. I am also grateful for your thoughtful suggestions as to how we can further improve our existing set of guidance materials.

As we discussed recently, the Department of the Treasury is undertaking a number of steps to enhance the effectiveness and utility of our outreach materials as well as our engagement with the charitable sector. Many of these steps build upon the ideas that we have discussed and the suggestions that you provided in your letter to Assistant Secretary Cohen, including the development of the following additional guidance documents:

- A factsheet responding to frequently asked questions by the charitable sector and donors, which was published on June 4, 2010 (<http://www.treasury.gov/offices/enforcement/key-issues/protecting/docs/Treasury%20Charity%20FAQs%206-4-2010%20FINAL.pdf>);
- A summary of U.S. laws and regulations pertaining to OFAC counter-terrorism sanctions programs, IRS tax exempt status eligibility, and terrorism laws that impact charities;
- An explanation of sanctions laws and regulations, including the importance and objectives of sanctions, the designation process, and the variety of due process protections provided in our domestic sanctions regime;
- Updates to the Annex of the Guidelines to help clarify the current risk and type of exploitation of charities by specific terrorist organizations in certain high risk regions; and
- A reference list to existing non-profit good governance best practices.


Treasury is committed to continuing to update, amend and improve the Guidelines to make them more useful to the charitable sector. We do not believe, however, that revoking the Guidelines would be beneficial because it would send the wrong message in face of the fact that charities continue to be abused and exploited by terrorist organizations, particularly those charities operating in high risk regions around the world. The Guidelines serve as a key tool for assisting charities in responding to the real and ongoing threat of terrorist abuse of the sector.

Treasury will be looking to the input and suggestions of the charitable sector once again to help us in the development of the next iteration of the Guidelines. In the interest of continuing to improve the utility of our guidance, we aim to modify the current version of the Guidelines to focus on geographic regions at high risk of terrorist abuse (such as Afghanistan, Pakistan, Lebanon, Somalia, West Bank and Gaza) where such guidance is critical. We believe it would be extremely useful to work towards the development of best practices to assist and encourage U.S.-based charities to engage safely and effectively in these regions. We also believe that by further focusing the Guidelines on high risk areas, we can address many of the concerns that you and others have raised about unintended collateral effects of the current Guidelines.

We look forward to continuing to work with you and the broader charitable sector to develop additional products and information that can help charities address the threat of terrorist exploitation while promoting their charitable mission. We understand and appreciate your interest in this issue and will consider how we might use parts of the suggested language in the proposal you provided us towards the next version of the Guidelines.

Sincerely,

Marcus,



Chip Poncy

Thanks for all of your advice and assistance on these issues over the years. We will be taking on board many of your suggestions moving forward.

*Best,
Chip*