

# Congressional Testimony

## **A Dangerous Nexus:** *Terrorism, Crime, and Corruption*

David Asher  
Board of Advisors Member  
Center on Sanctions and Illicit Finance, FDD;  
Adjunct Senior Fellow  
Center for a New American Security

**The House Committee on Financial Services**  
Task Force to Investigate Terrorism Financing

Washington, DC  
May 21, 2015



Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES

1726 M Street NW • Suite 700 • Washington, DC 20036

Chairman Fitzgerald, Vice Chairman Pittenger, Ranking Member Lynch, and other distinguished members of the Committee, I want to commend you for forming a task force to take up the subject of terrorism financing. It is one of the most important subjects of inquiry for U.S. and international policy and an area where your attention to the details can have a substantial impact.

Over the last twenty years, I have been honored to be an active participant in a number of U.S. Government efforts to pursue the financial networks of terrorist groups, trans-national criminals, and state level adversaries. In this time, I have witnessed a veritable revolution in policy toward terrorism financing with the development and deployment of a wide range of tools, capabilities, and special measures that have been game changers. Moreover, our government has developed a cadre of counter threat finance Jedi knights who work tirelessly and selflessly in the shadows to follow the money of our most potent opponents and counter, protect, deter, and disrupt their ability to sustain their malevolent financing efforts. I have no doubt that the policies developed and efforts undertaken have had a substantial and positive effect at a disproportionately low cost to the American taxpayer.

This said, I am greatly concerned that our nation's legal and regulatory enforcement framework for counter threat finance has not kept up with the scale, scope, and sophistication of terrorism financing version 2.0. Version 2.0 represents a vast evolution above and beyond the traditional religious charities, mosques, and jihadi financiers and involves a substantial embrace of trans-national organized crime, trade based money laundering, and clandestine international business activity by terrorists groups. Despite protracted, carefully planned, and well-executed efforts, the U.S. and other governments are having insufficient success in countering, let alone substantially disrupting, trade based money laundering and financing schemes, even those which flow directly through the United States.

In this regard, I want to briefly highlight an interagency initiative to counter the narco-terror finances of Lebanese Hezbollah. I will be speaking from a personal perspective based strictly on information in the public eye and in no way will be conveying the views of any government department or agency.

Beginning in 2007, the Drug Enforcement Administration (DEA) began an undercover investigation into Lebanese money laundering for Colombian drug cartels called Operation Titan. Via this investigation, DEA uncovered a multi-billion dollar per year trade-based scheme for laundering the proceeds of tens of tons of Colombian cocaine being trafficked primarily in Europe but reaching as far afield as Australia. The laundering scheme involved the purchase of tens of thousands of used cars in the U.S. and Europe for export to car parks in West Africa, as well the purchase of electronics and textiles in China and Southeast Asia for export to the free trade zones in Panama and Curacao. Detailed analysis of commercial records from the trade based schemes reveals that neither is more than marginally profitable. If there were not huge amounts of dirty funds to be placed and laundered, the schemes would not be self-sustaining.

The scheme centered on the \$80 billion dollar Lebanese banking system—one of the world's largest offshore-dollarized financial centers, which historically has enjoyed unfettered access to the U.S. banking system. What made the Lebanese money laundering scheme truly new and different to the DEA was the discovery over the course of the investigation that it was under the



command and control of a global network of agents, officials, and business affiliates of Lebanese Hezbollah who had partnered with Colombian, Venezuelan, and Mexican cartels. In the middle of the money laundering conspiracy was the fastest growing bank in Lebanon, which, perhaps not surprisingly, had the fastest growing banking system in the world, even in the wake of the war in 2006 and an international financial crisis. That bank was the Lebanese Canadian Bank (LCB). LCB was a \$5.5 billion bank that was processing well over a billion dollars per year in illicit payments for money laundering drug Kingpins, including Ayman Joumaa, who represented the Colombian cartels and worked with both the Sinaloa and Los Zetas drug cartels. As court documents later illuminated, LCB was thoroughly infiltrated by Hezbollah and held over 249 accounts that Lebanon's Special Investigation Commission later identified as part and parcel of Hezbollah's global illicit financial web. LCB and Hezbollah could not be separated.

Moreover, over the course of the unclassified investigations and through revelations on mysterious websites such as [www.stop910.com](http://www.stop910.com), it became increasingly clear that the element within Hezbollah that exercises control over the external illicit network and derives huge benefit from its activities apparently is none other than the infamous "Security Apparatus" that oversees military operations, domestic security, and external terrorism operations. Thus, not only was trade based money laundering benefiting the Hezbollah movement, but it represents the largest material support scheme for terrorism operations in the world. It appears that, for Hezbollah's External Security Organization, crime has become a valuable tool for spreading the resistance, encouraging the Shia diaspora to clandestinely provide their support in exchange for material gain. Drug trafficking also serves as a valuable tool for intelligence penetration and collection.

In spring of 2010, DEA began constructing a takedown strategy against the Lebanese Canadian Bank, affiliated exchange houses, the car parks, and the complicit used car brokers in the United States. I served as DEA's advisor in constructing the strategy, and we worked extremely closely with colleagues at the Department of Treasury, State, SOCOM, CBP, and the FBI. We created a true "effects based" counter threat finance and global enforcement strategy that harkened back to the work of the interagency taskforce I had led during the North Korean Illicit Activities Initiative from 2001 to 2005. Indeed, for the first time since the North Korea initiative, Treasury decided to revive the use of Section 311 of the USA Patriot Act and cut the Lebanese Canadian Bank off from the U.S. financial system, just as we had severed Banco Delta Asia's links to the U.S. in 2005 to considerable effect.

Over the course of 24 months, DEA and Treasury unleashed the financial furies against the Hezbollah money laundering network, while CBP and OFAC froze assets and access for Lebanese criminals tied to the scheme in the United States. In late January 2011, Ayman Joumaa was designated as a drug Kingpin for "laundering as much as \$200 million per month" through LCB and other Hezbollah affiliated channels. Simultaneously, the Lebanese exchange houses and the West African car parks central to the scheme were designated by OFAC. Then, in February 2011, Treasury designated LCB under Section 311. This triggered bank runs and panic inside LCB, and within three weeks the bank headed into state receivership.

Hezbollah, which had long acted with near financial and political impunity inside Lebanon, was rocked by the actions. However, this was only the start. In December 2011, the Southern District of New York unsealed a historic \$483 million dollar civil forfeiture action against LCB. The 60-



page forfeiture complaint, which deliberately reads like a criminal indictment, provides incredible detail on how LCB, the exchange houses, and the car parks were controlled by and provided systematic material support to Hezbollah. In August 2012, the DOJ sprang to action again, seizing \$150 million from a U.S. correspondent account of a Lebanese bank at which proceeds of the fire-sale of the Lebanese Canadian Bank were on deposit. The effort continues to this day, with DEA and partners in Europe, Australia, and Africa arresting dozens of drug traffickers and key super facilitators as well as seizing over 20 tons of cocaine.

By most signs the counter Hezbollah illicit financing effort was a great success. There was tremendous interagency cooperation. Law enforcement was applied strategically. Treasury yet again demonstrated that its authorities play an essential role in the deep fight against terrorists and their networks. State provided support at the highest of levels, including in the Office of the Secretary. And for those doubting Thomas's in the IC who may question that such a thing as narco-terrorism exists, a critical lesson should have been learned.

However, I'm here to deliver some bad news. Hezbollah's trade based laundering scheme has only expanded since the designations. Based on commercial imagery, the designated car lots in Benin have more cars in them than ever before. Based on commercial data records, the ownership of the lots has changed, but by all signs they remain under the Hezbollah network (and have the same phone, fax, and P.O. Box numbers). Worst of all, the trade statistics indicate that the amount of U.S. used cars being exported to Benin has increased dramatically, by one measure nearly doubling since 2011. As one of my friends in law enforcement quips, the narco-terrorists are laughing at us.

To defeat narco-terrorism financing, including that running right through the heart of the American financial system, we need better laws, better enforcement, and, frankly, humility when our strategy isn't working. This work isn't easy. The bad guys know our laws, our legal thresholds, and our insufficient resolve to upset the Lebanese banking system. They, not we, have the upper hand currently.

We can regain the high ground and crush this scheme while also improving our AML (anti-money laundering) enforcement efforts writ-large. I propose the temporary designation of the jurisdiction of Benin under Section 311 of the USA Patriot Act, imposing special measures one and two. Together these would require special record keeping and enhanced customer due diligence in regard to the used car trade as a class of transactions. I further advocate that special measure five (which can cut a bank or jurisdiction off from the US entirely) be threatened, unless and until the Beninese government can prove that Hezbollah is no longer extracting benefit and laundering narcotics funds through the used car trade with the US. Moreover, I believe Section 311 should be invoked against Lebanon's banking system with regard to the used car trade as a specific class of transaction and that special measures one, two, and four (related to the use of correspondent accounts of banks in the US) be imposed until such a time that the Secretary of the Treasury can verify that Lebanon is no longer acting as a banking safe haven for Hezbollah trade based money laundering schemes being carried out via the United States.

In addition to the strategic use of 311 to safeguard our nation's financial system from money laundering and terrorism financing, I commend the House for passing H.R. 2297, the "Hezbollah

International Financing Prevention Act of 2015” and urge your Senate colleagues to do the same. This important piece of legislation contains numerous reporting requirements that will help compel the administration to crack down further on Hezbollah’s illicit financial and operational networks around the world. Finally, I support a number of broader measures to help update our legal and regulatory infrastructure for anti-money laundering and financial law enforcement against terrorist groups. These steps include a revision of the Bank Secrecy Act to facilitate anti-money laundering data sharing among banks, the creation of a Federal watch list portal for terrorism financing and financiers that can be accessed by cleared bank Financial Intelligence Units, and the revival of DEA CENTAC task forces to take on trans-national criminal networks.

## RICO

Drawing on the evidence gathered during the investigation of the Lebanese Canadian Bank and from over forty years of terrorist acts committed and documented against Americans, the Department of Justice should seek to indict and prosecute Hezbollah’s Islamic Jihad Organization/Security Organization/“Military Wing” under The Racketeer Influenced and Corrupt Organizations Act (RICO).

