

# HEZBOLLAH FINANCE IN LEBANON: A PRIMARY-SOURCE REVIEW

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## INTRODUCTION

The government of Lebanon seeks an international bailout to save its financial system, which will require an estimated \$93 billion rescue.<sup>1</sup> The amount needed is astronomical. But even if a rescue were feasible, other systemic challenges remain. Lebanon's financial system is rife with illicit finance. It is a conduit for money laundering schemes that fund Hezbollah and its nefarious activities, generating billions of dollars per year for the terrorist group.

Hezbollah's illicit financial activities draw upon formal and informal channels. Identifying those channels is not a simple matter. U.S. intelligence agencies investigating Hezbollah's criminal network do not even have a full picture of its revenue streams. Still, certain basics are known:

Hezbollah generates significant proceeds in cash from criminal activities. The terrorist group relies on complex trade-based money laundering schemes spanning from South America to Africa to the United States. But for Hezbollah to repatriate this money, the funds must transit the formal Lebanese and international financial systems.

The purpose of this research memo is to highlight, drawing from open sources, how the Lebanese and international financial systems have become conduits for Hezbollah's illicit financial activities. This memo identifies cases that illustrate how Lebanon's Hezbollah laundromat works, with the Lebanese banking sector and political elite at its center.

## HEZBOLLAH'S NODES IN LEBANON'S FINANCIAL SYSTEM

In recent years, the U.S. Department of the Treasury has sanctioned numerous Lebanese financial institutions linked to Hezbollah. These include:

1. **Jammal Trust Bank and its subsidiaries, Trust Insurance S.A.L., Trust Insurance Services S.A.L., and Trust Life Insurance Company S.A.L.** (designated under Executive Order 13224 on August 29, 2019);<sup>2</sup>

1. James Rickards, "Crisis in Lebanon: Anatomy of a Financial Collapse," *Foundation for Defense of Democracies*, August 4, 2020. (<https://www.fdd.org/analysis/2020/08/04/crisis-in-lebanon/>)

2. U.S. Department of the Treasury, Press Release "Treasury Labels Bank Providing Financial Services to Hizballah as Specially Designated Global Terrorist," August 29, 2019. (<https://home.treasury.gov/news/press-releases/sm760>)

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2. **Chams Exchange Company SAL and its owner, Kassem Chams** (designated under Executive Order 13224 on April 11, 2019);<sup>3</sup>
3. **Kassem Rmeiti & Co. For Exchange** (designated as a foreign financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act on April 23, 2013);<sup>4</sup>
4. **Halawi Exchange Co.** (designated as a foreign financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act on April 23, 2013);<sup>5</sup>
5. **Hassan Ayash Exchange** (designated under Executive Order 13224 on January 26, 2011);<sup>6</sup>
6. **Ellissa Exchange Company** (designated under Executive Order 13224 on January 26, 2011);<sup>7</sup>
7. **New Line Exchange Trust Co.** (designated under Executive Order 13224 on January 26, 2011);<sup>8</sup>
8. **The Lebanese-Canadian Bank** (designated as a foreign financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act on February 26, 2011).<sup>9</sup>

Relatedly, the U.S. Treasury Department designated Lebanese banker and businessman Kassem Hejeij in 2015. According to Treasury, Hejeij helped open Hezbollah bank accounts and provided credit to Hezbollah procurement companies.<sup>10</sup> Hejeij was chairman of Middle East and Africa Bank (MEAB). After his designation, Hejeij resigned and his son assumed his place.<sup>11</sup> Treasury did not sanction MEAB, presumably to avoid destabilizing Lebanon's banking sector.

In addition, U.S. designations and court cases have implicated a number of individuals in money laundering schemes that allegedly used Lebanese banks as conduits for illicit finance. These include:

- In 2012, Treasury sanctioned Ibrahim Chibli, the Abbassieh branch manager for Lebanon's Fenicia Bank, for providing material support to Abbas Hussein Harb, who laundered money through Fenicia Bank for the Ayman Joumaa money laundering network.<sup>12</sup>

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 3. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Lebanese Money Launderer Kassem Chams Who Moves Money on Behalf of Narcotics Trafficking Organizations and Hizballah," April 11, 2019. (<https://home.treasury.gov/news/press-releases/sm650>)

4. U.S. Department of the Treasury, Press Release, "Treasury Identifies Kassem Rmeiti & Co. for Exchange and Halawi Exchange Co. as Financial Institutions of 'Primary Money Laundering Concern,'" April 23, 2013. (<https://www.treasury.gov/press-center/press-releases/Pages/jl1908.aspx>)

5. Ibid.

6. U.S. Department of the Treasury, Press Release, "Treasury Targets Major Lebanese-Based Drug Trafficking and Money Laundering Network," January 26, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>)

7. Ibid.

8. Ibid.

9. U.S. Department of the Treasury, Press Release, "Treasury Identifies Lebanese Canadian Bank Sal as a 'Primary Money Laundering Concern,'" February 10, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1057.aspx>). In 2011, the Lebanese-Canadian Bank was sold to Société Générale de Banque au Liban (SGBL) and merged with SGBL's Lebanese affiliate. The Lebanese-Canadian Bank is now defunct, and the designation was rescinded in 2015.

10. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," June 10, 2015. (<https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>)

11. Middle East and Africa Bank, Press Release, "MEAB Announces new Board Chairman," June 15, 2015. (<https://www.meabank.com/node/160>)

12. U.S. Department of the Treasury, Press Release, "Treasury Targets Major Money Laundering Network Linked to Drug Trafficker Ayman Joumaa and a Key Hizballah Supporter in South America," June 27, 2012. (<https://www.treasury.gov/press-center/press-releases/pages/tg1624.aspx>)

- In 2015, the U.S. Drug Enforcement Administration (DEA) filed a criminal complaint against French-Lebanese dual national Iman Kobeissi, accusing her of conspiring to launder drug money through Lebanon's BLOM Bank.<sup>13</sup> Kobeissi was subsequently convicted as part of a string of cases nicknamed Project Cassandra.<sup>14</sup>
- In 2018, Treasury designated Mohammad Ibrahim Bazzi for providing material support to Hezbollah's money laundering networks.<sup>15</sup> Bazzi sued the U.S. Treasury Department to overturn his designation. In a 2020 court filing, his lawyer indicated that one of Bazzi's companies held an account at Lebanon's Fransa Bank.<sup>16</sup>

Treasury has also designated other foreign actors for using Lebanon's financial system to skirt U.S. financial sanctions on behalf of other illicit actors:

- On June 21, 2011, Treasury sanctioned the Beirut-based North Africa Commercial Bank, owned by the Libyan Arab Foreign Bank, an entity associated at the time with Libya's Qaddafi regime.<sup>17</sup>
- On August 10, 2011, Treasury sanctioned the Commercial Bank of Syria and its Beirut-based subsidiary, the Syrian Lebanese Commercial Bank (under Executive Order 13572).<sup>18</sup>

The U.S. Treasury Department has also designated dozens of Lebanese companies used by Hezbollah and its supporters to launder money. The role of Lebanon's financial sector in these activities is not always evident. The majority of U.S. sanctions and court records name companies in Lebanon implicated in these schemes but do not identify the financial institutions they use. Nevertheless, the implications are grave for the Lebanese banking sector.

Of course, Hezbollah's illicit financial networks also include institutions outside Lebanon, including in the Gulf, the Far East, Europe, Latin America, and the United States. But even in a scenario wherein the majority of Hezbollah's funds sit in banks overseas, some funds ultimately return to Hezbollah's domestic coffers.

## HEZBOLLAH'S LAUNDROMAT

Hezbollah relies on a global network of couriers, financiers, businesses, and financial institutions to launder money from organized crime and drugs. These activities generate commissions for Hezbollah. In addition, Hezbollah directly engages in criminal activities, such as drug production and trafficking, human trafficking, gun smuggling, illicit wildlife trafficking, illegal logging, and blood diamonds. The repatriation of funds from these activities is complex, but patterns can be discerned from the aforementioned designations and court documents.

