

E.R.

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*I support the conclusions
of this paper. Fin Finwell 19/5*

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|------------------------------|-------------------------------|---|
| 1. Mr Blackwell | cc: PS/Secretary of State (L) | M |
| 2. PS/Secretary of State (B) | PS/Mr Scott (L&B) | M |
| | PS/PUS (L&B) | M |
| | PS/Mr Bloomfield | |
| | Mr Brennan | M |
| | Mr A W Stephens o/r | |
| | Mr Ferneyhough | |
| | Mr Innes | |
| | Mr Spence | |
| | Mr Bell | M |
| | Mr G Hewitt | |
| | Mr McVeigh | |
| | Mr Cathcart, DFP | |
| | Mr Ehrman | M |

REGISTRATION OF CHARITIES: PARAMILITARY FUNDS

1. In his minute of 27 March Mr Daniell sought a report on SACC Cushley's suggestion that stricter controls on the registration of charities might assist in inhibiting the flow of funds to paramilitary groups.

The Problem

2. Mr Cushley's suggestion stems from concern that paramilitary groups are raising funds under the guise of collections for charity. Such 'charitable collections' may be made openly, eg in house-to-house collections, or in a rather more clandestine way to give a figleaf of respectability to what might be no more than a thinly-veiled extortion demand against a particular business.

3. Loyalist and Republican organisations mount house-to-house and 'chapel-gate' collections, allegedly for the benefit of prisoners or their dependents. It is reported that Bangor UVF alone can raise £16,000 pa in collections "for prisoners". The more extreme marching bands on both sides of the community - but particularly on the Loyalist side - often derive funds for their uniforms, instruments, transport etc by marching around local housing estates with collecting tins.

4. The more extreme forms of 'charitable' fund-raising are mainly practised by Loyalist paramilitaries. Much of the money

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sticks to the extortioners' fingers; some may go to help prisoners or their dependents; but a proportion undoubtedly helps to fund paramilitary activity.

Registration

5. As SACC Superintending the RUC Crime Branch, whose 'rackets' squad is currently investigating paramilitary extortion, Mr Cushley is aware of these sources of paramilitary funds and believes that the registration of charities would achieve a number of things:

- (a) it would be associated with the introduction of tougher guidelines on what constituted a charity;
- (b) it would make it easier for the police to prevent or inhibit the collection of funds by bodies or organisations which were not charities;
- (c) it would require organisations with charitable status to reveal details of their income and expenditure, making it possible to demonstrate the use to which funds were being put; and
- (d) it might marginally stiffen the resistance of those who were being asked by extortioners to 'donate' to a 'charitable cause'.

6. In fact it is unlikely that the establishment of a register of charities would achieve these goals. The ground was gone over recently in the context of formulating a response to the Assembly report on charity law which inter alia recommended the setting up of a Register. (This is described in more detail below). However there are steps which could be taken to reduce the ability of paramilitaries to raise funds under the guise of charitable collections. These are also discussed below.

Review of law on charities

7. In October 1984 the Northern Ireland Assembly initiated a review of charity law in Northern Ireland following representations from the Deputy Director of the Northern Ireland Council for Voluntary Action, who wrote enclosing

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proposals for the modernisation of the law in this area. The Assembly took evidence from, amongst others, the DFP and the Royal Ulster Constabulary and their report recommended, inter alia, that a Register of Charities be established. The arguments put forward in support of these recommendations were not based on the need to deal with organisations whose charitable motives were in doubt. The RUC in their written evidence to the Assembly had stated that the present arrangements for scrutinising the activities of charities appeared satisfactory, although they did say that a Register of Charities would be helpful, without giving any explanation why. The DFP had also argued that the existing powers for dealing with any dubious charities were adequate given that they have power to search the records of a charity, with the Attorney General's permission, when they have grounds for believing that something is wrong. If this belief is reinforced by the initial inquiries the RUC would be brought in. In practice this does not compare unfavourably with the position in England and Wales where the Charity Commission itself has powers to see accounts and call witnesses in.

8. In the event the Secretary of State rejected the recommendation in January of this year when he considered the DFP's submission on the Assembly Report, an important consideration being that a Register would present few practical benefits while requiring around 21 staff to maintain at a cost of some £322,000 per annum.

Law on charitable collections

9. The law on charitable collections is governed by the Police, Factories etc (Miscellaneous Provisions) Act 1916 in respect of street collections and the House to House Charitable Collections Act (NI) 1952 in respect of house to house collections. Regulations made by the Inspector General of the RUC in 1927 in respect of the former provides that collections for any "charitable or other" purpose may not be made in a street or public place without a permit obtained from the

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police. The RUC have an unfettered discretion to grant or withhold a permit and there is no right of appeal against a decision by the RUC to refuse a permit and no obligation on the Force to give any reasons for a refusal.

10. The House to House Collections Act (and consequent regulations made by the then Ministry of Home Affairs in 1952) allows for house to house collections for charitable purposes only, and then again a licence must be obtained from the RUC. However "charitable purposes" is not defined and the police only have certain grounds on which to refuse a licence the most pertinent of which (in the current context) is if the holder of the licence has been convicted of offences that involved a finding that he acted fraudulently or dishonestly, or of certain other specified offences. The net result is that the RUC feels it has little discretion to refuse licences for house-to-house collections.

11. There has already been correspondence with the RUC about reviewing both pieces of legislation which are now outdated, and in particular the law on street collections in order to provide a right of appeal (such as exists in respect of the House-to-House Collections Act). This review will now be taken forward; it might consider the need for a definition of "charitable purposes", whether the grounds for refusing a licence should be widened, and whether some requirement could be introduced to require charities to reveal their accounts, or at least to show how the proceeds of the collection have been used.

Extortion

12. Extortion is already a criminal offence. The main problem lies in finding victims who are willing to identify themselves and give evidence in court. The case against three notorious Loyalist extortioners collapsed last year when the witnesses refused to reveal their faces, names or addresses to the court or to give any information which might indicate their identity.

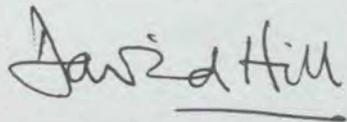
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13. The RUC rackets squad is currently seeking ways of attacking this problem and has been assembling considerable quantities of relevant background information. Their work may lead to the identification of legal measures which could be taken to inhibit extortion masquerading as charitable collections.

Conclusion

14. If the Secretary of State is content we will
- (a) explain to the RUC the reasoning behind the decision not to set up a Register of Charities in Northern Ireland;
 - (b) remind them of the existing powers to investigate charities;
 - (c) accelerate the proposed review of the law on street and house-to-house collections; and
 - (d) monitor the Rackets Squad's investigation of extortion rackets.



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19 May 1986