The Racketeer Influenced and Corrupt Organizations Act (RICO) provides for extended criminal penalties and a civil cause of action for acts committed as part of an ongoing criminal organization. The RICO Act, unlike other federal statutes, provides law enforcement officials with the ability to charge the leaders of an organization with crimes that they orchestrated, directed and controlled. To that end, it also provides the context to charge unrelated individuals in the same conspiracy, as long as they are acting on behalf or at the direction or control of the organization. RICO includes "hub and spoke" conspiracies where one person or entity, the "hub," has different conspiratorial agreements with various "spokes" – i.e., people who sometimes have nothing to do with each other. In this case, Hezbollah as an organization is the hub and each co-conspirator is a different spoke. The significance is that separate spokes don’t have to be aware or compliant with other spokes, only the hub – though, in the particular case of Hezbollah’s illicit activities, there are countless examples of connectivity between the spokes. The hub does not have to be a single person and instead can be identified as leadership figures with the ability to make decisions on behalf of the group.

For example, if Hezbollah had agreements with forty different weapons providers, money launderers, drug traffickers, etc., their agreements would constitute their role as the hub. Hezbollah and their leadership are the one common entity among all of the agreements. On the surface, the spokes have nothing to do with each other; yet they all have agreements with the hub. Therefore, in this example, Hezbollah has forty different ongoing conspiracies which, without RICO, would mandate prosecutors to prove forty separate conspiracies. The RICO statute was passed by Congress to thwart this criminal isolation, allowing prosecutors to prove that the individual or organization (in this example Hezbollah) had a conspiracy with one of the spokes, and based on that agreement, all forty spokes could be successfully charged if in compliance with the guidelines more specifically described below.

Any person who has committed at least two acts of racketeering activity within a 10-year period that are related in one of four specified ways to an "enterprise" could be charged under the RICO



statute, In addition, the racketeer (Hezbollah and its leaders) must forfeit all ill-gotten gains and interest in any business gained through a pattern of "racketeering activity." Despite its harsh provisions, a RICO-related charge is considered less problematic to prove in court, as it focuses on patterns of behavior as opposed to criminal acts.

The meaning of racketeering activity is set out at 18 U.S.C. § 1961. As currently amended it includes:

- Any violation of state statutes against gambling, murder, kidnapping, extortion, arson, robbery, bribery, dealing in obscene matter, or dealing in a controlled substance or listed chemical (as defined in the Controlled Substances Act);
- Any act of bribery, counterfeiting, theft, embezzlement, fraud, dealing in obscene matter, obstruction of justice, slavery, racketeering, gambling, money laundering, commission of murder-for-hire, and many other offenses covered under the Federal criminal code (Title 18);
- Embezzlement of union funds;
- Bankruptcy fraud or securities fraud;
- Drug trafficking;
- Criminal copyright infringement;
- Money laundering and related offenses;
- Bringing in, aiding or assisting aliens in illegally entering the country (if the action was for financial gain);
- Acts of terrorism.

There must be one of four specified relationships between the defendants (spokes) and Hezbollah (hub). The relationships are defined as:

1. the defendants invested the proceeds of the pattern of racketeering activity into the enterprise; or
2. the defendants acquired or maintained an interest in, or control over, the enterprise through the pattern of racketeering activity; or
3. the defendants conducted or participated in the affairs of the enterprise "through" the pattern of racketeering activity; or
4. the defendants conspired to do one of the above.

The U.S. Supreme Court has instructed federal courts to follow the continuity-plus-relationship test in order to determine whether the facts of a specific case give rise to an established pattern. Predicate acts are related if they "have the same or similar purposes, results, participants, victims, or methods of commission, or otherwise are interrelated by distinguishing characteristics and are not isolated events." The material support and conspiratorial activities of key officers, customers and owners of Lebanese Canadian Bank in support of Hezbollah, for example, fit nicely into the guidance provided by the Supreme Court.

Finally, RICO has massive financial punching power against the assets of a convicted organization. As summarized by the FBI, "Criminal forfeiture provisions such as those found in the Racketeer Influenced and Corrupt Organizations Act (RICO) and Controlled Substance Act

(CSA) identify property that can be forfeited upon conviction of a defendant in broader terms than the provisions of law concerning most civil forfeitures. Criminal forfeiture laws name interests subject to forfeiture that are more complex, including property acquired or maintained in violation of RICO, and various types of legal interests in property that have afforded a source of influence over the illegal enterprise. The civil forfeiture laws generally name specific property that is integrally connected with prohibited activity, including conveyances used, money furnished, and real property used.” ([http://www.fbi.gov/about-us/investigate/white\\_collar/asset-forfeiture](http://www.fbi.gov/about-us/investigate/white_collar/asset-forfeiture)). Through America’s extensive network of Mutual Legal Assistance Treaties (MLATs), assets that exist outside of the US can be sought for forfeiture. Moreover, in places like Lebanon, where the US does not have an MLAT in place, statutes like U.S. Code, Title 18, Section 981k can be used through Civil procedures to seize substitute assets in US correspondent bank accounts of financial institutions where funds being sought abroad are on deposit. Hezbollah would have no effective financial safe-haven from US law enforcement if RICO were successfully prosecuted. Of all the potential weapons in America’s arsenal against Iran and Hezbollah’s global terrorist enterprise, law enforcement is both the most potentially effective and the least utilized.

In closing, I commend the efforts of your task force and request that my revised and extended remarks, written statement, and PowerPoint slides be submitted for the Congressional record.



# Hezbollah: The World's Greatest Criminal Terrorist Organization

Dr. David L. Asher  
CSIF Board Member



HEZBOLLAH



PASDARAN

The Foundation for  
Defense of Democracies'  
Center on Sanctions and  
Illicit Finance (CSIF)  
May 21, 2015





## From Party of God to Party of Fraud

- Over the last decade, Lebanese Hezbollah has morphed from being a terrorist organization and pol-mil resistance movement to becoming a trans-national criminal terrorist resistance organization fueled by a large and global illicit financial and business apparatus.
- Hezbollah's drug for intelligence program has morphed into a massive drugs for profit initiative.
- Hezbollah, partnered with Latin American cartels and para-military partners, is now one of the largest exporters of narcotics from South & Central America to West Africa into Europe and is perhaps the world's largest money laundering organization.
- Organized crime has become a much larger source of funding for Hezbollah than support from Iran.
- Hezbollah's External Security Organization (i.e. its terrorist wing) uses crime for exporting its influence, increasing followers around the world and generating income.

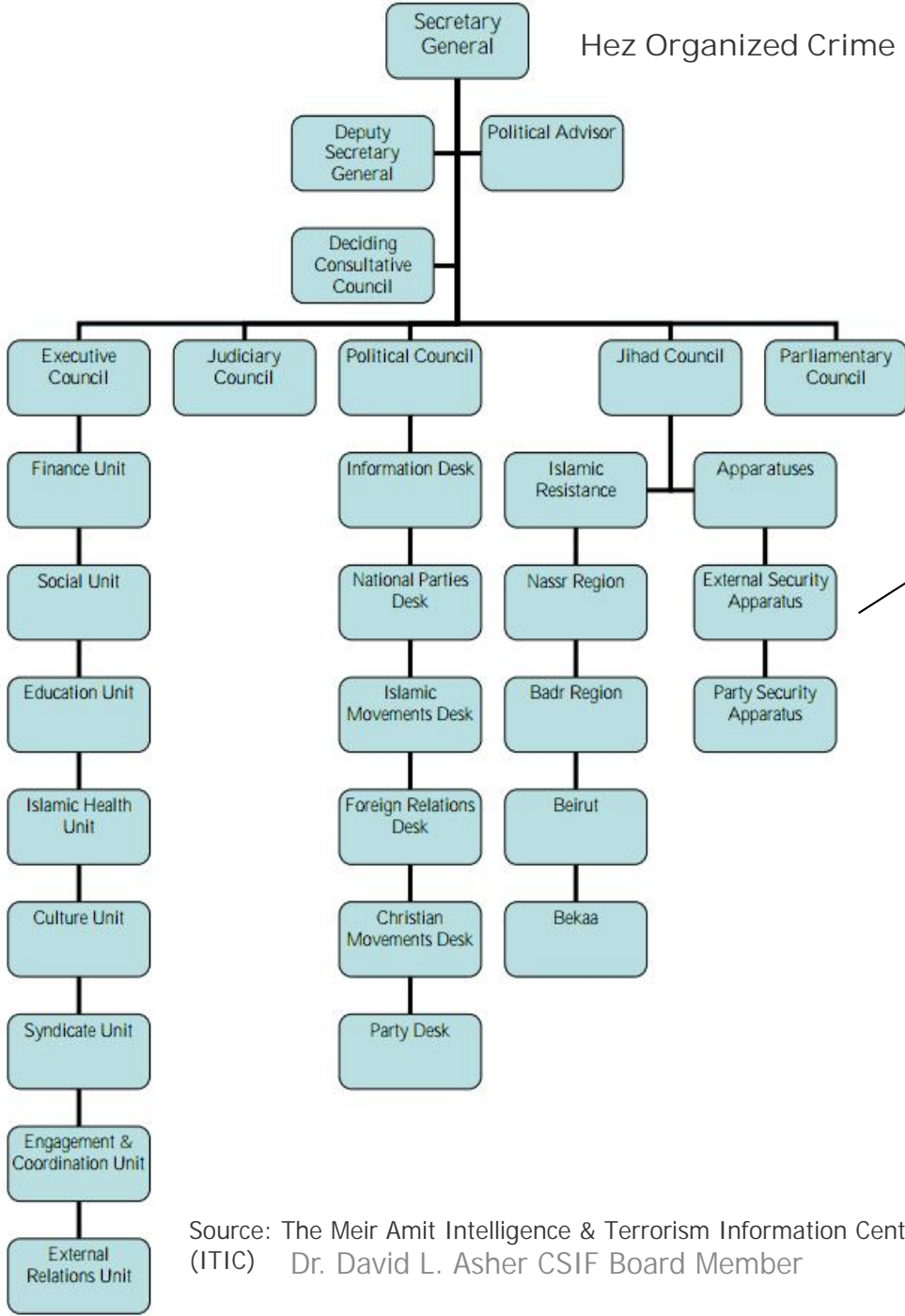
Dr. David L. Asher CSIF Board Member



Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES

Hez Organized Crime is Conducted Top Down



The LH Security Apparatus is the Control Point for international Criminal Activity. Crime is part and parcel of the resistance....