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13. Complaint and Affidavit in Support of Arrest Warrant, *United States of America v. Iman Kobeissi*, 1:15-mj-00962-JO (E.D.N.Y. filed October 6, 2015). (<https://ecf.nyed.uscourts.gov/doc1/123111206653>)

14. Complaint and Affidavit in Support of Arrest Warrant, *United States of America v. Iman Kobeissi*, 1:15-mj-00962-JO (E.D.N.Y. filed October 6, 2015). (<https://ecf.nyed.uscourts.gov/doc1/123111206653>). Records of Kobeissi's conviction and sentencing are not publicly available. Records from the Federal Bureau of Prison's inmate locator database show that Kobeissi was released on September 13, 2019. U.S. Federal Bureau of Prisons, "Find an inmate," accessed on September 8, 2020. (<https://www.bop.gov/inmateloc/>)

15. U.S. Department of the Treasury, Press Release, "Treasury Targets Key Hizballah Financing Network and Iranian Conduit," May 17, 2018. (<https://home.treasury.gov/news/press-releases/sm0388>)

16. "Exhibit A," *Bazzi v. United States Department of the Treasury Office of Foreign Assets Control et al.*, 1:19-cv-00484-RDM (D.D.C. filed March 20, 2020). (<https://ecf.dcd.uscourts.gov/doc1/04517730494>)

17. U.S. Department of the Treasury, Press Release, "OFAC Tightens Libya Sanctions," June 21, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1213.aspx>)

18. U.S. Department of the Treasury, Press Release, "Treasury Sanctions State-Owned Syrian Financial Institutions and Syria's Largest Mobile Phone Operator," August 10, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1273.aspx>)

## MONEY-EXCHANGE HOUSES TO BANKS

Lebanese money-exchange houses, or “currency exchanges,” are known to move money in bulk for multiple clients, and their transactions are often nearly impossible to trace. Their accounting relies on the hawala system, which moves money via an informal compensation mechanism between currency-exchange nodes. Multiple court cases and Treasury designations point to currency exchanges as key players in Hezbollah’s illicit financial networks.

### EXAMPLE 1:

In April 2019, the U.S. Treasury Department sanctioned Lebanese national Kassem Mohamed Chams and his company, Chams Exchange Company SAL (a.k.a. Ali Mohamed Chams and Partner). According to Treasury, “Kassem Chams and his international money laundering network move tens of millions of dollars a month in illicit narcotics proceeds on behalf of drug kingpins and facilitate money movements for Hizballah.” According to Treasury, the money flowed from Australia, Europe, and Latin America – including Brazil, Colombia, and Venezuela – on behalf of a U.S.-designated Colombian cartel as well as the drug-money laundering network linked to Ayman Joumaa.<sup>19</sup> U.S. authorities indicted Ayman Joumaa in 2011.<sup>20</sup> The U.S. Treasury Department sanctioned him the same year for coordinating “the transportation, distribution, and sale of multi-ton shipments of cocaine from South America and has laundered the proceeds from the sale of cocaine in Europe and the Middle East, according to investigations led by the DEA. Operating in Lebanon, West Africa, Panama and Colombia, Joumaa and his organization launder proceeds from their illicit activities – as much as \$200 million per month – through various channels, including bulk cash smuggling operations and Lebanese exchange houses.”<sup>21</sup>

French Court records identify Chams Exchange as a key partner of Hezbollah’s Europe-based network and one of the largest “compensation chambers” for money laundering operations around the world.<sup>22</sup>

### EXAMPLE 2:

Court records from Nader Farhat’s pending cases in Miami and New York,<sup>23</sup> alongside evidence seized by Paraguayan authorities (not yet publicly available) and provided to the Foundation for Defense of Democracies

19. U.S. Department of the Treasury, Press Release, “Treasury Sanctions Lebanese Money Launderer Kassem Chams Who Moves Money on Behalf of Narcotics Trafficking Organizations and Hizballah,” April 11, 2019. (<https://home.treasury.gov/news/press-releases/sm650>)

20. Indictment, *United States of America v. Ayman Joumaa*, 1:11 CR-560 (E.D. Va. filed November 23, 2011). (<https://www.documentcloud.org/documents/4325659-Joumaa-Indictment.html>)

21. U.S. Department of the Treasury, Press Release, “Treasury Sanctions Lebanese Money Launderer Kassem Chams Who Moves Money on Behalf of Narcotics Trafficking Organizations and Hizballah,” April 11, 2019. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>)

22. *Procureur de la Republique v. Oussamah Fahs et al.*, 15037000675 (C.A. Paris November 28, 2018). Document provided to FDD by a confidential source via WhatsApp on March 15, 2020.

23. Superseding Indictment, *United States of America v. Nader Mohammad Farhat et al.*, 2:18-cr-00292-JMA (E.D.N.Y. filed March 27, 2019). ([https://ecf.nyed.uscourts.gov/cgi-bin/show\\_multidocs.pl?caseid=418425&arr\\_de\\_seq\\_nums=151&magic\\_num=&pdf\\_header=&hdr=&pdf\\_toggle\\_possible=&caseid=418425&zipit=&magic\\_num=&arr\\_de\\_seq\\_nums=151&got\\_warning=&create\\_roa=&create\\_appendix=&bates\\_format=&dkd=&got\\_receipt=1](https://ecf.nyed.uscourts.gov/cgi-bin/show_multidocs.pl?caseid=418425&arr_de_seq_nums=151&magic_num=&pdf_header=&hdr=&pdf_toggle_possible=&caseid=418425&zipit=&magic_num=&arr_de_seq_nums=151&got_warning=&create_roa=&create_appendix=&bates_format=&dkd=&got_receipt=1)); Indictment, *United States of America v. Enayatullah Khwaja et al.*, 2:18-cr-00607-JMA (E.D.N.Y. filed November 7, 2018). ([https://ecf.nyed.uscourts.gov/cgi-bin/show\\_multidocs.pl?caseid=425002&arr\\_de\\_seq\\_nums=24&magic\\_num=&pdf\\_header=&hdr=&pdf\\_toggle\\_possible=&caseid=425002&zipit=&magic\\_num=&arr\\_de\\_seq\\_nums=24&got\\_warning=&create\\_roa=&create\\_appendix=&bates\\_format=&dkd=&got\\_receipt=1](https://ecf.nyed.uscourts.gov/cgi-bin/show_multidocs.pl?caseid=425002&arr_de_seq_nums=24&magic_num=&pdf_header=&hdr=&pdf_toggle_possible=&caseid=425002&zipit=&magic_num=&arr_de_seq_nums=24&got_warning=&create_roa=&create_appendix=&bates_format=&dkd=&got_receipt=1))

(FDD),<sup>24</sup> allege that Farhat offered his money laundering services to a DEA source during a meeting at Cambios Unique S.A., Farhat's money-exchange house in Ciudad del Este, Paraguay. According to the complaint for the Miami case, "Farhat said that he charges 1.5% for money leaving from Ciudad Del Este; 2% for money leaving from Asuncion, Paraguay; and 3.5% for cash received in the United States or Brazil." Farhat allegedly offered to pick up \$1 million in drug money in Miami every 15 days.<sup>25</sup>

Evidence seized during raids on Farhat's offices and obtained by FDD from a confidential source in May 2018 also shows that Cambios Unique S.A. had an account with a money-exchange house in Curitiba, Brazil.<sup>26</sup> A confidential source in the banking sector confirmed to FDD that another London-based money-exchange house was the conduit for payments between a U.S. company controlled by Farhat's co-defendant, Diya Salame, and a Paraguay-based company implicated in the import of counterfeit U.S. brands.<sup>27</sup>

## TRADE-BASED MONEY LAUNDERING

Once money is injected into the formal financial system, Hezbollah transfers value back to its criminal clients by purchasing goods, selling those goods, and remitting proceeds from merchandise sales to the group's clients (minus commission). This process generates a steady paper trail. Evidence suggests that Hezbollah financiers use classic money laundering techniques, such as under- and over-invoicing, tax evasion, manipulating the weight and value of goods, mischaracterizing merchandise, or simply creating fake paperwork for nonexistent transactions to justify money transfers.

