

From 2008 to 2011, Halawi Exchange, its management, and employees sent numerous international wire transfers to U.S.-based used car companies consistent with the practice of laundering money through the purchase of cars in the United States for export to West Africa. Ali Halawi—a partner at Halawi Exchange—is listed by name on many of these transfers. A large number of these transfers were sent through accounts at LCB, which has been identified by Treasury as a financial institution of primary money laundering concern under Section 311 for its role in facilitating the money laundering activities of Ayman Joumaa's international narcotics trafficking and money laundering network. Some of the U.S.-based car dealerships that received funds transfers from Halawi Exchange were later identified in the SDNY Complaint as participants in the Joumaa network's money laundering activities.

Joumaa's network moved illegal drugs from South America to Europe and the Middle East via West Africa and laundered 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. This criminal scheme involved bulk cash smuggling operations and use of several Lebanese exchange houses that utilized accounts at LCB branches, as discussed in the LCB 311 Action.

Halawi Exchange has also worked with other Lebanese exchange houses, including Rmeiti Exchange, to facilitate money laundering activities. For example, Halawi Exchange, Rmeiti Exchange, and other exchange houses sent over \$9 million in dozens of round-number, large-denomination international wire transfers from unknown sources to the same U.S. car shipping business from 2007 through 2010.

#### *B. Past and Current Connection to Designated Narcotics Kingpins and Their Associates*

SDNT's Ibrahim Chebli and Abbas Hussein Harb regularly coordinated and executed financial transactions—including bulk cash transfers—that were processed through the Halawi Exchange. Harb and Chebli were designated by Treasury in June 2012 pursuant to the Kingpin Act for collaboration with Joumaa in the movement of millions of dollars of narcotics-related proceeds. Harb's Columbia- and Venezuela-based organization has laundered money for the Joumaa network through the Lebanese financial sector. Additionally,

Chebli used his position as the manager of the Abbassieh branch of Fenicia Bank in Lebanon to facilitate the movement of money for Joumaa and Harb.<sup>21</sup>

#### *C. Past and Current Connection to Another International Narcotics Trafficking and Money Laundering Network With Ties to Hizballah*

Management and key employees at Lebanon-based Halawi Exchange and members of the Halawi family coordinate, execute, receive, or are otherwise involved in millions of dollars worth of transactions for members of another international narcotics trafficking and money laundering network. For example, high-level management at Lebanon-based Halawi Exchange and members of the Halawi family were involved in the movement of over \$4 million in late 2012 for this international narcotics trafficking and money laundering network. Additionally, Fouad Halawi, acting in his capacity as a senior official at Halawi Holding, was responsible for the receipt and transfer of funds for this narcotics trafficking and money laundering network and provided accounting services for its senior leadership. To avoid detection, the involved parties scheduled structured payments by splitting larger sums into smaller, more frequent transactions which they often moved through numerous high-risk jurisdictions.

This additional international narcotics trafficking and money laundering network has been involved in extensive international narcotics trafficking operations. For example, it is known to have trafficked heroin from Lebanon to the United States and hundred-kilogram quantities of cocaine from South America to Nigeria for distribution in Europe and Lebanon. It is also known to have trafficked cocaine out of Lebanon in multi-ton quantities. The head of this network has operated an extensive money laundering organization, including a series of offshore corporate shell companies and underlying bank accounts, established by intermediaries, to receive and send money transfers throughout the world. It has arranged the laundering of profits from large-scale narcotics trafficking operations. Transfers coordinated by this network have impacted the United States, Canada, Europe, the Middle East, Asia, Australia, and South America. This international narcotics trafficking

and money laundering network is affiliated with Hizballah.

Additionally, Halawi Exchange is known to have laundered profits from drug trafficking and cocaine-related money laundering for a Hizballah leader and narcotics trafficker. Halawi Exchange has also been routinely used by other Hizballah associates as a means to transfer illicit funds.

#### **IV. The Extent to Which This Action Is Sufficient To Guard Against International Money Laundering and Other Financial Crimes**

FinCEN's April 22, 2013, notice of finding that Halawi Exchange is an institution of primary money laundering concern, along with the Special Measures simultaneously proposed pursuant to the Finding, will guard against the international money laundering and other financial crimes described above directly by restricting the ability of Halawi Exchange to access the U.S. financial system to process transactions, and indirectly by public notification to the international financial community of the risks posed by dealing with Halawi Exchange.

Dated: April 20, 2013.