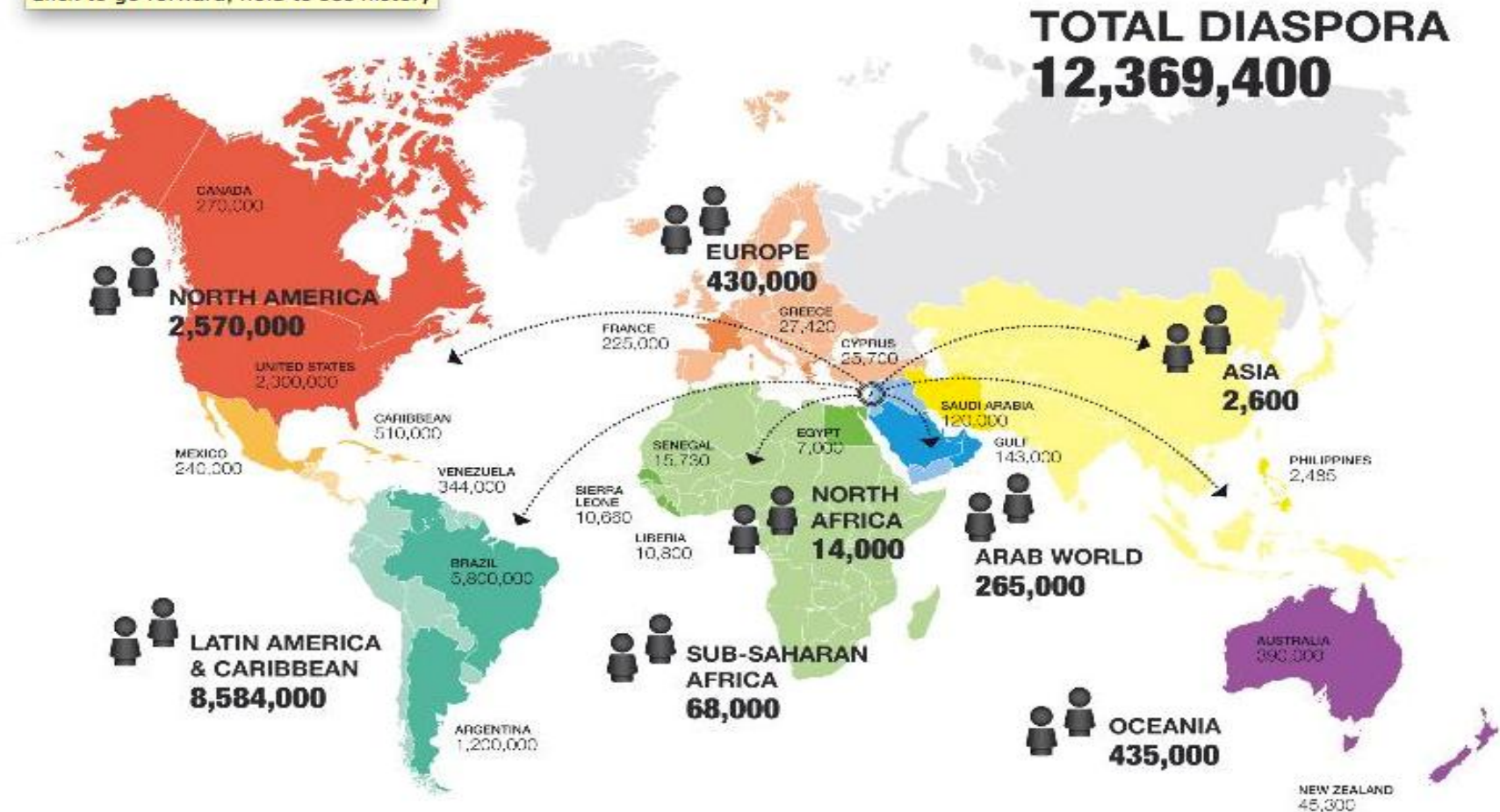
Source: The Meir Amit Intelligence & Terrorism Information Center (ITIC) Dr. David L. Asher CSIF Board Member





# LH has Drawn on the Lebanese Diaspora

Click to go forward, hold to see history



Dr. David L. Asher CSIF Board Member

Source: <http://kadmous.org/wp/the-global-impact-of-the-lebanese-diaspora/>

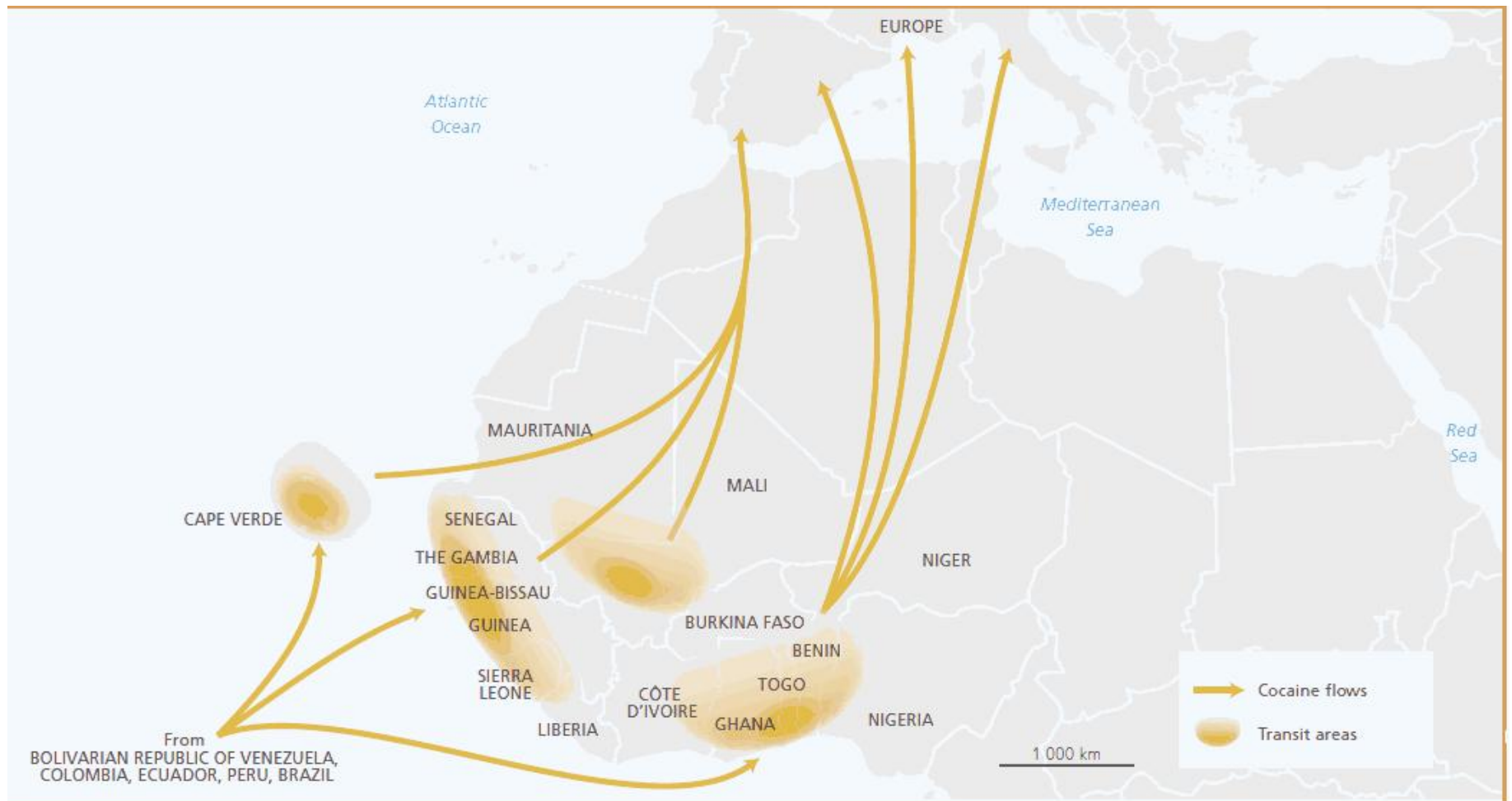


Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES



# LH Principal Drug Routes to Europe



Dr. David L. Asher CSIF Board Member



Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES





# US Hezbollah Counter Threat Finance Strategy:

Use evidence from criminal investigations to support designations as well as make criminal cases.