### EXAMPLE 1:

As Treasury noted in its aforementioned 2011 designation of Ayman Joumaa, Joumaa laundered up to \$200 million per month for drug cartels. Joumaa sent the<sup>28</sup> cartels' cash proceeds to West African used-car businesses, which would then buy used cars from hundreds of dealers in the United States and Europe. After re-selling the cars, Joumaa wired revenues to Lebanese money exchanges held by the now-shuttered Lebanese-Canadian Bank in Beirut. Companies involved in the scheme bought commodities in Asia on behalf of Latin American fronts, using the same financial institutions. Once delivered to buyers in Colombia and Venezuela, the merchandise was sold through retail businesses and the proceeds returned to the cartels, minus commission.<sup>29</sup> The 2015 criminal complaint against Iman Kobeissi confirms that Hezbollah financiers continued to rely on used-car businesses in West Africa to launder illicit proceeds, even after Joumaa's designation and indictment.<sup>30</sup> Joumaa's attempt to have

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24. Documents provided to FDD by a confidential source via WhatsApp on May 18, 2018.

25. Criminal Complaint, *United States of America v. Diya Salame*, 1:19-mj-03766-JJO (S.D. Fla. filed October 31, 2019), page 6. (<https://ecf.flsd.uscourts.gov/doc1/051121395866>)

26. Information provided to FDD via WhatsApp on October 10, 2018.

27. Information provided to FDD via WhatsApp on October 15, 2018.

28. U.S. Department of the Treasury, Press Release, "Treasury Targets Major Lebanese-Based Drug Trafficking and Money Laundering Network," January 26, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>)

29. Jo Becker, "Beirut Bank Seen as Hub of Hizballah Financing," *The New York Times*, December 14, 2011. (<https://www.nytimes.com/2011/12/14/world/middleeast/beirut-bank-seen-as-a-hub-of-hezbollahs-financing.html>)

30. Complaint and Affidavit in Support of Arrest Warrant, *United States of America v. Iman Kobeissi*, 1:15-mj-00962-JO (E.D.N.Y. filed October 6, 2015). (<https://ecf.nyed.uscourts.gov/doc1/123111206653>)



his designation removed also failed. Treasury's Office of Foreign Assets Control declined to delist him in 2018.<sup>31</sup> Joumaa unsuccessfully sued Treasury and had his motion denied in April 2019.<sup>32</sup>

## EXAMPLE 2:

In 2018, U.S. authorities arrested Ali Kassir, a U.S.-Lebanese dual national recently convicted in Miami.<sup>33</sup> Kassir is presumed to be part of the Nader Farhat money-laundering scheme. Kassir bought discounted electronics from a Hong Kong-based company owned by a Lebanese national whose cousin, based in Ciudad del Este, would then buy them from Kassir.<sup>34</sup>

Court records indicate that some of Kassir's merchandise was counterfeit – including fake Apple accessories. Acting as an unlicensed money remitter, Kassir used his company's bank account as a pass-through for third-party transactions, ultimately laundering up to \$70 million in three years. Some of the money he helped launder moved by courier (cash in suitcases), but most of the payments were wire transfers transiting Florida branches of U.S. banks.<sup>35</sup>

## EXAMPLE 3:

In November 2019, U.S. authorities arrested Diya Salame in Miami. Nader Farhat's superseding indictment names Salame as a co-defendant. According to Salame's criminal complaint,

Salame received millions of dollars in third-party wires sent by intermediaries he knew were engaging in money transmitting for a fee, unrelated to the sale or purchase of goods from Salame, to obscure the true origin of the funds. Salame and his co-conspirators created false invoices to conceal the fact that no legitimate goods were being sold to the third-party companies or entities from which Salame was receiving money.

These transactions allegedly included sales of mobile phones to businesses located in the Tri-Border Area of Argentina, Brazil, and Paraguay and linked to the Lebanese community there. Paraguayan customs records from 2019 show declared imports of 8.6 million mobile phones, worth a combined \$1.3 billion.<sup>36</sup> Salame, according to the criminal complaint, received electronic payments from both U.S.-based and overseas companies.<sup>37</sup>

These examples illustrate the modus operandi of Hezbollah's illicit financial network. The group's financiers use both formal and informal channels to move money globally on behalf of criminal syndicates, generating revenue

31. *Ayman Saied Joumaa v. Steven Mnuchin et al.*, 1:17-cv-02780-TJK (D.D.C. April 10, 2019). (<https://ecf.dcd.uscourts.gov/doc1/04517107669>)

32. Order, *Ayman Saied Joumaa v. Steven Mnuchin et al.*, 1:17-cv-02780-TJK (D.D.C. filed April 10, 2019). (<https://ecf.dcd.uscourts.gov/doc1/04517107661>)

33. Jay Weaver, "Miami man did illicit deals in Paraguay. Now he's headed to prison for money laundering," *The Miami Herald*, April 1, 2019. (<https://www.miamiherald.com/news/local/article228642109.html>)

34. Criminal Complaint, *United States of America v. Ali Nasreddine Kassir*, 1:18-cr-20104-MGC (S.D. Fla. Filed January 19, 2018). (<https://ecf.flsd.uscourts.gov/doc1/051118833523>)

35. *Ibid.*

36. Data from Paraguayan customs records provided to FDD by a confidential source via WhatsApp on February 24, 2020. This figure does not include smuggled phones or phone components exported as accessories and then assembled at local warehouses, which involves lower import duties and facilitates counterfeiting of brands.

37. Criminal Complaint, *United States of America v. Diya Salame*, 1:19-mj-03766-JJO (S.D. Fla. filed October 31, 2019), page 6. (<https://ecf.flsd.uscourts.gov/doc1/051121395866>)

for Hezbollah in the process. It remains unclear how much money flows back into Lebanon's financial system via formal banking operations versus cash couriers.

## PORTS OF ENTRY

Lebanon's financial crisis has shined a spotlight on the smuggling of subsidized commodities such as diesel oil and wheat flour across the border into Syria through illegal crossings.<sup>38</sup> While overland crossings are essential for Hezbollah, the terror group relies equally on Lebanon's official ports of entry – the Beirut-Rafic Hariri International Airport and the Port of Beirut – to import goods into the country. In its 2019 designation of Wafiq Safa, the head of Hezbollah's security apparatus, the U.S. Treasury Department referenced Hezbollah's use of Lebanon's ports of entry: "Safa has exploited Lebanon's ports and border crossings to smuggle contraband and facilitate travel on behalf of Hizballah ... while also draining valuable import duties and revenue away from the Lebanese government."<sup>39</sup>

### THE BEIRUT-RAFIC HARIRI INTERNATIONAL AIRPORT

Hezbollah enjoys access to Lebanon's international airport by maintaining loyal officials in the airport security apparatus. In fact, in May 2008, Hezbollah used force to prevent opponents from removing the pro-Hezbollah head of airport security, Lebanese Armed Forces Brigadier General Wafiq Ghoucair.<sup>40</sup> Subsequent U.S. court filings reveal the extent of Hezbollah's access and control.

In recorded conversations between Hezbollah procurement agent Iman Kobeissi and an undercover DEA agent, Kobeissi explained that Hezbollah agents could meet the agent at the airport to discuss the details of a proposed transaction. She added that the agent could "send an airplane full of things" to the airport, where airport authorities "will let you land without ... anybody knowing. They will send you a clearance. They are professionals there."<sup>41</sup>

The DEA's Operation Cedar<sup>42</sup> exposed how luxury goods, watches, and cars, purchased with proceeds from Hezbollah's drug trade, entered Beirut via the airport. According to court documents, a Lebanese Armed Forces brigadier general commanding the airport's Inspections Branch acted as a facilitator,<sup>43</sup> similar to what Kobeissi revealed to the undercover DEA agent.

