

Attachment I

Information Regarding Compliance With U.S. Anti-Terrorism Financing Rules

Under applicable law, the Foundation and other charitable organizations in the United States face serious penalties and potential criminal liability if grant funds are used (i) to assist in, sponsor, or provide support for acts of terrorism or (ii) to support persons or organizations that have been identified as terrorists or terrorist groups. See USA Patriot Act of 2001 and U.S. Executive Order 13224 (Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism). (See Note * below)

The Foundation has established procedures to ensure compliance with applicable law, avoid mistakes based on inaccurate information, and help grantees understand their responsibilities.

Like many private foundations, the Foundation checks the names of potential grantees against lists published by the United States' government, the European Union, and the United Nations, in the Foundation's case using a software system developed by Bridger Systems. The Foundation may also check the names of the principal officers and directors of potential grantees, and depending on the circumstances, others who may receive funds from, or are integral to, the grant.

The United States has not established a single list for a charitable organization to check and, with the exception of the Voluntary Guidelines (described in Note *), has not provided substantial guidance to charitable organizations. The establishment, maintenance, and accuracy of the lists differ. The Foundation believes the following lists represent a good cross-section of the available lists:

- [Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control](#)
- [United Nations Consolidated List](#)
- [European Union Terrorism List](#)

An organization may wish to consult with legal counsel to determine what steps it should take to comply with applicable law.

Because of the manner in which the lists are created and maintained and the similarity in surnames or portions thereof, the Foundation recognizes there can be mistakes on the list or the list checking can create "false positives" (i.e., names of grantees that appear to match in whole or in part with names on a list, but that after inquiry prove not to be the same person or organization). The Foundation is committed to working with its grantees to address any issues that may arise during this process.

In the unlikely event that questions arise from the Foundation's due diligence in this area, the Foundation will seek to ensure that the information is accurate before taking further actions. If a grantee believes a mistake has been made with respect to any list, it should notify the Foundation. In the event of a mistake, the Foundation may provide assistance to the grantee seeking to rectify the mistake.

Throughout its process, the Foundation will be guided by the following considerations:

- The Foundation respects the government's need to take appropriate steps to prevent the financing of terrorism and is committed to doing its part to ensure that its funds do not fund terrorists or their organizations.
- Checking the lists and any subsequent work associated with the result of such list checking, is only one part of the Foundation's overall due diligence process that is designed to ensure the Foundation knows its grantees and that its funds will be used for their intended charitable purpose. The Foundation relies on the good judgment of its program staff and the cooperation of its grantees throughout the due diligence process.
- The Foundation believes its grantees perform vital and important work all over the globe to improve the human condition that is unrelated to the actions, methods, or purposes advocated by terrorist organizations. In undertaking due diligence, the Foundation will remain sensitive to the burdens and costs placed on its grantees in responding to various requests and to the impact on their work.

The Foundation asks for your cooperation, understanding, and assistance in accomplishing our mutual goals. From time to time, the Foundation will need additional information about organizations or individuals who will receive (or have received) grant funds from your organization. Your cooperation in providing such information will expedite the Foundation's work and enable the Foundation to make informed and prudent decisions regarding the grant and the reports required under the grant.

If you have any questions about the Foundation's process or your responsibilities under the terms of the Grant Agreement, please contact the Foundation's Executive Director:

Timothy J. Roe, MD, MBA
 PO Box 240577
 Honolulu, HI 96824-0577
 troe@chenghealth.org

Note *

For more information on the scope of the issues facing charities under these laws, see *Handbook on Counter-Terrorism Measures: What U.S. Nonprofits and Grantmakers Need to Know* (a joint publication of Independent Sector, Council on Foundations, Interaction, and the Day, Berry & Howard Foundation). This Handbook is available on the website for the United States International Giving project of the Council on Foundations (www.usig.org), together with other useful information on this subject.

The United States Department of the Treasury has also published the U.S. Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S. Based Charities. The Voluntary Guidelines are also available at www.usig.org and the website of the Department of the Treasury (www.ustreas.gov). These Guidelines do not have the force of law, but do reflect the views of the U.S. Department of the Treasury regarding best practices with respect to these issues. Among other steps suggested, the Voluntary Guidelines suggest that all U.S.-based charities be able to demonstrate that their grantees do not appear on any list of the U.S. government, the United Nations, or the European Union identifying the grantee as having links to terrorism or money-laundering.