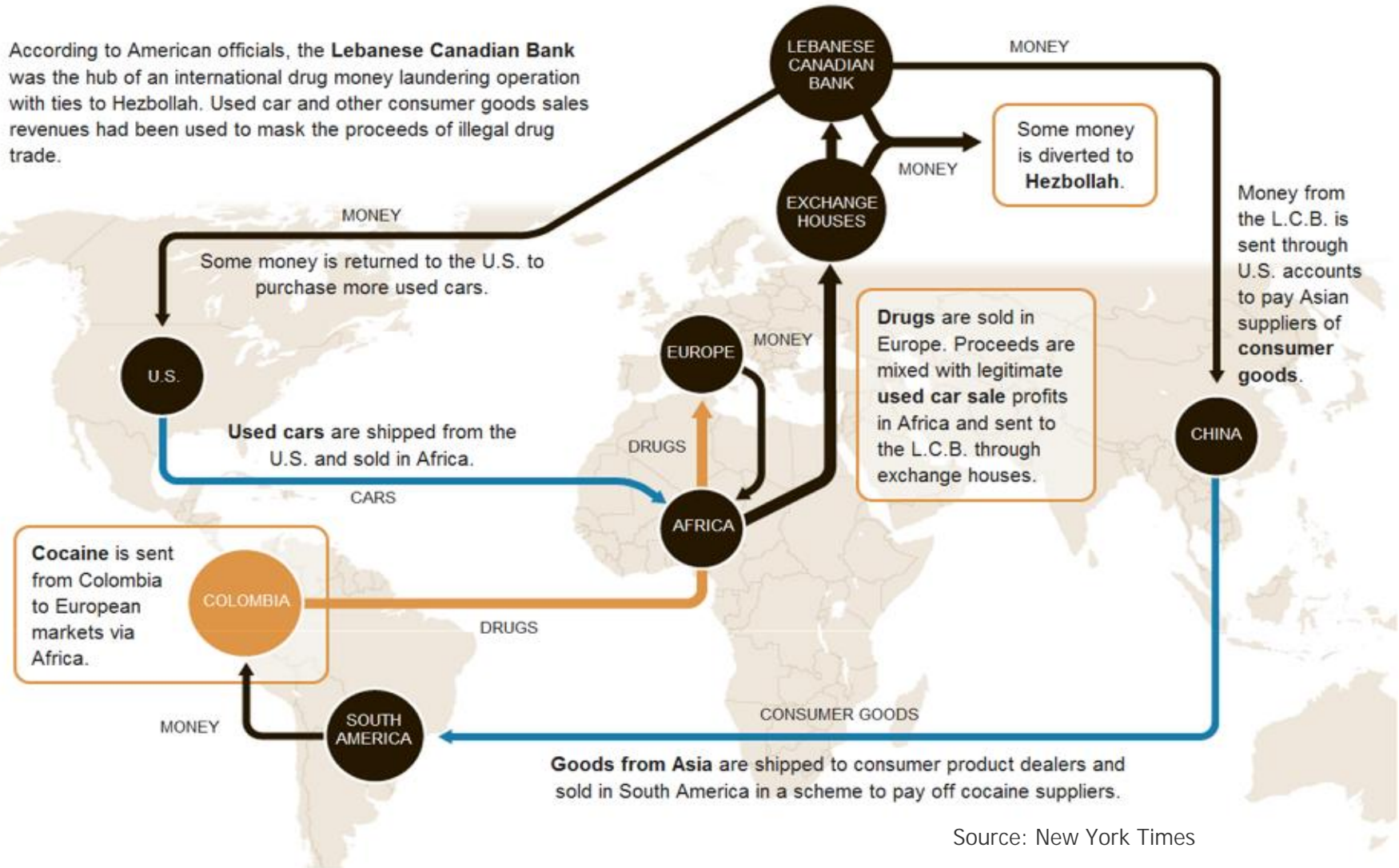
- ***Pursue the narco money launderers:*** Designation of the Joumaa and Ellissa under Drug Kingpin Act (Jan 2011)
- ***Pursue the bankers:*** Designation of LCB as “a primary money laundering concern” under section 311 of the USA PATRIOT act (February 2011)
- ***Pursue the used car money laundering scheme:*** \$483 million SDNY IEEPA forfeiture complaint (December 2011)
- ***Seize financial assets:*** USC 18- 981K strategy
- ***Use 311 against exchange houses*** (Halawi/Rmeity)
- ***Pursue the kingpins, Super-Facilitators, and OC conspiracy***



## Money Laundering at Lebanese Bank

The chart below shows the intricate money-laundering system the Lebanese Canadian Bank used to divert money to the Shiite militant group Hezbollah, according to United States officials.

According to American officials, the **Lebanese Canadian Bank** was the hub of an international drug money laundering operation with ties to Hezbollah. Used car and other consumer goods sales revenues had been used to mask the proceeds of illegal drug trade.



Source: New York Times

Dr. David L. Asher CSIF Board Member



**ELLISSA GROUP SA**  
*Expérience et Qualité*  
 CONSIGNATIONS MARITIMES  
 GROUPES ELECTROGENES  
 MATERIELS INDUSTRIELS  
 PARC AUTOMOBILE

6,7 à 2000 Kva

GROUPES ELECTROGENES  
**ASCENSEURS**  
 MISE EN SERVICE - S.A.V

Moteurs d'Ascenseurs

Cabines d'Ascenseur

COTONOU - BENIN  
 01 BP 0200 Cotonou  
 Tél : (229) 21 33 88 70  
 Céd : (229) 97 97 50 53  
 Fax : (229) 21 33 70 17  
 ELLISSA INDUSTRIES  
 Tél : (229) 21 33 14 48  
 Fax : (229) 21 33 04 03  
 e-mail : ellisa\_ind@ yahoo.com  
 e-mail : ellisa\_is@ ellisagroup.com  
 www.ellisagroup.com

**COTONOU CAR PARK OVERVIEW  
 COTONOU, BENIN**

**22 December 2002**



Geographic Coordinates:  
 062158N 0023220E



COTONOU CAR PARK #2  
COTONOU, BENIN

22 December 2002

N ←

Geographic Coordinates:  
062158N 0023220E

Dr. David L. Asher, CSJF Board Member

©2010 Google



**COTONOU CAR PARK #2  
COTONOU, BENIN**

**07 August 2007**

**N** ←



COTONOU CAR PARK #2  
COTONOU, BENIN

15 December 2011

N



Geographic Coordinates:  
062158N 0023220E

Source: © 2011, Space Imaging LLC.

Dr. David L. Asher, CSIF Board Member



COTONOU CAR PARK OVERVIEW  
COTONOU, BENIN

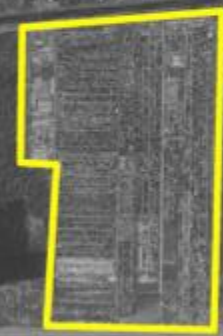
15 December 2011



#1



#2



#3



#4

Geographic Coordinates:  
062158N 0023220E

COTONOU CAR PARK #2  
COTONOU, BENIN

15 December 2011

N



Geographic Coordinates:  
062158N 0023220E

Source: © 2011, Space Imaging LLC.

Dr. David L. Asher, CSIF Board Member

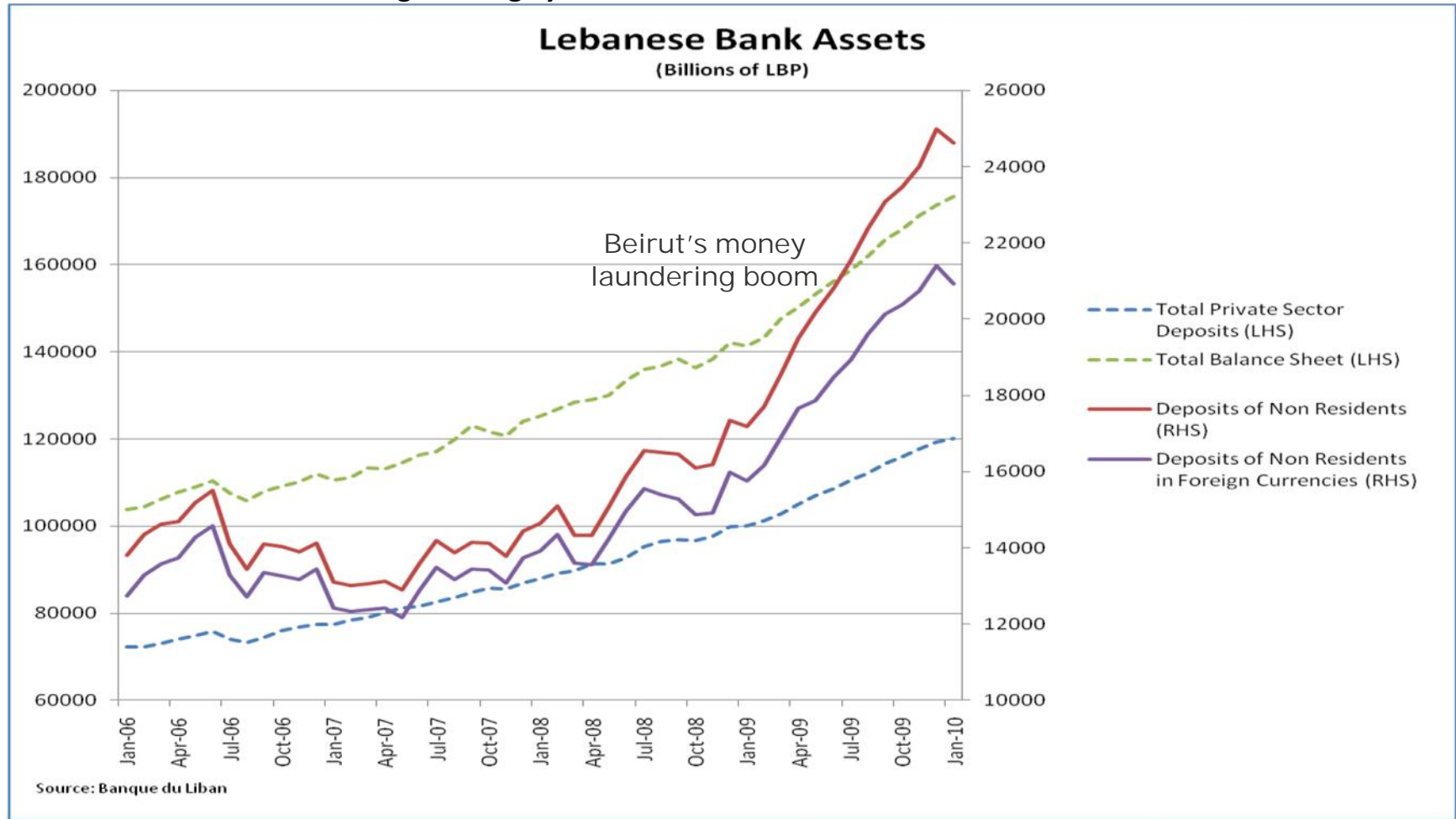




Background on the LCB 311 Designation

## Financial Miracle or Money Laundering Safehaven?

Fastest Growing Banking System in the World in the Midst of Global Financial Crisis....