38. "تهرب المازوت إلى سوريا يكبد لبنان 400 مليون دولار خسائر سنوية" [Lebanon Loses \$400 Million Yearly from Fuel Smuggling to Syria], *Asharq al-Awsat* (UK), May 9, 2020. (<https://aawsat.com/home/article/2274616/تهرب-المازوت-إلى-سوريا-يكبد-لبنان-400-مليون-دولار-خسائر-سنوية>); "Report: Lebanon's Subsidized Diesel Oil, Flour Smuggled to Syria," *Naharnet* (Lebanon), May 9, 2020. (<http://www.naharnet.com/stories/en/271717>)

39. U.S. Department of the Treasury, Press Release, "Treasury Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System," July 9, 2019. (<https://home.treasury.gov/news/press-releases/sm724>)

40. Cam Simpson, "Lebanon Deal Boosts Hezbollah," *The Wall Street Journal*, May 22, 2008. (<https://www.wsj.com/articles/SB121135053381510093>)

41. Complaint and Affidavit in Support of Arrest Warrant, *United States of America v. Iman Kobeissi*, 1:15-mj-00962-JO (E.D.N.Y. filed October 6, 2015). (<https://ecf.nyed.uscourts.gov/doc1/123111206653>)

42. U.S. Drug Enforcement Administration, Press Release, "DEA And European Authorities Uncover Massive Hizballah Drug And Money Laundering Scheme," February 1, 2016. (<https://www.dea.gov/press-releases/2016/02/01/dea-and-european-authorities-uncover-massive-hizballah-drug-and-money>)

43. Jacques Follorou, "Un réseau international libanais de blanchiment jugé à Paris [Lebanese international money laundering network tried in Paris]," *Le Monde* (France), November 13, 2018. ([https://www.lemonde.fr/police-justice/article/2018/11/13/un-reseau-international-libanais-de-blanchiment-juge-a-paris\\_5382802\\_1653578.html](https://www.lemonde.fr/police-justice/article/2018/11/13/un-reseau-international-libanais-de-blanchiment-juge-a-paris_5382802_1653578.html))

Recent U.S. Treasury Department designations of key Hezbollah business figures also allude to the Beirut airport. The 2019 designation of Saleh Assi, a money launderer and Hezbollah supporter based in the Democratic Republic of the Congo, noted that revenue “generated by Assi’s [tax evasion and money laundering] schemes is delivered to Lebanon via bulk cash transfers.”<sup>44</sup>

## THE PORT OF BEIRUT

The explosion of ammonium nitrate at the Port of Beirut in August generated sensational headlines. However, illicit operations at the Port of Beirut have spurred a number of inquiries in Lebanon in recent years. Like the airport, the port’s official apparatus assists in Hezbollah’s import operations. A 2013 report in the Lebanese daily *Al-Joumhouria* noted that Hezbollah “considers that the port and the airport belong to it, and it brings through them whatever it wants in terms of containers.”<sup>45</sup>

A 2015 report by the Beirut-based daily *As-Safir* summarized this system: “[T]he mafias of smuggling and forging customs manifests include brokers, traders and customs clearing agents who belong politically to rival forces, but who cooperate and complement each other in the ‘market,’ as part of tightly managed, organized networks.” This involves multiple administrative levels. As the report explained, “These mafias have ‘partners’ in official departments who divide tasks according to a ‘pyramid’ structure, which starts with political cover and the highest administrative level. It proceeds to include employees at the middle and regular levels, and ends with members and heads of official agencies.” The report estimated that evasion of tariffs and excise taxes totaled \$1.2 billion per year.<sup>46</sup> A separate 2019 report estimated that manipulation of manifests for imported cars and car parts at the port had resulted in evaded taxes and tariffs worth hundreds of millions of dollars.<sup>47</sup>

Hezbollah uses other illicit means to evade other port fees. *Al-Joumhouria* quoted a clearing agent explaining that to avoid the 5 percent fee on televisions imported from China, for example, the importer alters the manifest and lists the televisions as computer monitors, which are exempt.<sup>48</sup> The *Al-Joumhouria* report further noted that surveillance cameras were either non-operational or were facing walls so that illegal activity could be obscured.<sup>49</sup>

## THE PORT OF LATAKIA, SYRIA

In 2009, Hezbollah procurement agents Dani Tarraf and Hassan Hodroj revealed to FBI undercover agents and sources Hezbollah’s unrestricted access to Syria’s Port of Latakia. Tarraf explained that Hezbollah “controlled the port,” meaning that “secrecy was guaranteed, because all cameras could be shut down.” According to Tarraf, who

44. U.S. Department of the Treasury, Press Release, “Treasury Designates Prominent Lebanon and DRC-Based Hizballah Money Launderers,” December 13, 2019. (<https://home.treasury.gov/news/press-releases/sm856>)

45. Pascale Boutros, “مرفأ بيروت... «عنابر» فساد وأحواض في قبضة أحزاب [Beirut Port... ‘Warehouses’ of corruption and basins held by parties],” *Al-Joumhouria* (Lebanon), October 25, 2013. (<https://www.aljoumhouria.com/ar/news/100722/-مرفأ-بيروت-عنابر-فساد-واحواض-في-قبضة-احزاب>)

46. Imad Marmal, “فضيحة الهدر الجمركي: مليار دولار سنوياً للمنتفعين [The customs waste scandal: One billion dollars annual for the beneficiaries],” *As-Safir* (Lebanon), February 12, 2015. (<http://assafir.com/Article/401618>)

47. Pascale Abou Nader, “فضيحة في مرفأ بيروت والخسارة بمئات ملايين الدولارات [A scandal in the port of Beirut and the loss is in the hundreds of millions of dollars],” *Elnashra* (Lebanon), January 4, 2019. (<https://www.elnashra.com/news/show/1272098/-فضيحة-مرفأ-بيروت-والخسارة-بمئات-ملايين-الدولارات>)

48. Pascale Boutros, “مرفأ بيروت... «عنابر» فساد وأحواض في قبضة أحزاب [Beirut Port... ‘Warehouses’ of corruption and basins held by parties],” *Al-Joumhouria* (Lebanon), October 25, 2013. (<https://www.aljoumhouria.com/ar/news/100722/-مرفأ-بيروت-عنابر-فساد-واحواض-في-قبضة-احزاب>)

49. Ibid.



was part of a plot to ship weapons from Philadelphia, “no shipping paperwork was required at all once the items reached Syria.”<sup>50</sup> Hodroj, meanwhile, described the port as “ours,” adding that Hezbollah “brings anything it wants into that Port.”<sup>51</sup>

According to a 2015 *Al-Joumhouria* report, Hezbollah used Latakia to smuggle commercial goods into Lebanon. After passing through Latakia, the goods traveled overland through the Syrian border town of al-Qusayr – which Hezbollah has directly controlled since 2013 – and into Lebanon’s Hermel region, a Hezbollah stronghold. From Hermel, Hezbollah distributes the smuggled goods in the Lebanese market.<sup>52</sup>

Last year, Arab media documented the flooding of cheap Iranian steel into the Lebanese market. According to some reports, the shipments came through the Port of Beirut or the Port of Tripoli.<sup>53</sup> Other reports noted that Latakia was another port destination for the Iranian cargo, which was then transferred overland into Lebanon and distributed at below-market rates, reportedly by traders close to Hezbollah.<sup>54</sup>

## LEBANON’S BANKS

Hezbollah has endeavored to distance itself from Lebanon’s financial collapse. The group has tried to pin the charges of wastefulness and corruption on other members of the political class and on the banks, while presenting Hezbollah as an anti-corruption force. This characterization grossly distorts the reality of Hezbollah’s relationship with Lebanon’s banking sector.

In August 2019, the U.S. Treasury Department sanctioned Jammal Trust Bank (JTB). While JTB is one of only two Lebanese banks to be sanctioned, the banking sector’s exposure to Hezbollah’s operations goes far beyond these institutions. This is clear from previous U.S. designations.