**Jennifer Shasky Calvery,**

*Director, Financial Crimes Enforcement Network.*

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#### **DEPARTMENT OF THE TREASURY**

#### **Financial Crimes Enforcement Network**

#### **Order Imposing Recordkeeping and Reporting Obligations on Certain U.S. Financial Institutions With Respect to Transactions Involving Kassem Rmeiti & Co. for Exchange as a Financial Institution of Primary Money Laundering Concern**

**AGENCY:** Financial Crimes Enforcement Network, Treasury ("FinCEN").

**ACTION:** Order.

**SUMMARY:** The Director of FinCEN found on April 22, 2013 that Kassem Rmeiti & Co. For Exchange ("Rmeiti Exchange") is a financial institution operating outside the United States that is of primary money laundering concern. The Director of FinCEN is issuing an order imposing certain recordkeeping and reporting obligations with respect to transactions involving Rmeiti Exchange (the "Order").

**DATES:** The Order was effective on April 23, 2013. The Order will remain in effect until August 21, 2013.

<sup>21</sup> Exhibit 25—Press Release, "Treasury Targets Major Money Laundering Network Linked to Drug Trafficker Ayman Joumaa and a Key Hizballah Supporter in South America," 6/27/11, <http://www.treasury.gov/press-center/press-releases/Pages/tg1624.aspx>

**FOR FURTHER INFORMATION CONTACT:**

Regulatory Policy and Programs Division, FinCEN, (800) 949-2732.

**SUPPLEMENTARY INFORMATION:** On April 22, 2013, the Director of FinCEN, pursuant to 31 U.S.C. 5318A, found Rmeiti Exchange to be a Financial Institution of Primary Money Laundering Concern (the "Finding"). Notice of the Finding is published elsewhere in this issue of the **Federal Register**.

Also published elsewhere in this issue of the **Federal Register** is a notice of proposed rulemaking ("NPRM") proposing to apply the first and fifth special measures provided in 31 U.S.C. 5318A to any transaction or attempted transaction involving Rmeiti Exchange. The explanations and interpretations found in the NPRM are applicable to this Order to the extent that this Order imposes the same obligations proposed in the NPRM.

This Order addresses FinCEN's concern that Rmeiti Exchange may continue to be involved in transactions that present a substantial money laundering risk prior to any implementation of the proposed rule.

This Order applies to covered financial institutions as defined in 31 CFR 1010.605(e)(1), and money transmitters that are required to register under 31 CFR 1022.380 ("principal money transmitters"), that are requested to process transactions involving Rmeiti Exchange. This Order requires covered financial institutions and principal money transmitters to report the information listed in Part 2 below in a comma separated value ("CSV") file. Covered financial institutions and principal money transmitters are required to load the CSV file on an encrypted CD ROM and mail the CD ROM on or before the 15th day following the date of the transaction or the date the covered financial institution or principal money transmitter became aware of the attempted transaction to the Department of the Treasury, Financial Crimes Enforcement Network, Post Office Box 39, Vienna, Virginia 22183-0039 (Attn: 311 Reporting). Information of a contact person from whom FinCEN may obtain the encryption password should be enclosed in the mailing. To ease regulatory burden and as appropriate, reports filed as Bank Secrecy Act-Suspicious Activity Reports ("BSA-SARs") will be deemed to comply with this reporting requirement if filed within 15 days with all required information included in an attached CSV file and containing both in the narrative and field 35z the text "Rmeiti

Exchange SM1 Report". As long as transactions or attempted transactions are reported within the fifteen-day requirement and the attached CSV file does not exceed one megabyte, multiple transactions may be reported on the same BSA-SAR.

This Order imposes requirements with respect to entities identified as primary money laundering concern for their involvement in laundering the proceeds of narcotics traffickers and money launderers. Because advanced notice of this action could result in the loss of reporting information related to these entities, and section 311 of the USA PATRIOT Act authorizes the issuance of this Order without a prior notice of proposed rulemaking, it is found to be impracticable, unnecessary, and contrary to the public interest to comply with notice and public procedure under 5 U.S.C. 553(b). For these reasons, the Order is made effective before 30 days have passed after its publication date. See 5 U.S.C. 553(d). In addition, the provisions of the Regulatory Flexibility Act relating to initial and final regulatory flexibility analysis (5 U.S.C. 604) are not applicable to this Order because FinCEN was not required to publish a prior notice of proposed rulemaking under 5 U.S.C. 553 or any other law.

