

## **Tamil Rehabilitation Organisation - Suspension of banking Transactions**

On 10<sup>th</sup> January 2000, Sri Lanka became a signatory to the International Convention for the Suppression of Terrorist Financing adopted by the United Nations General Assembly on 10/01/2000 and ratified the same on 08/09/2000. Thereafter, the Convention on the Suppression of Terrorist Financing Act No.25 of 2005 was enacted to give effect to Sri Lanka's obligations under this Convention. Under the Act, the provision or collection of funds for use in terrorist activity, with the knowledge or belief that such funds could be used for financing a terrorist activity, is an offence. The definition of terrorist financing adopted is the definition contained in the UN International Convention for the Suppression of Terrorist Financing. The Act also provides that a person guilty of an offence under Sub-Section (1) or Sub-Section (2) of Section 3 shall, on conviction after trial on indictment by the High Court, be punished with imprisonment for a term not less than 15 years and not exceeding 20 years, and also be liable to a fine.

During the recent past, the attention of the Central Bank of Sri Lanka has been drawn to the arrests of persons connected to the Tamil Rehabilitation Organisation (TRO) who are alleged to be involved in terrorist financing, in various parts of the world. These matters have been extensively reported in the international press as well. The Ministry of Foreign Affairs has also been informed by several international authorities that investigations in this regard are proceeding and that the offices of the TRO in certain foreign locations have been raided by the respective law enforcement agencies in these countries.

The TRO in Sri Lanka has received large sums of money from its branches in several foreign locations through the banking system in Sri Lanka and continues to receive such funds, purporting to be for humanitarian projects. Since there is now grave doubt as to the purposes of these funds and there is a likelihood that these funds may be used for terrorist financing, investigations are currently in progress in this regard.

Pending the conclusion of the investigations by the relevant authorities, the Central Bank of Sri Lanka has suspended all transactions on the TRO accounts out of the funds lying to the credit of such accounts, in terms of the provisions of the Financial Transactions Reporting Act and the Convention on the Suppression of Terrorist Financing Act.