In October 2018, Treasury designated Muhammad Abdallah al-Amin for his role in supporting Adham Tabaja, a co-manager of Hezbollah’s business affairs component (BAC) who was also under U.S. sanctions.<sup>55</sup> Treasury accused Amin of concealing funds for Tabaja, serving “as a liaison between Tabaja and banking officials,” and assisting “Tabaja in circumventing the impact of sanctions.”<sup>56</sup> In July 2019, the U.S. Treasury Department designated

50. Complaint, *United States of America v. Dani Nemr Tarraf et al.*, 2:09-mj-01902 (E.D. Pa. filed November 20, 2009). ([https://www.investigativeproject.org/documents/case\\_docs/1133.pdf](https://www.investigativeproject.org/documents/case_docs/1133.pdf))

51. Complaint, *United States of America v. Hassan Hodroj et al.*, 2:09-cr-00744-MAK (E.D. Pa. filed November 20, 2009). ([https://www.investigativeproject.org/documents/case\\_docs/1988.pdf](https://www.investigativeproject.org/documents/case_docs/1988.pdf))

52. Alain Sarkis, “خسائر مرفأ بيروت بملايين الدولارات ... وانتعاش التهريب على خط اللاذقية - القصير - الهرمل” [The losses of Beirut port are in the millions... and the flourishing of smuggling on the Latakia-Qusayr-Hermel line], *Al-Joumhouria* (Lebanon), October 2, 2015. (<https://www.aljoumhouria.com/ar/news/262993/القصير-الهرمل-خط-اللاذقية-انتعاش-التهريب>)

53. Tony Badran, “Lebanese Government in Denial about Illicit Imports of Iranian Steel,” *Foundation for Defense of Democracies*, May 3, 2019. (<https://www.fdd.org/analysis/2019/05/03/lebanese-government-in-denial-about-illicit-imports-of-iranian-steel/>)

54. Johnny Fakhri, “إيران تغرق سوق لبنان بالحديد.. و«تجار حزب الله» يشترون» [Iran floods Lebanon’s market with steel... and ‘Hezbollah’s merchants’ are buying], *Al-Arabiya* (UAE), March 12, 2019. (<https://www.alarabiya.net/ar/arab-and-world/2019/03/12/لبنان-بالحديد-و-تجار-حزب-الله-يشترون>)

55. U.S. Drug Enforcement Administration, Press Release, “DEA And European Authorities Uncover Massive Hizballah Drug And Money Laundering Scheme,” February 1, 2016. (<https://www.dea.gov/press-releases/2016/02/01/dea-and-european-authorities-uncover-massive-hizballah-drug-and-money>)

56. U.S. Department of the Treasury, Press Release, “Treasury Continues to Expose and Disrupt Hizballah’s Financial Support Networks,” October 4, 2018. (<https://home.treasury.gov/news/press-releases/sm501>)

Amin Sherri, a Hezbollah parliamentarian. According to Treasury, Sherri pressured financial institutions to assist Hezbollah and also “facilitated Tabaja’s access to Lebanese banks.”<sup>57</sup>

These designations did not identify specific banks aside from JTB, which Treasury asserted had “facilitated hundreds of millions of dollars in transactions through the Lebanese financial system.”<sup>58</sup> Treasury’s language makes it clear, however, that other banks are repositories for Hezbollah’s illicit finance.

Claims in civil litigation further assert that Hezbollah has a significant presence in the Lebanese banking system. The most comprehensive claims appear in a civil lawsuit filed in 2019 in the Eastern District of New York (*Bartlett et al. v. Société Générale de Banque au Liban et al.*, or *Bartlett*) by families of Americans killed or maimed by Hezbollah operations in Iraq between 2004 and 2011.<sup>59</sup> The complaint alleges that 12 Lebanese commercial banks “knowingly provid[ed] extensive and sustained material support, including financial services to Hezbollah and its companies, social welfare organizations, operatives, and facilitators.”<sup>60</sup>

The claims are based on transactions by customers, some with known ties to Hezbollah, and others with alleged links to the terrorist group. The complaint identifies dozens of companies allegedly controlled by Hezbollah at that time or owned by Hezbollah financiers who used the Lebanese banking sector to conduct business. The banks deny the allegations and seek to dismiss the case.

Since the filing of *Bartlett* in 2019, the U.S. Treasury Department has designated one of the defendant banks, the aforementioned Jammal Trust Bank. Treasury subsequently designated other persons and companies named in the lawsuit, as noted in the list below:

#### **BANK AUDI**

The *Bartlett* complaint alleges that Bank Audi maintained accounts for companies directly controlled by Hezbollah or owned by its financiers. These companies allegedly included:

1. **Ovlas Trading (Offshore) SAL and Ovlas Trading SA**, the latter of which is owned by Kassem Tajideen, whom the U.S. Treasury Department designated in 2009.<sup>61</sup> Treasury sanctioned Ovlas Trading SA in 2010.<sup>62</sup>
2. **Spectrum Investment Group Holding SAL**, owned by Hezbollah member and financier Ali Youssef Charara. Treasury sanctioned both Charara and Spetrum in 2016.<sup>63</sup>

57. U.S. Department of the Treasury, Press Release, “Treasury Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon’s Political and Financial System,” July 9, 2019. (<https://home.treasury.gov/news/press-releases/sm724>)

58. U.S. Department of the Treasury, Press Release, “Treasury Designates Martyrs Foundation Companies and Officials as Global Terrorists,” February 26, 2020. (<https://home.treasury.gov/news/press-releases/sm917>)

59. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019). (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

60. *Ibid.*, page 36.

61. U.S. Department of the Treasury, Press Release, “Treasury Targets Hizballah Network in Africa,” May 27, 2009. (<https://www.treasury.gov/press-center/press-releases/Pages/tg149.aspx>)

62. U.S. Department of the Treasury, Press Release, “Treasury Targets Hizballah Financial Network,” December 9, 2010. (<https://www.treasury.gov/press-center/press-releases/Pages/tg997.aspx>)

63. U.S. Department of the Treasury, Press Release, “Treasury Sanctions Hizballah Financier and His Company,” January 7, 2016. (<https://www.treasury.gov/press-center/press-releases/Pages/jl0317.aspx>)

3. **Premier Investment Group SAL Offshore**, owned by Hezbollah financier and Specially Designated Global Terrorist (SDGT) Mohammad Bazzi.
4. **Inter Aliment SAL Offshore**, owned by Saleh Assi, a facilitator, money launderer, and partner of Adham Tabaja, the designated co-manager of Hezbollah's BAC. Assi was designated in 2019, along with Inter Aliment SAL Offshore.<sup>64</sup>
5. **Special Operations Group SAL**, a company founded by Kamel Amhaz, whom Treasury sanctioned in 2014 for his role in Hezbollah's procurement network.<sup>65</sup> The Lebanese corporate register currently lists the company as "under dissolution."<sup>66</sup>
6. **Info Trust SAL and Info Trust SARL**, companies owned by the Halawi network of money launderers.<sup>67</sup> Treasury designated Halawi Exchange Co. in 2013 for helping Hezbollah transfer and launder illicit funds.<sup>68</sup>
7. **Atlas Holding SAL**, a company subordinate to Hezbollah's Executive Council and controlled by the Martyrs Foundation, one of the oldest and most important Hezbollah fundraising and service institutions, which Treasury designated in 2007.<sup>69</sup> Treasury sanctioned Atlas Holding in 2020.<sup>70</sup> Bank Audi also allegedly maintained an account for Medical Equipments and Drugs International Corporation SAL (MEDIC), which was included in Treasury's 2020 designation of Atlas Holding.<sup>71</sup>

#### **BANQUE DU LIBAN ET D'OUTRE MER (BLOM) BANK**

The *Bartlett* complaint alleges BLOM Bank maintained accounts for some of the same companies as Bank Audi – Ovlas Trading SA, and Spectrum Investment Group Holding SAL – as well as other entities. Those additional entities allegedly included:

1. **Ellissa Exchange Company**, a money-exchange house that laundered money for drug kingpin Ayman Joumaa's network. Treasury designated Joumaa and Ellissa Exchange in 2011.<sup>72</sup>

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 64. U.S. Department of the Treasury, Press Release, "Treasury Designates Prominent Lebanon and DRC-Based Hizballah Money Launderers," December 13, 2019. (<https://home.treasury.gov/news/press-releases/sm856>)

65. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Procurement Agents Of Hizballah Front Company Based In Lebanon With Subsidiaries In The UAE And China," July 10, 2014. (<https://www.treasury.gov/press-center/press-releases/Pages/jl2562.aspx>)

67. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة سبیشال اوبریشونز غروب ش.م.ل. [Special Operations Group S.A.L.]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000114496>)

67. "Notice of Finding That Halawi Exchange Co. Is a Financial Institution of Primary Money Laundering Concern," U.S. Department of the Treasury, Financial Crimes Enforcement Network, 78 Federal Register 24596, April 25, 2013. (<https://www.federalregister.gov/documents/2013/04/25/2013-09785/notice-of-finding-that-halawi-exchange-co-is-a-financial-institution-of-primary-money-laundering>)

