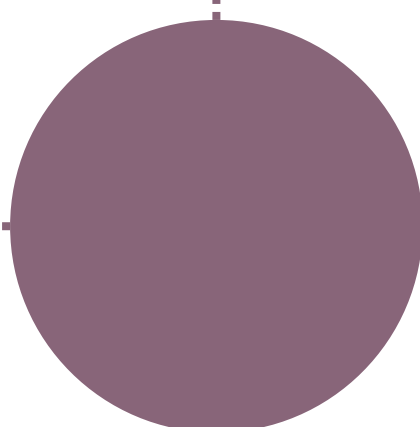
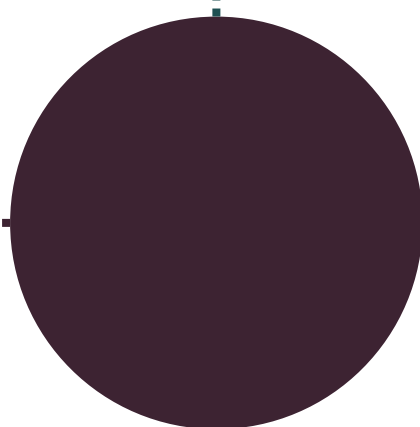
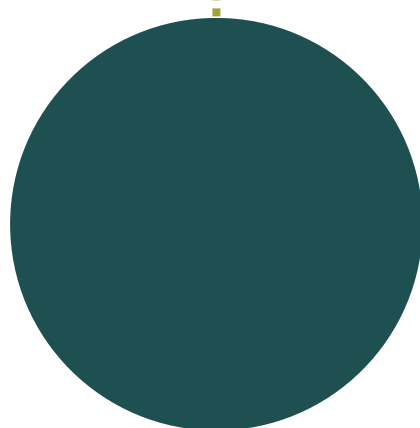
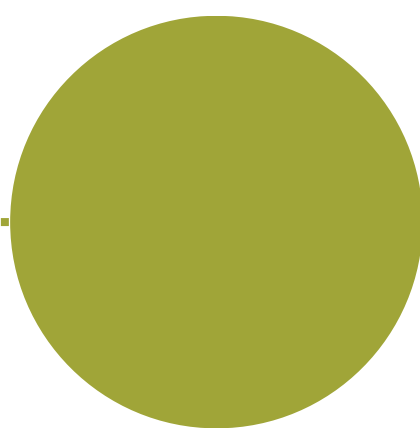


# What is Proliferation Financing?

## 1.

### What is Proliferation Financing?

Proliferation financing refers to the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligation.



## 2.

### PF Can Be...

- **Terrorism financing** - the provision of financial support to terrorist organisations that would want to acquire and/or use weapons of mass destruction;
- **Financing from a state**, or a state-controlled or state-sponsored entity with the aim of providing a state with a WMD, or to enhance, improve or replace an existing one; or
- **Trading of dual-use goods** such as triggered spark gaps and thermostats for non-legitimate purposes.

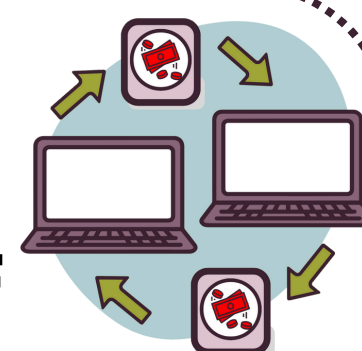
## 3.

### PF Activity

PF activity, in many cases, has the sole aim of generating access to foreign currency and the international financial system. It may look like a legitimate trading transaction. Firms must have a full understanding of a customer's activity and be able to identify something unusual or suspicious.

## 4.

### Complex PF Structures



In complex structures, PF may not necessarily be directly connected to the physical flow of goods.

#### PF can include, although not be limited to, the following:

- Financial transfers
- Provision of loans
- Ship mortgages and registration fees
- Insurance and re-insurance services
- Credit lines for shipment of illicit sensitive goods
- Trust and corporate services
- Acting as an agent for, to, or on behalf of someone else
- Facilitation of any of the aforementioned activities

## 5.

### More Information

- [IoM AML/CFT Overview page](#)
- [IoM Financial Crime Strategy 2024 - 2026](#)
- [IoM NRA of ML and FT 2020](#)
- [IoM Financial Sanctions Relating To Terrorism Guidance](#)

# The Stages of Proliferation Financing

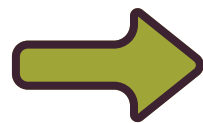
The model below illustrates the stages that may form part of the Proliferation Financing process. PF can be hard to spot, and in complex structures, it may not necessarily be directly connected to the physical flow of goods.

## What is Proliferation Financing?

### Raising



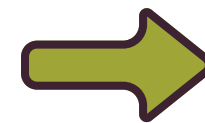
PF may involve funds raised from legitimate sources such as personal donations and profits from businesses and charitable organisations, or from criminal sources such as drug trafficking, fraud, smuggling of weapons and other goods, kidnapping and extortion.