Dr. David L. Asher CSIF Board Member



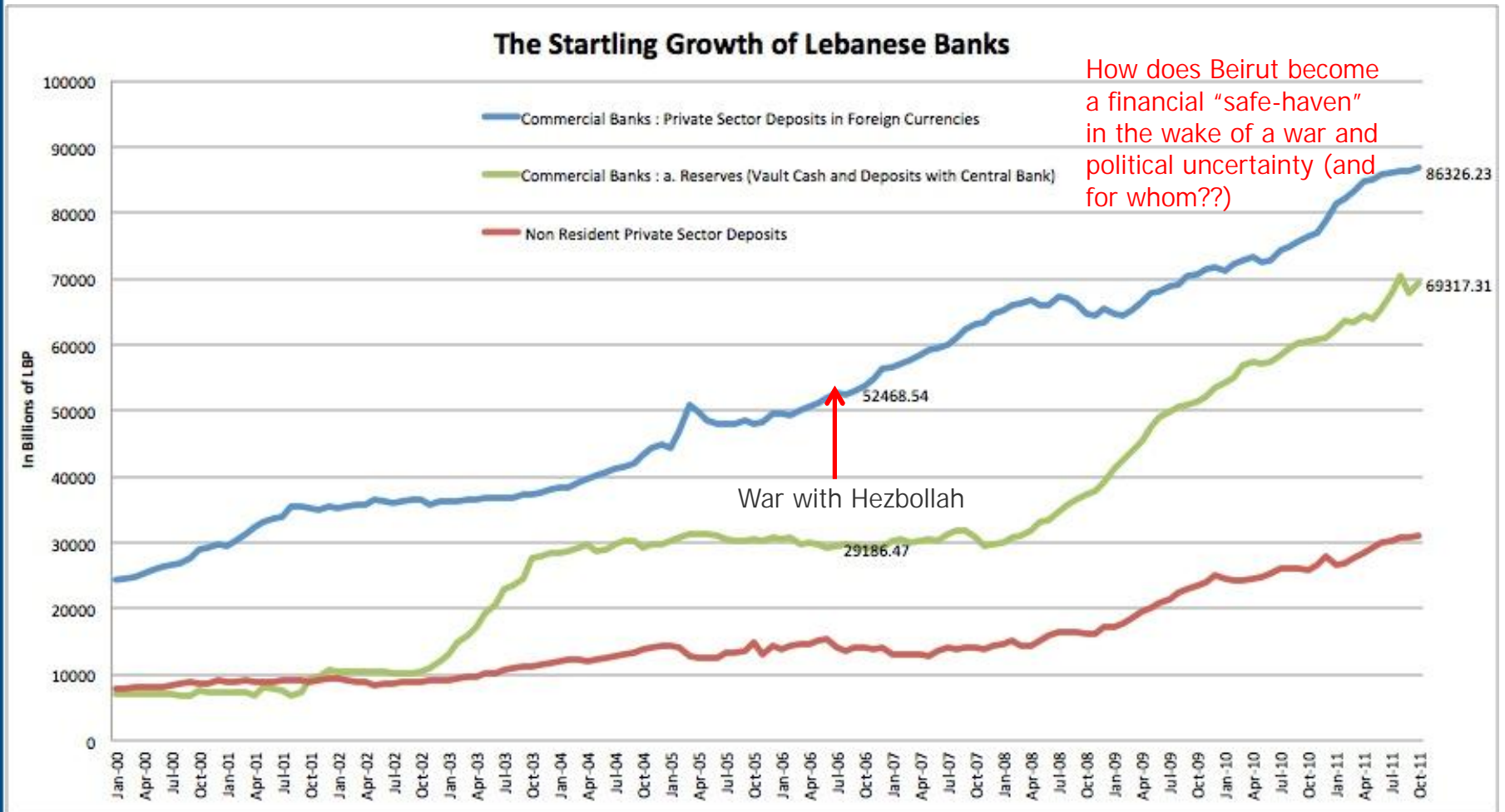
Center on Sanctions  
& Illicit Finance





Background on the LCB 311 Designation

## How Beirut Became the Macao of the Middle East?



Dr. David L. Asher CSIF Board Member



Center on Sanctions & Illicit Finance

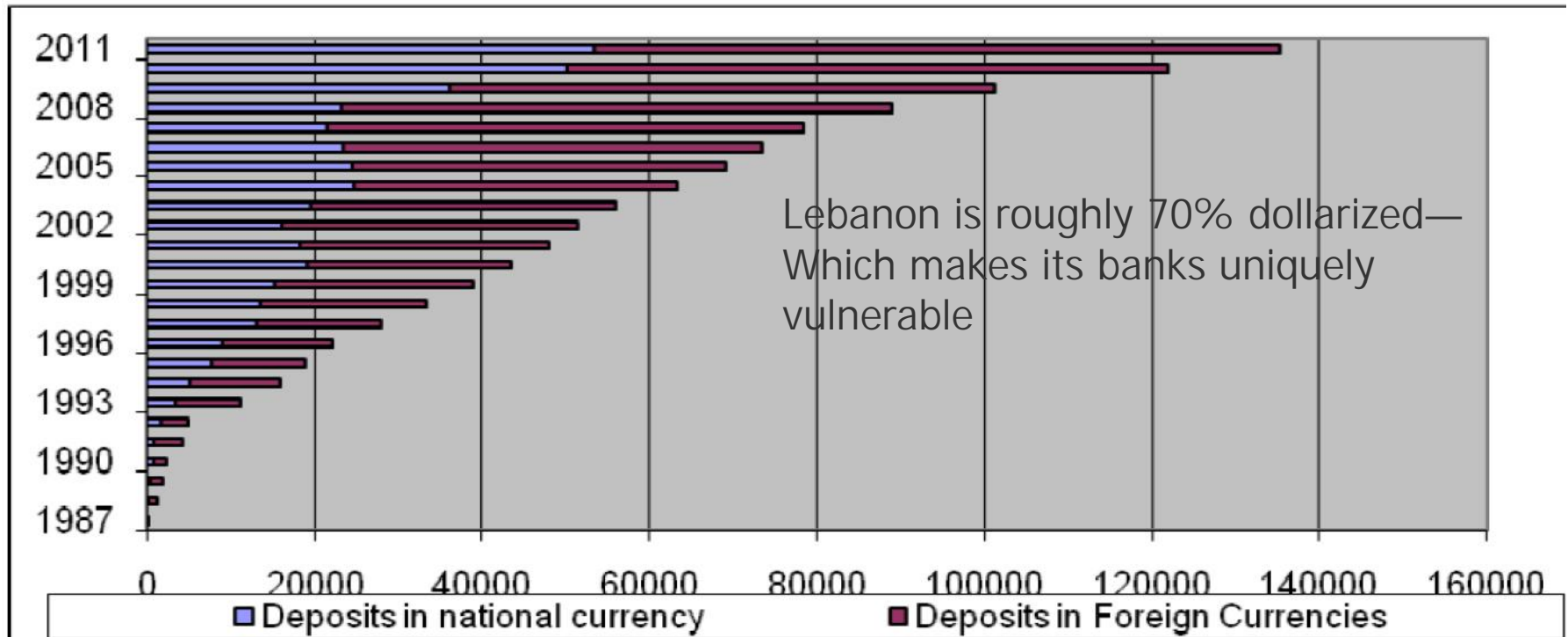


# Startling growth of Foreign Currency Deposits

134

Middle Eastern Finance and Economics - Issue 14 (2011)

**Figure 1:** Foreign currency denominated resident deposits as compared to total bank deposits for Lebanon.



Lebanese Central Bank

Dr. David L. Asher CSIF Board Member

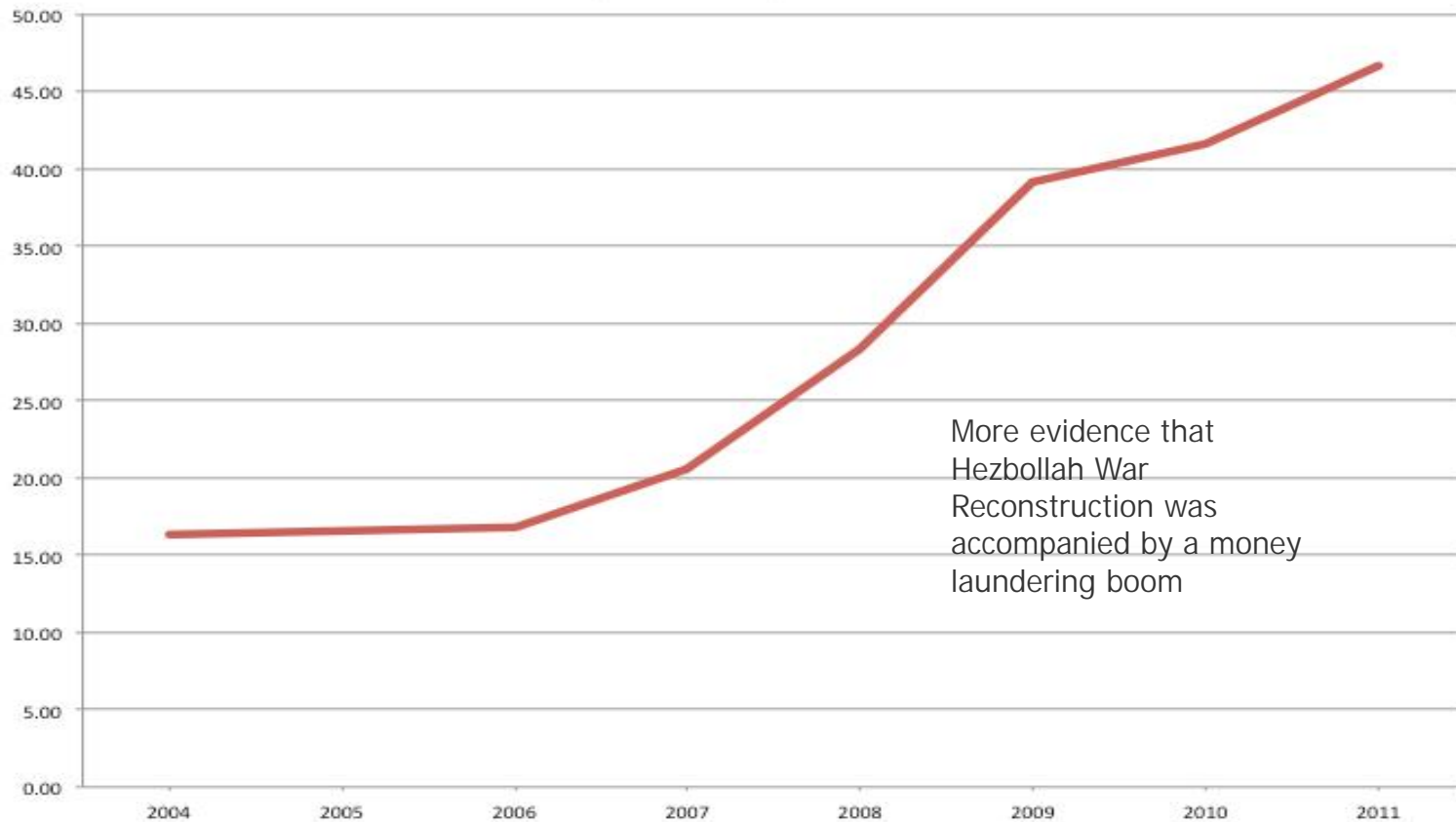


Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES

# Booming foreign exchange reserves

Value of Lebanese Foreign Currency & Gold Reserves (in \$billions)