68. U.S. Department of the Treasury, Press Release, "Treasury Identifies Kassem Rmeiti & Co. for Exchange and Halawi Exchange Co. as Financial Institutions of 'Primary Money Laundering Concern,'" April 23, 2013. (<https://www.treasury.gov/press-center/press-releases/Pages/jl1908.aspx>)

69. U.S. Department of the Treasury, Press Release, "Twin Treasury Actions Take Aim at Hizballah's Support Network," July 24, 2007. (<https://www.treasury.gov/press-center/press-releases/Pages/hp503.aspx>)

70. U.S. Department of the Treasury, Press Release, "Treasury Designates Martyrs Foundation Companies and Officials as Global Terrorists," February 26, 2020. (<https://home.treasury.gov/news/press-releases/sm917>)

71. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 365. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

72. U.S. Department of the Treasury, Press Release, "Treasury Targets Major Lebanese-Based Drug Trafficking and Money Laundering Network," January 26, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>)

2. **Mustapha Fawaz**, whom Treasury designated in 2015, having identified him as a significant donor to Hezbollah and a member of its external security organization, active in Nigeria.<sup>73</sup>
3. **Car Care Center (CCC)**, a subsidiary of Adham Tabaja's Al-Inmaa Group for Tourism Works. Treasury designated CCC in 2015, along with Adham Tabaja, Al-Inmaa Group, and Husayn Faour, a Hezbollah member who worked with Tabaja and who managed CCC. Treasury identified CCC as a front company for Hezbollah.<sup>74</sup>
4. **Beton Plus SAL**, a company founded by Salah Abdul Rauf Izzedin,<sup>75</sup> a business associate of Adham Tabaja who sits on the board of a company (called Green City) founded by Tabaja.<sup>76</sup>
5. **Arch Consulting SARL**, formerly known as Research Institute of Jihad al-Bina. Jihad al-Bina is Hezbollah's construction arm, which Treasury designated in 2007.<sup>77</sup> Arch Consulting's co-founder and director general, Walid Ali Jaber, a former Jihad al-Bina director, owns 40 percent of the company. The company's other co-founder, Muhammad Haydar Qanso, who owns 30 percent, was a partner in two companies founded by the former commander of Iran's Islamic Revolutionary Guard Corps-Quds Force (IRGC-QF) and director of the Iranian Committee for the Reconstruction of Lebanon, Hassan Shateri (a.k.a. Hessem Khoshnevis),<sup>78</sup> who was designated in 2010<sup>79</sup> and was killed in Syria in 2013.<sup>80</sup> The Treasury Department designated Arch Consulting on September 17, 2020. Treasury's press release identified the company as subordinate to Hezbollah's Executive Council. It added that as of 2019, Arch Consulting "won bids for Lebanese government contracts worth millions of dollars." The company "sent some profits from these contracts to Hizballah's Executive Council."<sup>81</sup>

73. U.S. Department of the Treasury, Press Release, "Treasury Targets Africa-Based Hizballah Support Network," February 26, 2015. (<https://www.treasury.gov/press-center/press-releases/Pages/jl9982.aspx>)

74. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," June 10, 2015. (<https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>)

75. Republic of Lebanon Ministry of Justice, Commercial Register, "Beton Plus SAL," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=2000098288>)

77. Republic of Lebanon Ministry of Justice, Commercial Register, "المدينة الخضراء، شركة مدن للمشروعات السياحية ش.م.ل. [Modon Tourism Projects Company S.A.L. 'The Green City']," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=5000002553>)

77. U.S. Department of the Treasury, Press Release, "Treasury Designates Hizballah's Construction Arm," February 20, 2007. (<https://www.treasury.gov/press-center/press-releases/Pages/hp271.aspx>)

79. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة الكسارات الوطنية [National Crushers Company]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=6000005625>); Republic of Lebanon Ministry of Justice, Commercial Register, "Cleany & Co SARL," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=2000116959>)

79. U.S. Department of the Treasury, Press Release, "Fact Sheet: U.S. Treasury Department Targets Iran's Support for Terrorism Treasury Announces New Sanctions Against Iran's Islamic Revolutionary Guard Corps-Qods Force Leadership," August 3, 2010. (<https://www.treasury.gov/press-center/press-releases/Pages/tg810.aspx>)

80. "Iran Mourns Senior Commander Killed in Syria," *Voice of America*, February 14, 2013. (<https://www.voanews.com/world-news/middle-east-dont-use/iran-mourns-senior-commander-killed-syria>)

81. U.S. Department of the Treasury, Press Release, "Treasury Targets Hizballah Executive Council Companies and Official," September 17, 2020. (<https://home.treasury.gov/news/press-releases/sm1126>)

## BANQUE LIBANO-FRANÇAISE

The *Bartlett* complaint further alleges that Banque Libano-Française maintained accounts for some of the same companies as Bank Audi and/or BLOM Bank, such as Ovlas Trading SA, Inter Aliment SAL Offshore, and a subsidiary of Al-Inmaa Group for Tourism Works. Other Hezbollah-linked companies and persons with accounts at Banque Libano-Française allegedly included:

1. **Al-Inmaa Engineering and Contracting SARL**, a subsidiary of Adham Tabaja's Al-Inmaa Group for Tourism Works, which Treasury designated in 2015. Treasury described Al-Inmaa as "one of the largest and most successful real estate businesses in Lebanon since the late 1990s," which Hezbollah used "as an investment mechanism."<sup>82</sup>
2. **United Company for Insurance Services SARL**, an insurance and pension funding company co-founded by Adham Tabaja, who was also listed as its managing director.
3. **Hoda for Touristic Services & Management Holding SAL**, which listed Hezbollah member and financier Ali Youssef Charara as a co-founder and shareholder.<sup>83</sup>
4. **REEM Pharmaceutical SAL**, a pharmaceutical company operating in Iraq and Kuwait that is owned and controlled by Muhammad Abd al-Amir Farhat. The U.S. Treasury Department designated both Farhat and REEM Pharmaceutical in 2017, identifying Farhat as an associate of Beirut-based IRGC-QF official Hasan Dehghan Ebrahimi, who was also designated.<sup>84</sup>
5. **Primo International SAL Offshore**, a company co-founded by Nazem Said Ahmad and part of the Ahmad clan's money laundering network.<sup>85</sup> Treasury designated Nazem Ahmad in 2019, identifying him as a Hezbollah financier and money launderer in the blood diamond trade.<sup>86</sup> The *Bartlett* complaint further alleges, citing Lebanese government findings, that when Hezbollah financier Nazem Ahmad's personal account at the Lebanese-Canadian Bank (LCB) was closed in 2011, the account migrated to BLOM Bank and Bank Audi, among others.<sup>87</sup>
6. **Saleh Assi** was designated by Treasury for laundering money through Nazem Said Ahmad's diamond businesses and for facilitating payments to Adham Tabaja. Assi was also a partner of Kassem Tajideen and Muhammad Bazzi.<sup>88</sup> Based on Lebanese government findings (according to the *Bartlett* plaintiffs), some of Assi's assets at LCB migrated, following the bank's 2011 closure, to Banque Libano-Française, MEAB, and Fransabank, among others.<sup>89</sup>

82. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," June 10, 2015. (<https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>)

84. Republic of Lebanon Ministry of Justice, Commercial Register, "هدى للخدمات السياحية والإدارية هولدنج ش.م.ل. [Hoda for Touristic Services & Management Holding S.A.L.]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000098083>)

84. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Supporters of Iran's Ballistic Missile Program and Iran's Islamic Revolutionary Guard Corps – Qods Force," February 3, 2017. (<https://www.treasury.gov/press-center/press-releases/pages/as0004.aspx>)

86. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة بريمو انترناشيونال [Primo International Company]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000078200>)

86. U.S. Department of the Treasury, Press Release, "Treasury Designates Prominent Lebanon and DRC-Based Hizballah Money Launderers," December 13, 2019. (<https://home.treasury.gov/news/press-releases/sm856>)

87. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), pages 56–57 and 337. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

