

November 6, 2006

The Honorable Henry Paulson
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Secretary:

The undersigned charitable organizations, advisors and legal experts are writing to urge the Department of Treasury to release frozen funds of charitable organizations designated as supporters of terrorism to trustworthy aid agencies that can ensure the funds are used for their intended charitable purposes such as providing humanitarian aid and protecting human rights throughout the world. This release of funds should occur as quickly as possible, with the consent of the governing bodies of these charities, and be fully disclosed to the public.

Our request takes no position on whether these designations were appropriate. Instead, our concern is with ensuring that charitable funds are put to good use. It is critical to act swiftly. With the close of Ramadan, many Muslim donors will have donated to faith-based Muslim charities, and wish to ensure their contributions are not seized and held indefinitely, rather than reaching those in need.

Since 9/11 the Treasury Department has frozen more than \$13.7 million from over 40 charities designated as supporters of terrorism. Five of these are U.S.-based organizations with substantial combined assets. Most of these funds come from relatively small donors who intended to provide food, medical care, shelter, education and other basic needs to refugees, people displaced by war or famine and others in need. Many of these donors are Muslims whose giving fulfills a religious obligation.

The need for humanitarian assistance is not frozen and has continued to grow since 2001. Meanwhile the frozen funds sit in bank accounts helping no one while critical needs go unmet.

We believe the Treasury Department has the legal authority and ability to do something about this situation. (See 31 CFR 501 and 597.) Where the governing boards of designated organizations have already requested release of funds for charitable use there is no reason for delay. For other designated organizations, we ask the Treasury Department to contact their governing bodies to request authority to release funds for charitable use (the funds should only be released with their consent). Where the governing board is no longer active, we ask that a process be developed to identify the legal owner of the funds and ultimately allow these funds to fulfill their charitable purposes.

Given the length of time these funds have remained frozen, we believe it is time for the Treasury Department to update its policy regarding holding them. In the past few years the Department has rejected two requests from closed U.S.-based charities to release funds for their intended purposes. In 2002, Benevolence International Foundation (BIF) applied for a license to release funds raised from charitable contributions to a children's hospital in Tajikistan and the Charity Women's Hospital in Dagestan. The application included safeguards to ensure the money arrived at the proper destination, but the Treasury Department denied the request. Similarly, in April 2004 the Holy Land Foundation asked for permission to transfer \$50,000 to the Palestine Children's Relief Fund. That was also denied.

In addition, KindHearts for Charitable Humanitarian Development, which was shut down in February, has called on the Treasury Department to release its funds "to be spent under the auspices and administration of the USAID Program (of which KindHearts is a member) or any other NGO (United Nations, Red Crescent, etc.) on KindHearts programs, or any other humanitarian program that it deems justified." They only ask that "special consideration be given to the refugees in the earthquake ravaged areas of Pakistan since the overwhelming majority of frozen funds were earmarked for projects therein."

We support the idea behind the request from BIF and KindHearts for Charitable Humanitarian Development. The Treasury Department has acknowledged the importance of charitable work in its introduction to guidelines for charitable organizations, noting that, "Charities provide essential services, comfort, and hope to those in need around the world." We call on the Treasury Department to demonstrate its good faith in its dealing with charities and the people we serve by moving promptly to ensure that charitable funds reach their intended beneficiaries.

We request a meeting to discuss this proposal and provide further information demonstrating the dire need for charitable funds to be spent for charitable purposes.

Our contact person is:

Kay Guinane, OMB Watch 202/234-8494
1742 Connecticut Ave NW
Washington, D.C. 20009

Yours truly,

Betsy Buchalter Adler, *Silk, Adler & Colvin
Barnett Baron, *Asia Foundation
Center for Global Justice and Reconciliation, Rev. Canon John L. Peterson, Director
Council on Foundations, Janne Gallagher, General Counsel
The Friends of Charities Association (FOCA), Wendell Belew
Fund for Nonviolence, Monica Larenas, Board Member and Program Officer
General Service Foundation, Lani Shaw, Executive Director
Global Fund for Women, Dale Needles, Vice President of Finance & Administration
Grantmakers Without Borders, John Harvey, Executive Director

Grassroots International, Daniel Moss, Director of Development
Iara Lee & George Gund Foundation
Independent Sector
KinderUSA, Laila Al-Marayati, M.D.
Life for Relief and Development, Dr. Khalil Jassem, CEO
Moriah Fund, Mary Ann Stein, President
Muslim Advocates, Farhana Khera, Executive Director
Muslim American Society Freedom Foundation, Mahdi Bray, Executive Director
Muslim Public Affairs Council, Salam Al-Marayati, Executive Director
OMB Watch, Gary Bass, Executive Director
San Francisco Court Appointed Special Advocate Program, Michael Scott Associate
Director of Development
Third Sector New England, Jonathan Spack, Executive Director
Urgent Action Fund for Women's Human Rights, Julie Shaw, Executive Director/CEO

*For Identification Purposes Only