### Obscuring



Funds are obscured in an attempt to avoid law enforcement. This can be done through surfing / multiple transactions, using corporate structures and moving funds on/off the Island to make funds harder to trace.



### Using



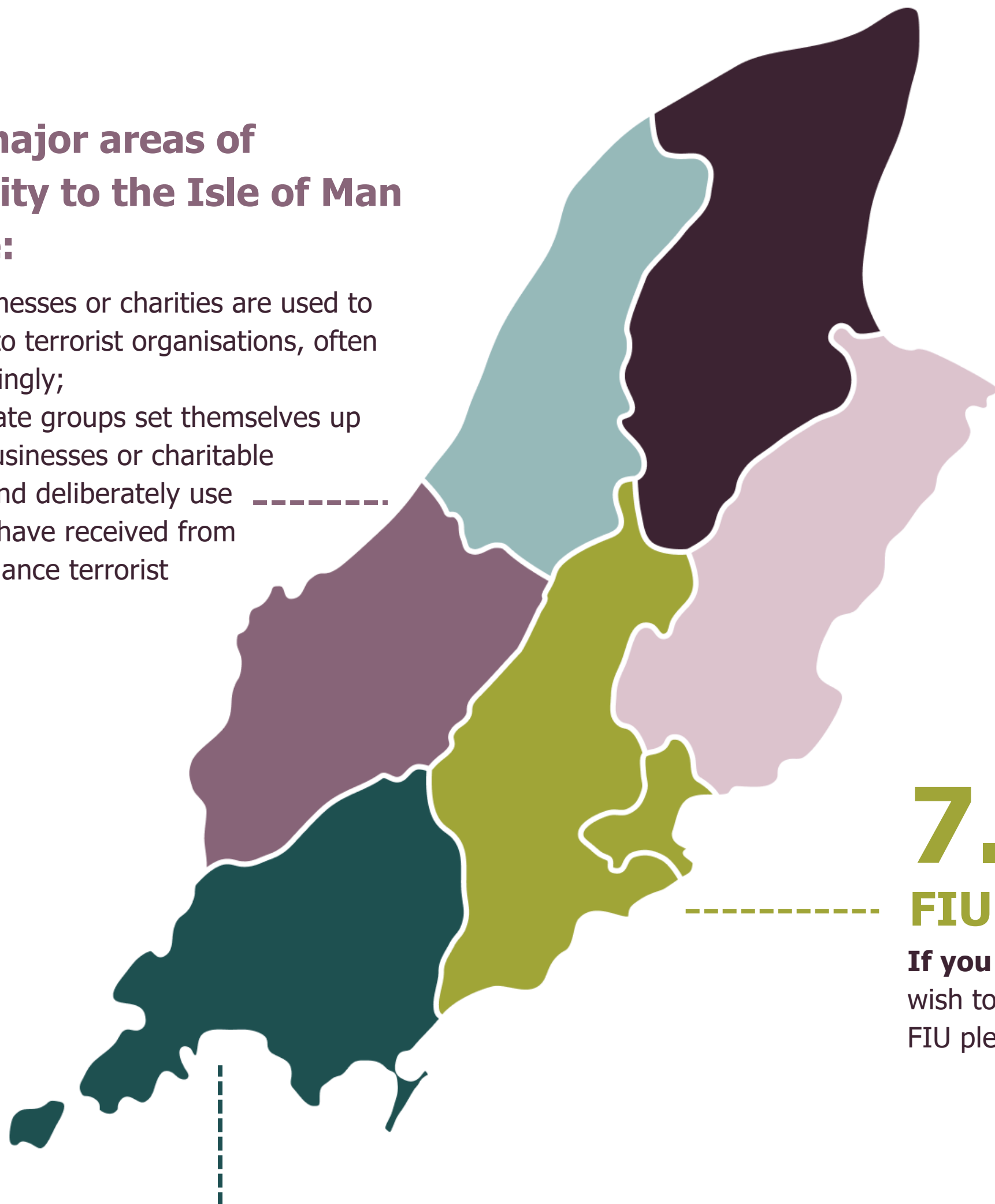
Funds are spent on the purchase and shipping of goods in contravention of national laws.

# Isle of Man Specific Risks

The Isle of Man 2020 National Risk Assessment identifies the main Terrorist Financing risks to the Isle of Man as arising from **“The use of sophisticated and complex international structures to disguise the origin and destination of funds intended to support terrorist activities”**.

## 6. The two major areas of vulnerability to the Isle of Man are where:

Legitimate businesses or charities are used to funnel funds into terrorist organisations, often doing so unwittingly;  
Where illegitimate groups set themselves up as legitimate businesses or charitable organisations and deliberately use the funds they have received from donations to finance terrorist activities.



## 7. FIU Disclosure

If you are an individual and wish to make a disclosure to the FIU please contact 686000.

## 8. Work within the regulated sector?

If you form your suspicion as part of work within the regulated sector, make a report to your Money Laundering Reporting Officer (MLRO) or Deputy Money Laundering Reporting Officer (DMLRO).