88. U.S. Department of the Treasury, Press Release, "Treasury Designates Prominent Lebanon and DRC-Based Hizballah Money Launderers," December 13, 2019. (<https://home.treasury.gov/news/press-releases/sm856>)

89. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), pages 56–57 and 338. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)



## FRANSABANK

The *Bartlett* complaint further alleges that following LCB's 2011 demise, Fransabank assumed "a substantial portion of LCB's blacklisted accounts and business with Hezbollah."<sup>90</sup> The complaint claims that Fransabank maintained accounts and provided services for the following entities:

1. **Signum International Holding SAL**, a company owned by Ali Youssef Charara, a Hezbollah member and financier.<sup>91</sup>
2. **Compu House SARL**, a technology importer founded and majority-owned by Sultan Khalifa As'ad, Hezbollah's director of municipal affairs and deputy to the chairman of Hezbollah's Executive Council, Hashem Safieddine (SDGT). The Treasury Department designated As'ad on September 17, 2020. As part of his portfolio, As'ad is responsible for "dozens of companies subordinate to the Executive Council" and provides "project guidance to these companies and was involved in their financial and legal issues."<sup>92</sup>
3. **Euro African Group Ltd.**, a petroleum and petroleum products company in The Gambia, controlled by U.S.-designated Hezbollah financier Mohammad Bazzi. The U.S. Treasury Department designated the company in 2018.<sup>93</sup>
4. **Wanour Real Estate SAL**, a company founded and controlled by Mohammad Bazzi.<sup>94</sup>
5. **Kassem Hejeij**, the aforementioned sanctioned Hezbollah financier.<sup>95</sup>

In addition, the *Bartlett* complaint, citing Lebanese government findings, claims that accounts for the following individuals and entities migrated from LCB to Fransabank:<sup>96</sup> Saleh Assi (SDGT); Inter Aliment SAL Offshore (SDGT); Mohammad Bazzi (SDGT); Global Trading Group, a company owned by Bazzi and designated in 2018;<sup>97</sup> and Phenicia Shipping Offshore SAL, a Lebanon-based company Treasury designated in 2011 for being owned or controlled by members of the Ayman Joumaa money laundering network.<sup>98</sup>

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90. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 342. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

92. Republic of Lebanon Ministry of Justice, Commercial Register, "سيغنوم انترناشيونال هولدينغ ش.م.ل." [Signum International Holding S.A.L.], accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000114210>)

92. U.S. Department of the Treasury, Press Release, "Treasury Targets Hizballah Executive Council Companies and Official," September 17, 2020. (<https://home.treasury.gov/news/press-releases/sm1126>)

93. U.S. Department of the Treasury, Press Release, "Treasury Targets Key Hizballah Financing Network and Iranian Conduit," May 17, 2018. (<https://home.treasury.gov/news/press-releases/sm0388>)

95. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة ونور العقارية ش.م.ل." [Wanour Real Estate S.A.L.], accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000108414>)

95. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 308. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

96. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 56. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

97. U.S. Department of the Treasury, Press Release, "Treasury Targets Key Hizballah Financing Network and Iranian Conduit," May 17, 2018. (<https://home.treasury.gov/news/press-releases/sm0388>)

98. U.S. Department of the Treasury, Press Release, "Treasury Targets Major Lebanese-Based Drug Trafficking and Money Laundering Network," January 26, 2011. (<https://www.treasury.gov/press-center/press-releases/Pages/tg1035.aspx>)

## BYBLOS BANK

The *Bartlett* complaint alleges that Byblos Bank held accounts for “a wide spectrum of Hezbollah entities and operatives.”<sup>99</sup> These include, inter alia, corporations owned or controlled by the aforementioned Atlas Holding SAL, which is controlled by Hezbollah’s Martyrs Foundation and was designated in February 2020 along with its CEO, Kassem Mohammad Ali Bazzi.<sup>100</sup> Other companies for which Byblos Bank allegedly held accounts include:

1. **Medical Equipments and Drugs International Corporation SAL (MEDIC)**, which sells pharmaceuticals and other medical products. Kassem Bazzi serves as its chairman, director general, and authorized signatory. The U.S. Treasury Department designated MEDIC in 2020 for being owned or controlled by Atlas Holding.<sup>101</sup>
2. **Al-Amana SARL**, which owns gas stations in Lebanon and is owned and controlled by Atlas Holding on behalf of the Martyrs Foundation. Kassem Bazzi is listed as founder, director general, authorized signatory, and shareholder.<sup>102</sup> Treasury designated Al-Amana in 2020.<sup>103</sup>
3. **Global Touristic Services SAL**, another company owned and controlled by Atlas Holding on behalf of the Martyrs Foundation. Kassem Bazzi and Jawad Nur al-Din (a.k.a. Shawqi Mohammad Shafiq), whom Treasury designated along with Bazzi and Atlas Holding in February 2020, are listed as founders and board members of the company. Jihad Mohammad Qanso, an associate of Adham Tabaja, whom Treasury designated in 2018 for assisting Tabaja “in accounting matters, including resolving bank account issues,”<sup>104</sup> is listed as the company’s auditor.<sup>105</sup>
4. **Société Orientale Libanaise d’Investissement et Développement SAL (SOLID)**, which lists Atlas Holding among its founders and Jihad Qanso, the U.S.-designated Tabaja associate, as its auditor. The chairman of SOLID’s board is the U.S.-designated Lebanese national Hassan Ali Tajideen,<sup>106</sup> who is the executive manager of Tajco, a shareholder in Tajco SAE,<sup>107</sup> and a son of designated Hezbollah financier Ali Mohammad Tajideen.<sup>108</sup>

99. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 356. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

100. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 356. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>); U.S. Department of the Treasury, Press Release, “Treasury Designates Martyrs Foundation Companies and Officials as Global Terrorists,” February 26, 2020. (<https://home.treasury.gov/news/press-releases/sm917>)

101. U.S. Department of the Treasury, Press Release, “Treasury Designates Martyrs Foundation Companies and Officials as Global Terrorists,” February 26, 2020. (<https://home.treasury.gov/news/press-releases/sm917>)

102. (<http://cr.justice.gov.lb/search/result.aspx?id=2000093286>)

103. U.S. Department of the Treasury, Press Release, “Treasury Designates Martyrs Foundation Companies and Officials as Global Terrorists,” February 26, 2020. (<https://home.treasury.gov/news/press-releases/sm917>)

104. U.S. Department of the Treasury, Press Release, “Treasury Targets Hizballah Financial Network in Africa and the Middle East,” February 2, 2018. (<https://home.treasury.gov/news/press-releases/sm0278>)

105. Republic of Lebanon Ministry of Justice, Commercial Register, “*Global Touristic Services SAL*,” accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=2000100891>)

106. Republic of Lebanon Ministry of Justice, Commercial Register, “*Société Orientale Libanaise d’Investissement et Développement S.A.L. SOLID*,” accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=2000099056>)

107. Republic of Lebanon Ministry of Justice, Commercial Register, “*Tajco Company LLC*,” accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=5000001770>)

108. U.S. Department of the Treasury, Press Release, “Treasury Targets Hizballah Financial Network,” December 9, 2010. (<https://www.treasury.gov/press-center/press-releases/Pages/tg997.aspx>)

5. **Afrimex (Offshore) SAL**, which is part of the Tajideen Africa network and was founded by Youssef Mohammad Tajideen, brother of the designated Hezbollah financiers Kassem and Ali. Other members of the Tajideen family are listed as shareholders.<sup>109</sup>
6. **Amigo Travel and Transport SAL**, part of Adham Tabaja's network, which lists Jihad Qanso as its auditor. The company was founded by Khodr Ali Abi Haidar,<sup>110</sup> manager and partner in Mechalab SARL,<sup>111</sup> a company founded by Husayn Ali Faour, a U.S.-designated Hezbollah operative and Tabaja associate.<sup>112</sup>
7. **Islamic Resistance Support Organization (IRSO)**, Hezbollah's fundraising arm, which the U.S. Treasury Department designated in 2006.<sup>113</sup> According to the *Bartlett* complaint, IRSO also maintained accounts at Fransabank, Banque Libano-Française, Jammal Trust Bank, and Lebanon and Gulf Bank.