By virtue of the authority contained in 31 U.S.C. 5318A and delegated to the Director of FinCEN, I hereby order, for the period from April 23, 2013 through August 21, 2013 that:

**Part 1—Requirements for Financial Institutions Subject to This Order**

(1) *Identifying Transactions or Attempted Transactions Involving Kassem Rmeiti & Co. For Exchange.* A financial institution subject to this Order is required to use its existing anti-money laundering programs and processes to identify transactions or attempted transactions involving Kassem Rmeiti & Co. For Exchange. U.S. financial institutions generally apply some degree of due diligence in screening their transactions and accounts, often through the use of commercially available software such as that used for compliance with the economic sanctions programs administered by the Office of Foreign Assets Control of the Department of the Treasury. The identification required by this Order may be accomplished by relying on these same automated programs and filters used to identify sanctioned entities.

(2) *Reporting.* A financial institution subject to this Order is required to take reasonable steps to collect and report to FinCEN on the following information

with respect to any transaction or attempted transaction involving Kassem Rmeiti & Co. For Exchange:

(i) The identity and address of the participants in the transaction or attempted transaction, including the identity of the originator and beneficiary of any funds transfer;

(ii) The legal capacity in which Kassem Rmeiti & Co. For Exchange is acting with respect to the transaction or attempted transaction and, to the extent to which Kassem Rmeiti & Co. For Exchange is not acting on its own behalf, the customer or other person on whose behalf Kassem Rmeiti & Co. For Exchange is acting; and

(iii) a description of the transaction or attempted transactions and its purpose.

(3) *When to file.* A report required by this Order shall be filed by the financial institution subject to the Order within fifteen business days following the day when the financial institution subject to the Order engaged in the transaction or became aware of an attempted transaction. Willful failure to provide timely, accurate, and complete information in such reporting may constitute a violation of this Order subject to civil and criminal penalties under 31 U.S.C. 5321 and 5322.

(4) *Form of Reporting.* A report required by this Order shall be filed on an encrypted CD ROM sent to the Department of the Treasury, Financial Crimes Enforcement Network, Post Office Box 39, Vienna, Virginia 22183-0039 (Attn: 311 Reporting) However, if a financial institution subject to this Order determines the reportable transaction to be suspicious, filing FinCEN Form 111 within 15 days with all required information included in an attached CSV file and containing both in the narrative and field 35z the text "Rmeiti Exchange SM1 Report" will be deemed to comply with this Order. The collection of information required by this Order is approved under OMB Control Number 1506-0065. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a valid OMB control number.

**Part 2—Specifications for Reporting**

(1) Financial institutions subject to this Order shall place the required information in a CSV file in the following format:

Transaction Reference Number, Payment Date, Instruction Date, Payment Amount, Transmitter's Account Number, Transmitters's Full Name, Transmitters's Address, Transmitter's Financial Institution's Identifier, Transmitter's Financial Institution's Name, Transmitter's

Financial Institution's Address, Incoming Correspondent Financial Institution's Identifier, Incoming Correspondent Financial Institution's Name, Incoming Correspondent Financial Institution's Address, Outgoing Correspondent Financial Institution's Identifier, Outgoing Correspondent Financial Institution's Name, Outgoing Correspondent Financial Institution's Address, Recipient's Financial Institution's Identifier, Recipient's Financial Institution's Name, Recipient's Financial Institution's Address, Recipient's Account Number, Recipient's Full Name, Recipient's Address, Payment Instructions.

### Part 3—Definitions

When used in this Order, where not otherwise distinctly defined or manifestly incompatible with the intent thereof, terms shall have the meanings ascribed in 31 CFR 1010.100. For purposes of this Order, the following terms shall have the following meanings:

(1) *Kassem Rmeiti & Co. For Exchange* means all branches, offices, and subsidiaries of Kassem Rmeiti & Co. For Exchange operating in any jurisdiction, including the Rmaiti Group SAL in Lebanon and Societe Rmaiti SARL (STE Rmeiti) located in Benin specifically identified in the Finding.

(2) *Financial institution subject to the Order* means a covered financial institution as defined in 31 CFR 1010.605(e)(1) or a money transmitter required to register under 31 CFR 1022.380.

(3) *Subsidiary* means a company of which more than 50 percent of the voting stock or analogous equity interest is owned by Kassem Rmeiti & Co. For Exchange.

(4) *Transaction Reference Number* means a reference number assigned to a transaction by the reporting financial institution.