Dr. David L. Asher CSIF Board Member





Background on the LCB 311 Designation      \$5.5 billion bank controlled by Hezbollah?

## LCB: Fastest Growing Bank in Lebanon....

 											
الترتيب	Customers' Deposits	المجموع (ملايين الليرة اللبنانية)	الترتيب	Growth In Total Assets	النمو	الترتيب	Growth In Loans & advances	النسبة	الترتيب	Cost to Income	النسبة
	ودائع الزبائن	البنانية		نمو مجموع الأصول			نمو في القروض والتسليفات للزبائن			الكلفة إلى الأرباح	
1	Audi (Group Audi Saradar)	25,973,686	1	Lebanese Canadian Bank	22.06%	1	Lebanese Canadian Bank	28.65%	1	BLOM Bank	39.22%
2	BLOM Bank	22,776,373	2	SGBL	20.61%	2	Crédit Libanais	27.88%	2	Byblos Bank	47.38%
3	Byblos Bank	12,606,880	3	Audi (Group Audi Saradar)	20.54%	3	Fransabank	21.13%	3	Lebanese Canadian Bank	47.39%
4	Bankmed	11,129,391	4	Byblos Bank	20.11%	4	BLF	13.27%	4	Bank of Beirut	48.97%
5	Fransabank	10,778,950	5	Crédit Libanais	19.45%	5	Audi (Group Audi Saradar)	11.25%	5	BLF	51.60%
6	BLF	8,081,695	6	Fransabank	14.88%	6	Byblos Bank	11.13%	6	Fransabank	52.70%
7	Bank of Beirut	5,955,673	7	BBAC	13.92%	7	BBAC	10.55%	7	Crédit Libanais	53.32%
8	Crédit Libanais	5,819,845	8	Bank of Beirut	12.81%	8	BLOM Bank	7.18%	8	Audi (Group Audi Saradar)	54.54%
9	Lebanese Canadian Bank	5,295,192	9	BLF	11.40%	9	Bank of Beirut	5.88%	9	BBAC	62.07%
10	BBAC	4,254,756	10	BLOM Bank	10.14%	10	SGBL	1.72%	10	SGBL	62.62%
11	SGBL	3,887,694	11	Bankmed	1.91%	11	Bankmed	-12.62%	11	Bankmed	62.75%

### Lebanese Canadian Bank sued for alleged Hezbollah connections

Posted: July 07, 2008, 12:14 PM by Jeremy Barker  
World, News

By Stewart Bell, National Post

Four Canadians filed a lawsuit against the Lebanese Canadian Bank in Montreal today, alleging it provided financial services for the terrorist group Hezbollah. They are seeking more than \$6-million for injuries and property damage they suffered during Hezbollah's 2006 rocket attacks on Israeli towns

A statement of claim filed in Quebec Superior Court by Sarah Yefet, Shoshana Sappir, Rochelle Shalmoni and Oz Shalmoni says the bank allowed the Martyrs Foundation and the Youssef Company to transfer millions of dollars to the Iranian-backed Hezbollah, an outlawed terrorist group under Canadian

Dr. David L. Asher CSIF Board Member




Center on Sanctions  
& Illicit Finance


FOUNDATION FOR DEFENSE OF DEMOCRACIES

**Foreign Narcotics Kingpin Designation Act Step One: January 27, 2011** U.S. Department of the Treasury  
**January 2011** Moved as much as \$200 million per month **Office of Foreign Assets Control**

**Criminal Associates and Front Companies: Lebanon, Colombia, Panama**




**Akram Saied JOUMAA**  
 DOB 7 June 1956  
 POB Al Karouan, Lebanon  
 Nationality Lebanon  
 RUC: 3-NT-1-6255 (Panama)  
 Passport: 11869936 (Venezuela)



**Ismael Mohammed YOUSSEF**  
 DOB 12 Sep 1979  
 POB Santa Marta, Colombia  
 Nationality Colombia  
 Cedula No. 17900973 (Colombia)

**Lebanon**  
  
**NEW LINE EXCHANGE TRUST CO.**  
 Currency Exchange Business  
 2901 Icaria  
 Ras Beirut, Lebanon

**Colombia**  
  
**ALMACEN JUNIOR NO. 2**  
 Calle 10 No. 12-46  
 Maicao, Colombia  
 Matricula Mercantil No. 00008712

**COMERCIAL PLANETA**  
 Carrera 12 No. 12-13  
 Maicao, Colombia  
 Matricula Mercantil No. 00072179

**ALMACEN JUNIOR**  
 Carrera 13 No. 11-24  
 Maicao, Colombia  
 Matricula Mercantil No. 00002911

**Panama**  
  
**GOLDI ELECTRONICS S.A.**  
 Colon, Panama  
 Panama RUC: 1476422-1-642962

**ZONA LIBRE INTERNATIONAL MARKET S.A.**  
 Colon, Panama  
 Panama RUC: 66161-20-363386

**JOUMAA  
 Drug Trafficking &  
 Money Laundering Organization**



**Ayman Saied JOUMAA**  
 a.k.a. Aiman Said JOMAA KHARFAN  
 DOB 21 Jun 1964  
 POB Al Karouan, Lebanon  
 Passport RL 0235074 (Lebanon)  
 Cedula No. 84075050 (Colombia)

**Hassan Ayash Exchange: Lebanon**



**Mahmoud Hassan AYACHE**  
 DOB ~1943  
 POB Mziara, Lebanon  
 Nationality Lebanon

**Hassan Mahmoud AYACHE**  
 DOB 1 May 1963  
 Nationality Lebanon  
 Passport RL0361632, Lebanon



**HASSAN AYASH EXCHANGE COMPANY SARL**  
 Madame Curie St., Beirut, Lebanon;

**Ellissa Group:  
 Lebanon, Benin, Republic of the Congo**



**Jamal Mohamed KHAROUBI**  
 General Manager  
 DOB 1 November 1976  
 POB Sarafand, Lebanon  
 Passport RL0068313 (Lebanon)



**KHARROUBI, Ali Mohamed**  
 (a.k.a. KHAROUBI, Ali)  
 DOB 8 Jul 1970  
 Citizen Lebanon  
 Passport RL0603911 (Lebanon)

**Lebanon**  
  
**ELLISSA HOLDING**  
**ELLISSA HOLDING**  
 (a.k.a. ELLISSA SAL (HOLDING))  
 Atrium Building, Weygand Street  
 Central District, Beirut, Lebanon

**Benin**  
  
**ELLISSA GROUP SA**  
 01 BP 6269  
 C.R. No. 03-B-1620  
 Cotonou, Benin

**ELLISSA EXCHANGE CO. SARL**  
 a.k.a. ELLESSA EXCHANGE  
 a.k.a. ELLISSA EXCHANGE  
 Sarafand, Saïda, Lebanon;

**ELLISSA MEGASTORE**  
 Quartier SCOA GBETO, Carre 148  
 01 BP 6269  
 Cotonou, Benin

**SOLMAR**  
  
**SOLMAR**  
 Atrium Building, Weygand Street  
 Central District  
 Beirut, Lebanon

**ELLISSA PARC COTONOU**  
 01 BP 6269  
 Cotonou, Benin

**PHENICIA SHIPPING OFFSHORE SARL**  
 Beirut, Lebanon

**ELLISSA SHIPPING**  
 01 BP 6269  
 Cotonou, Benin

**Republic of the Congo**  
  
**AGROPHEN**  
 01 BP 6269  
 Cotonou, Benin

**SOCIETE ELLISSA GROUP CONGO**  
 Avenir Lassy Zephyr  
 Immeuble Socobra, Pointe Noire  
 Republic of the Congo

**YAMEN BENIN SARL**  
 01 BP 6269  
 Cotonou, Benin

Dr. David L. Asher - ESF Board Member





Step Two: February 10, 2011

# LCB 311 Designation



U.S. DEPARTMENT OF THE TREASURY



Search    
Advanced Search

Home

Treasury For...

About

Resource Center

Services

Initiatives

Careers

Connect with Us

## Treasury Identifies Lebanese Canadian Bank Sal as a “Primary Money Laundering Concern”

2/10/2011

*Treasury Acts to Protect the U.S. Financial System from Bank with Ties to a Global Narcotics Trafficking and Money Laundering Network and Hizballah*

To view a Fact Sheet on Section 311 of the USA PATRIOT Act, visit [link](#).