## LEBANON AND GULF BANK

The *Bartlett* complaint also alleges that Lebanon and Gulf Bank held accounts for and provided financial services to several entities and individuals listed above, including: IRSO, Ovlas Trading SA, Ovlas Trading (Offshore) SAL, Ali Charara's Spectrum Investment Group Holding SAL, Adham Tabaja and his company Al-Inmaa Engineering and Contracting SARL, Ellissa Exchange Company, and companies owned by Atlas Holding, such as Al-Amana SARL.<sup>114</sup> In addition, Lebanon and Gulf Bank allegedly held accounts for the following entities:

1. Additional companies owned or controlled by Atlas Holding, all designated in February 2020:<sup>115</sup>
  - **Amana Plus Company SAL**
  - **Shahed Pharm Drugstore SARL**
  - **City Pharma SARL**
2. **Leaders of Supply & Products (Offshore) SAL**, which the *Bartlett* complaint alleges is part of the Tajideen family network. The company's lawyer and auditor is listed in documents of Tajideen family companies, such as Ovlas Trading (Offshore) SAL and Afrimex (Offshore) SAL.<sup>116</sup> The company had maintained accounts at LCB prior to the bank's closure in 2011, after which the company's accounts migrated to Lebanon and Gulf Bank and Bank Audi.

109. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة إفريمكس (أوف شور) [Afrimex Company SAL (Offshore)]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000068722>)

110. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة أميغو للسباحة والنقل ش.م.ل. [Amigo Travel and Transport S.A.L.]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=2000105726>)

111. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة ميكالاب ش.م.م. [Mechalab SARL]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=2000126280>)

112. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," June 10, 2015. (<https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>)

113. U.S. Department of the Treasury, Press Release, "Treasury Designates Key Hizballah Fundraising Organization," August 29, 2006. (<https://www.treasury.gov/press-center/press-releases/Pages/hp73.aspx>)

114. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 368, 372. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

115. U.S. Department of the Treasury, Press Release, "Treasury Designates Martyrs Foundation Companies and Officials as Global Terrorists," February 26, 2020. (<https://home.treasury.gov/news/press-releases/sm917>)

116. Republic of Lebanon Ministry of Justice, Commercial Register, "شركة ليدرز أوف شور [Leaders of Supply & Products S.A.L. Offshore]," accessed September 2, 2020. (<http://cr.justice.gov.lb/search/result.aspx?id=1000103925>)

3. **Mecattaf SAL**, an exchange house that has not been designated. However, according to a document filed as part of a federal civil proceeding in the U.S. District Court for the District of Columbia, Mecattaf in 2009 sent a payment order through its account at Lebanon and Gulf Bank to the Tajideen-controlled company Afrimex (Offshore) SAL, through Afrimex's account at Bank Audi's Tyre branch.<sup>117</sup>
4. **EBD Teltac (Offshore) SAL**, a company in which Ali Youssef Charara (SDGT) was listed as co-founder and authorized signatory. Charara's Spectrum Investment Group Holding SAL (SDGT) was listed as a shareholder in the company.<sup>118</sup>
5. **Fantasy World SARL**, a company founded by SDGT Adham Tabaja. One of the company's co-founders is Muhammad Amin Badr al-Din, a Tabaja associate whom the U.S. Treasury Department designated in 2018.<sup>119</sup> Another Tabaja partner and co-founder of the company is Hezbollah legislator Amin Sherri. Treasury designated Sherri in 2019, citing his partnership with Tabaja in an unspecified Lebanese company.<sup>120</sup> As mentioned above, Treasury noted that Sherri "facilitated Tabaja's access to Lebanese banks," but the department did not identify the banks.<sup>121</sup>

The *Bartlett* complaint notes that LCB held an account for Fantasy World from which Tabaja and Sherri were authorized to borrow funds. The *Bartlett* plaintiffs allege, citing Lebanese government findings, that after Fantasy World's account at LCB closed in 2011, the account migrated to Lebanon and Gulf Bank and another bank not identified in the lawsuit. The *Bartlett* complaint further alleges that among other banks, SDGT Kassem Hejeij's MEAB also "maintained an account for and provided financial services to Fantasy World SARL."<sup>122</sup>

## CONCLUSION AND POLICY RECOMMENDATIONS

The list of businessmen and companies presented here is far from comprehensive. It provides a snapshot of Hezbollah's contamination of the Lebanese financial system.

In a May 2020 address, Hezbollah Secretary General Hassan Nasrallah countered the charge that his group was siphoning dollars out of Lebanon and sending them to Iran and Syria. Instead, Nasrallah made a pointedly detailed assertion: "Go, check, and ask the exchange houses, the banks and the governorship of the Central Bank. They

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 117. Cash Transaction Slip, Document 22-6, *Ayman Joumaa v. Steven Mnuchin et al.*, 1:17-cv-02780 (D.D.C. filed February 28, 2019), page 10. (<https://ecf.dcd.uscourts.gov/doc1/04517032743>)

118. U.S. Department of the Treasury, Press Release, "Treasury Sanctions Hizballah Financier and His Company," January 07, 2016. (<https://www.treasury.gov/press-center/press-releases/Pages/jl0317.aspx>)

119. U.S. Department of the Treasury, Press Release, "Treasury Targets Hizballah Financial Network in Africa and the Middle East," February 2, 2018. (<https://home.treasury.gov/news/press-releases/sm0278>)

120. Ian Talley, "U.S. Levies Sanctions Against Hezbollah Members," *The Wall Street Journal*, July 9, 2019. (<https://www.wsj.com/articles/u-s-levies-sanctions-against-hezbollah-members-11562688490>)

121. U.S. Department of the Treasury, Press Release, "Treasury Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System," July 9, 2019. (<https://home.treasury.gov/news/press-releases/sm724>)

122. Amended Complaint, *Bartlett et al. v. Société Générale de Banque au Liban et al.*, 1:19-cv-00007-CBA-VMS (E.D.N.Y. filed August 2, 2019), page 163. (<https://www.osenlaw.com/sites/default/files/BartlettAmended-2019-cv-00007.pdf>)

know that we bring in dollars to the country; we don't export it out of the country. I don't want to elaborate on this point, as it could lead to negative outcomes.”<sup>123</sup>

Hezbollah's importation of U.S. dollars into Lebanon, as Nasrallah boasted, has occurred with the knowledge of the country's central bank, the *Banque du Liban*. From its involvement in the dissolution of LCB to abetting banks such as Jammal Trust Bank and MEAB, the central bank has allowed Hezbollah to infiltrate Lebanon's banks.

In the past, the United States has refrained from targeting Lebanese banks for fear of destabilizing Lebanon's economy. That fear is now moot given the current financial crisis, which has left the entire sector in ruins. Lebanon's banking sector needs restructuring. Stakeholders and investors must be able to weed out bad banks and identify banks that can survive and even thrive after restructuring. The U.S. Treasury Department should therefore proactively identify additional bad banks now, either through designations or section 311 of the PATRIOT Act. The United States should also support thorough audits of the banking sector, including the central bank, to say nothing of government agencies, as Lebanon reconciles with its financial collapse. Washington should demand accountability and push to make the results of these audits public.

Lebanon is staring into an abyss entirely of its own making. The country's corrupt political and financial elite, coupled with Hezbollah's domination of the system, sealed Lebanon's fate. For the United States, as much as for the Lebanese people, what matters is to end the current system. Anything less would mean perpetuating the financial crimes that brought Lebanon to this moment in the first place.

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123. نص كلمة السيد نصرالله التي تناول فيها آخر التطورات السياسية. [The text of Sayyed Nasrallah's speech in which he addressed the latest political developments], *Al-Manar* (Lebanon), May 4, 2020. (<https://almanar.com.lb/6626578>). Nasrallah repeated the assertion the following month: “[W]e [Hezbollah] are the ones who bring in dollars to Lebanon.” كلمة الأمين العام لحزب الله سماحة السيد حسن نصر الله التي تناول فيها آخر التطورات وقانون قيصر [Speech of the Secretary-General of Hezbollah, His Eminence, Sayyed Hassan Nasrallah, in which he addressed the latest developments and the Caesar Act 6-16-2020], *Al-Manar* (Lebanon), June 16, 2020. (<https://almanar.com.lb/6829539>)