(5) *Incoming Correspondent Financial Institution* means the financial institution that sent the transmittal order to the reporting financial institution.

(6) *Outgoing Correspondent Financial Institution* means the financial institution to which the reporting financial institution will send a transmittal order.

(7) *Payment Instructions* means any information provided by the originator to be included in the transmittal order that describes the purpose of the transaction for the beneficiary.

Dated: April 20, 2013.

**Jennifer Shasky Calvery**,  
*Director, Financial Crimes Enforcement Network.*

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## DEPARTMENT OF THE TREASURY

### Financial Crimes Enforcement Network

#### Order Imposing Recordkeeping and Reporting Obligations on Certain U.S. Financial Institutions With Respect to Transactions Involving Halawi Exchange Co. as a Financial Institution of Primary Money Laundering Concern

**AGENCY:** Financial Crimes Enforcement Network, Treasury (“FinCEN”).

**ACTION:** Order.

**SUMMARY:** The Director of FinCEN found on April 22, 2013, that Halawi Exchange Co. (“Halawi Exchange”) is a financial institution operating outside the United States that is of primary money laundering concern. The Director of FinCEN is issuing an order imposing certain recordkeeping and reporting obligations with respect to transactions involving Halawi Exchange (the “Order”).

**DATES:** The Order is effective on April 23, 2013. The Order will remain in effect until August 21, 2013.

**FOR FURTHER INFORMATION CONTACT:** Regulatory Policy and Programs Division, FinCEN, (800) 949-2732.

**SUPPLEMENTARY INFORMATION:** On April 22, 2013, the Director of FinCEN, pursuant to 31 U.S.C. 5318A, found Halawi Exchange to be a Financial Institution of Primary Money Laundering Concern (the “Finding”). Notice of the Finding is published elsewhere in this issue of the **Federal Register**.

Also published elsewhere in this issue of the **Federal Register** is a notice of proposed rulemaking (“NPRM”) proposing to apply the first and fifth special measures provided in 31 U.S.C. 5318A to any transaction or attempted transaction involving Halawi Exchange. The explanations and interpretations found in the NPRM are applicable to this Order to the extent that this Order imposes the same obligations proposed in the NPRM.

This Order addresses FinCEN’s concern that Halawi Exchange may continue to be involved in transactions that present a substantial money laundering risk prior to any implementation of the proposed rule.

This Order applies to covered financial institutions as defined in 31

CFR 1010.605(e)(1), and money transmitters that are required to register under 31 CFR 1022.380 (“principal money transmitters”), that are requested to process transactions involving Halawi Exchange. This Order requires covered financial institutions and principal money transmitters to report the information listed in Part 2 below in a comma separated value (“CSV”) file. Covered financial institutions and principal money transmitters are required to load the CSV file on an encrypted CD-ROM and mail the CD-ROM on or before the 15th day following the date of the transaction or the date the covered financial institution or principal money transmitter became aware of the attempted transaction to the Department of the Treasury, Financial Crimes Enforcement Network, Post Office Box 39, Vienna, Virginia 22183-0039 (Attn: 311 Reporting). Information of a contact person from whom FinCEN may obtain the encryption password should be enclosed in the mailing. To ease regulatory burden and as appropriate, reports filed as Bank Secrecy Act-Suspicious Activity Reports (“BSA-SARs”) will be deemed to comply with this reporting requirement if filed within 15 days with all required information included in an attached CSV file and containing both in the narrative and field 35z the text “Halawi Exchange SM1 Report”. As long as transactions or attempted transactions are reported within the fifteen-day requirement and the attached CSV file does not exceed one megabyte, multiple transactions may be reported on the same BSA-SAR.

This Order imposes requirements with respect to entities identified as primary money laundering concern for their involvement in laundering the proceeds of narcotics traffickers and money launderers. Because advanced notice of this action could result in the loss of reporting information related to these entities, and section 311 of the USA PATRIOT Act authorizes the issuance of this Order without a prior notice of proposed rulemaking, it is found to be impracticable, unnecessary, and contrary to the public interest to comply with notice and public procedure under 5 U.S.C. 553(b). For these reasons, the Order is made effective before 30 days have passed after its publication date. See 5 U.S.C. 553(d). In addition, the provisions of the Regulatory Flexibility Act relating to initial and final regulatory flexibility analysis (5 U.S.C. 604) are not applicable to this Order because FinCEN was not required to publish a prior