**WASHINGTON** – The U.S. Department of the Treasury today announced the identification of The Lebanese Canadian Bank SAL together with its subsidiaries (LCB) as a financial institution of primary money laundering concern under Section 311 of the USA PATRIOT Act (Section 311) for the bank’s role in facilitating the money laundering activities of an international narcotics trafficking and money laundering network. This network moves illegal drugs from South America to Europe and the Middle East via West Africa and launders hundreds of millions of dollars monthly through accounts held at LCB, as well as through trade-based money laundering involving consumer goods throughout the world, including through used car dealerships in the United States. Treasury has reason to believe that LCB managers are complicit in the network’s money laundering activities. Today’s action also exposes the terrorist organization Hizballah’s links to LCB and the international narcotics trafficking and money laundering network.

“This action seeks to protect the U.S. financial system from the illicit proceeds flowing through LCB and to deprive this international narcotics trafficking and money laundering network of its preferred access point into the formal financial system,” said Under Secretary for Terrorism and Financial Intelligence Stuart Levey. “Any financial institution that collaborates in illicit conduct on this scale risks losing its access to the United States.”

Dr. David L. Asher CSIF Board Member



Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES



## Step Three: December 15, 2011

### SDNY Civil Complaint against Hizballah seeks \$480 mil+

- “2007-2011 at least \$329 million was transferred to the United States for the purchase and shipment of used cars...shipped to Cotonou, Benin.
- A significant portion of the cash proceeds from the car sales was transported to Lebanon by a Hizballah-controlled system of money couriers, cash smugglers, hawaladars, and currency brokers.
- Cash transported from West Africa was often received at the Beirut airport, where Hizballah security safeguarded its passage to its final destination.
- This same used car, Hizballah-controlled money laundering infrastructure is used to conceal and funnel hundreds of millions of dollars in narcotics proceeds from West Africa back to Lebanon.”



UNITED STATES ATTORNEY'S OFFICE  
Southern District of New York

U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE  
Thursday, December 15, 2011  
<http://www.justice.gov/usao/nys>

CONTACT: U.S. ATTORNEY'S OFFICE  
Ellen Davis, Carly Sullivan,  
Jerika Richardson  
(212) 637-2600

DEA  
Dawn Dearden, Rusty Payne  
(202) 307-7977

**MANHATTAN U.S. ATTORNEY FILES CIVIL MONEY LAUNDERING  
AND FORFEITURE SUIT SEEKING MORE THAN \$480 MILLION  
DOLLARS FROM ENTITIES INCLUDING LEBANESE FINANCIAL  
INSTITUTIONS THAT FACILITATED A HIZBALLAH-RELATED  
MONEY LAUNDERING SCHEME.**

*Lebanese Financial Institutions, Including Institutions Linked to Hizballah, Allegedly Wired Over \$300 Million into the United States for the Purchase and Shipment of Used Cars to West Africa as Part of Money Laundering Scheme*

*Proceeds from Car Sales and Narcotics Trafficking Allegedly Were Funneled Back to Lebanon Through Hizballah-Controlled Money Laundering Channels*

Preet Bharara, the United States Attorney for the Southern District of New York, and Michele M. Leonhart, the Administrator of the U.S. Drug Enforcement Administration ("DEA"), announced today the filing of a civil money-laundering and in rem forfeiture complaint (the "Complaint") alleging a massive, international scheme in which Lebanese financial institutions, including a bank and two exchange houses linked to Hizballah, used the U.S. financial system to launder narcotics trafficking and other criminal proceeds through West Africa and back into Lebanon. As part of the scheme, funds were wired from Lebanon to the United States to buy used cars, which were then transported to West Africa. Cash from the sale of the cars, along with proceeds of narcotics trafficking, were then funneled to Lebanon through Hizballah-controlled money laundering channels. Substantial portions of the cash were paid to Hizballah, which the U.S. Department of State designated as a Foreign Terrorist Organization in 1997. As alleged in the Complaint, the Hizballah-linked financial institutions involved in the scheme include the Lebanese Canadian Bank ("LCB") and two Lebanese exchange houses – the Hassan Ayash Exchange Company and Ellissa Holding – and their related subsidiaries and affiliates.

Dr. David L. Asher CSIF Board Member



Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES





## SDNY Targets Hezbollah's bank (and Iran's)

### LCB's Central Role in Hezbollah Finance

- LCB allowed privileged Hizballah individuals and entities to make large deposits without reporting these deposits and their sources.
- LCB provided services and loans to **Yusser Company** for Finance and Investment (and multiple affiliates) – part of “Hizballah’s unofficial treasury, holding and investing its assets and serving as intermediaries between the terrorist group and mainstream banks.” These LCB loans were guaranteed by Hezbollah Treasury Secretary, **"Hussain Shami."**
- LCB maintained a banking relationship with numerous Hizballah associated entities while aware of UN reporting that these **entities were reportedly involved in counterfeiting, money-laundering and diamond smuggling.**
- **Treasury 311 complaint earlier indicated “Iranian officials’ access to LCB and key LCB managers, who provide them banking services.” .....**

Dr. David L. Asher CSIF Board Member



Step Four: August 20, 2013

# DOJ seizes \$150 million

## PRESS RELEASES



### **Manhattan U.S. Attorney Announces Seizure Of \$150 Million In Connection With A Hizballah-Related Money Laundering Scheme**

FOR IMMEDIATE RELEASE

Monday, August 20, 2012

Preet Bharara, the United States Attorney for the Southern District of New York, and Michele M. Leonhart, the Administrator of the U.S. Drug Enforcement Administration (“DEA”), today announced the seizure of \$150 million in connection with a civil money laundering and forfeiture complaint (the “Complaint”) filed in December 2011 alleging a massive, international scheme in which entities linked to Hizballah, including the now defunct Lebanese Canadian Bank (“LCB”), used the U.S. financial system to launder narcotics trafficking and other criminal proceeds through West Africa and back into Lebanon. In September 2011, Société Générale de Banque au Liban (“SGBL”) agreed to purchase most of the assets of LCB, and at least \$150 million in purchase price funds related to that sale are being held in escrow in Lebanon at the Banque Libano Française SAL (“BLF”). The seized funds are substitutes for the money in the LCB escrow account at BLF, and came from an account at a U.S. bank that is used by BLF to conduct U.S. currency transactions (the “correspondent account”). The funds were seized pursuant to seizure warrants issued on August 15, 2012. There are no allegations of wrongdoing against BLF, SGBL, or the U.S. bank that maintains the correspondent account for BLF in the U.S.

Dr. David L. Asher CSIF Board Member



Center on Sanctions  
& Illicit Finance

FOUNDATION FOR DEFENSE OF DEMOCRACIES





# 18 USC § 981(k) - Civil forfeiture

(k) Interbank Accounts.—

(A) In general.— For the purpose of a forfeiture under this section or under the Controlled Substances Act ([21 U.S.C. 801 et seq.](#)), if funds are deposited into an account at a foreign financial institution (as defined in section 984 (c)(2)(A) of this title), and that foreign financial institution (as defined in section 984 (c)(2)(A) of this title) has an interbank account in the United States with a covered financial institution (as defined in section 5318 (j)(1) of title 31), the funds shall be deemed to have been deposited into the interbank account in the United States, and any restraining order, seizure warrant, or arrest warrant in rem regarding the funds may be served on the covered financial institution, and funds in the interbank account, up to the value of the funds deposited into the account at the foreign financial institution (as defined in section 984 (c)(2)(A) of this title), may be restrained, seized, or arrested.

(2) No requirement for government to trace funds.— If a forfeiture action is brought against funds that are restrained, seized, or arrested under paragraph (1), it shall not be necessary for the Government to establish that the funds are directly traceable to the funds that were deposited into the foreign financial institution (as defined in section





The Foundation for Defense of Democracies' (on Sanctions and Illicit Finance (CSIF) May 8

## Halawi and Rmeity 311s

The U.S. Department of the Treasury today named two Lebanese exchange houses, Kassem Rmeiti & Co. For Exchange (Rmeiti Exchange) and Halawi Exchange Co. (Halawi Exchange), as foreign financial institutions of primary money laundering concern under Section 311 of the USA PATRIOT Act (Section 311) – the first time the Department has used Section 311 against a non-bank financial institution. Today's action reflects the Treasury Department's continuing commitment to target illicit financial networks that launder millions of dollars in funds for narcotics traffickers and that, in the process, provide substantial financial benefits to the terrorist organization Hizballah.

Dr. David L. Asher CSIF Board Member

### U.S. Accuses 2 Lebanese Exchange Firms of Laundering Money for 'Hizbullah-Linked' Drug Kingpin

by Nahamet Newsdesk 23 April 2013, 13:16

اقرأ هذا الخبر بالعربية

Comment 20 Tweet 0 Like 0 Print Email



The United States designated two Lebanese foreign exchange firms as significant money launderers on Tuesday, saying they "moved money for drug traffickers and benefited Hizbullah."

The U.S. Treasury named Kassem Rmeiti & Co. For Exchange and Halawi Exchange Co. for sanctions which freeze any assets they have on U.S. soil and ban Americans and U.S. businesses from any transactions with them.

It said both had been used to move money by the Ayman Joumaa narcotics network, a primary target in recent years of U.S. law enforcement, since the Treasury cracked down on the Lebanese Canadian Bank in 2011 for its alleged money laundering activities.

After sanctions deprived the Lebanese Canadian Bank access to key parts of the global financial system, the Treasury said, the Joumaa group used Kassem Rmeiti and Halawi to move its money, including passing millions through other banks into the United States to buy used cars, which are then exported to West Africa.

Both were linked to Benin-based money launderers and drug groups, according to the Treasury.

Both were also tied by the Treasury to money transfers for Hizbullah or the party's officials.

Halawi especially poses "a substantial threat to the U.S. and international financial systems," the Treasury said, due to its "extensive illicit financial activity on behalf of a variety of international narcotics trafficking and money laundering networks."

"Today's action reflects the Treasury Department's continuing commitment to target illicit financial networks that launder millions of dollars in funds for narcotics traffickers and that, in the process, provide substantial financial benefits to the terrorist organization Hizbullah," the Treasury said in a statement.







# Bolder USG Hezbollah Strategy Needed

- Hezbollah is no longer an Iranian proxy– it is at war, alongside Iran and Assad's regime, in Syria, in Iraq and apparently in Yemen as well.
- Hezbollah's money laundering activities have placed Lebanese banks at grave risk of sanction and enforcement action; Iran, Syria, and Russia's use of Beirut to skirt sanctions jeopardize entire Lebanon banking system.
- Lebanon's financial system is built around the dollar and access to the US banking system to clear transactions is vital. Benin and Togo's reliance on the used car trade is also a major vulnerability. The US has huge leverage that needs to be used, starting with Section 311.
- The current US strategy is not stopping Hezbollah from laundering billions of dollars in drug money through the used car trade in Europe and the US. This is the largest material support scheme for terrorists in the world.
- Hezbollah is a narco-terror cartel ala the FARC. Hezbollah leadership Kingpins and associated criminals should charged with orchestrating a Racketeering and Corrupt Organizational (RICO) conspiracy ala the Mob. The Party of Fraud needs to be pursued as a criminal organization.

Dr. David L. Asher CSIF Board Member



# Medellin, Colombia-based Drug Money Laundering Network



**Fredy Alonso MIRA PEREZ**  
a.k.a. "Fredy Colas"  
DOB 02 July 1966  
POB Bogota, Colombia  
Cedula No. 71683988 (Colombia)

**LA OFICINA DE ENVIGADO**  
Medellin, Colombia  
Designated by OFAC on  
June 26, 2014

Underboss  
Laundering drug money



**Pedro Claver MEJIA SALAZAR**  
DOB 19 May 1943  
POB Granada, Antioquia, Colombia  
Cedula No. 3606361 (Colombia)



Frequent partners in  
drug money laundering operations



**Ayman Saïed JOUMAA**  
Previously designated by  
OFAC on January 26, 2011

### Individuals Acting on Behalf of Mejia Salazar



**Walter Gabriel MEJIA ALZATE**  
DOB 01 Oct 1985  
POB Medellin, Colombia  
Cedula No. 88772126 (Colombia)



**Juan Carlos MEJIA ALZATE**  
DOB 17 July 1980  
POB Medellin, Colombia  
Cedula No. 71213043 (Colombia)



**Andrea Carolina MEJIA ALZATE**  
DOB 15 Aug 1987  
POB Medellin, Colombia  
Cedula No. 1128210478 (Colombia)



**Jairo Roberto BARCO MEJIA**  
DOB 19 March 1967  
POB Santuario, Antioquia, Colombia  
Cedula No. 70472776 (Colombia)



**Jose Guillermo BARCO MEJIA**  
DOB 03 August 1976  
POB Santuario, Antioquia, Colombia  
Cedula No. 94884900 (Colombia)



**Jose Alvaro BARCO MEJIA**  
DOB 23 May 1966  
POB Santuario, Antioquia, Colombia  
Cedula No. 70491993 (Colombia)



**Bonalba ALZATE GONZALEZ**  
DOB 13 Sept 1956  
POB Santuario, Antioquia, Colombia  
Cedula No. 72082396 (Colombia)



**Jose Alejandro MEJIA ALZATE**  
DOB 30 May 1981  
POB Medellin, Colombia  
Cedula No. 8124905 (Colombia)



**Maria Leivy MEJIA ALZATE**  
DOB 28 July 1981  
POB Medellin, Colombia  
Cedula No. 83276113 (Colombia)



**Humberto Antonio BEDOYA ESPINOSA**  
DOB 16 Jan 1949  
POB Medellin, Colombia  
Cedula No. 8093921 (Colombia)

### Companies with ties to the Mejia Salazar Network



**El complemento de tu belleza**  
GRUPO EMPRESARIAL ENKOR PROFESIONAL S.A.S.  
Calle 4 No. 30-154, Sector Colfabiola, Medellin, Colombia  
Carrera No. 89A-17E, Medellin, Colombia  
NIT # 900460215-3 (Colombia)



**TRITON S.A.S.**  
Circun 738 No. 398-115 Of. 901  
Medellin, Colombia  
NIT # 900218245-0 (Colombia)



**INVERSIONES MEYBAR S.A.S.**  
Calle 48 No. 53-62 Int. 900  
Medellin, Colombia  
NIT 811004756-8 (Colombia)



**HOTEL SOL PLAZA**  
Carrera 22 No. 258 65  
La Parota, Antioquia, Colombia  
Matricula Mercantil No. 37042032 (Medellin)



**EnPROFESIONAL**  
Calle 4 No. 30-154, Medellin, Colombia  
Matricula Mercantil No. 42528622 (Medellin)



**GRUPO EMPRESARIAL GHEMA S.A.S.**  
Carrera 30 No. 698-118, Medellin, Colombia  
Calle 10 No. 21-08, Of. 505, Berrito, Colombia  
NIT # 900457675-8 (Colombia)



**RODRIGO S.A.S.**  
Circun 738 No. 398-115 Of. 901  
Medellin, Colombia  
NIT # 900216292-0 (Colombia)



**PROMOTORA TURISTICA SOL PLAZA S.A.**  
Circun 738 No. 398-115 Of. 901  
Medellin, Colombia  
NIT # 811035647-6 (Colombia)



**ALMACEN GUMAR**  
Cali, Colombia  
Matricula Mercantil No. 441336 (Cali)



**CANTERAS COPACABANA S.A.**  
S.A.S. TRAMCO S.A.  
Circun 738 No. 398-115 Of. 901  
Medellin, Colombia  
NIT # 811033364-3 (Colombia)



**ARENERIA EL CERREJON**  
Km 2 via Acaedon  
Acaedon, Caldas, Colombia  
Matricula Mercantil No. 121398 (Medellin)



**ALMOCIP S.A.S.**  
Circun 738 No. 398-115 Of. 901  
Medellin, Colombia  
NIT # 900214383-4 (Colombia)



**ASESORIA Y ASISTENCIA  
AGROPICUARIA Y AMBIENTAL S.A.**  
Manizales, Caldas, Colombia  
Matricula Mercantil No. 109508 (Medellin)





# The Foundation for Defense of Democracies' Center on Sanctions and Illicit Finance (CSIF)



**Car Park Area #2**  
Cotonou, Benin

Jan 2013

Dr. David L. Asher, CSIF Board Member

© 2013 Google  
Image © 2013 DigitalGlobe

© 2010 Google

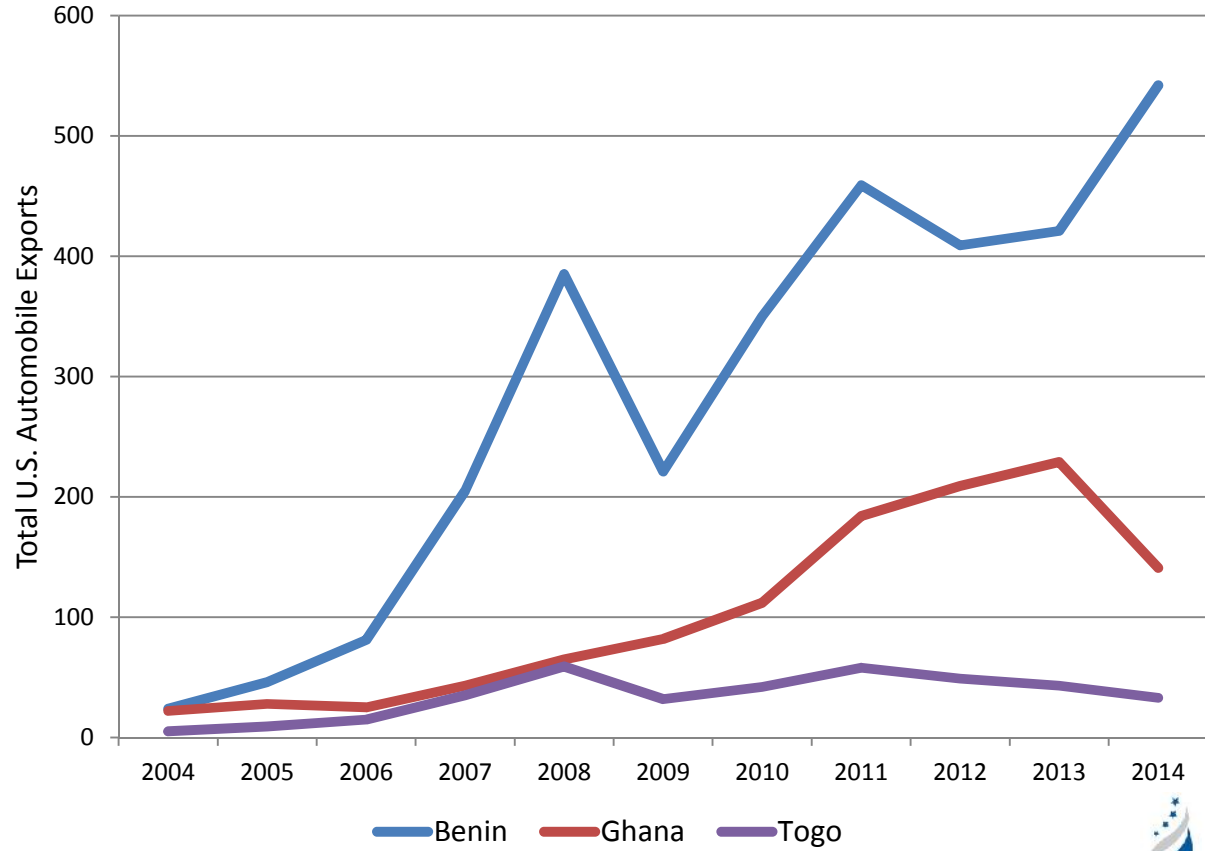
# The Foundation for Defense of Democracies' Center on Sanctions and Illicit Finance (CSIF)

Despite the designation, used car exports to Benin have increased.

May 8, 2015

(Note: Customs data based on bills of lading would capture many more used cars than the Commerce figures below that only record cars over \$2500 in value; many cars worth less than \$2500 are being exported...)

### U.S. Automobile Exports to West Africa (2004-2014)



Dr. David L. Asher CSIF Board Member





# Whole of Government Approach is Required

COUNTER-THREAT FINANCE: BALANCING NATIONAL SECURITY RESOURCES



Dr. David L. Asher CSIF Board Member

