

DEPARTMENT OF THE TREASURY**Financial Crimes Enforcement Network****Notice of Finding That Kassem Rmeiti & Co. For Exchange Is a Financial Institution of Primary Money Laundering Concern**

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

ACTION: Notice of finding.

SUMMARY: This document provides notice that the Director of FinCEN found on April 22, 2013, that reasonable grounds exist for concluding that Kassem Rmeiti & Co. For Exchange (“Rmeiti Exchange”) is a financial institution operating outside the United States that is of primary money laundering concern.

DATES: The finding referred to in this notice was effective as of April 22, 2013.

FOR FURTHER INFORMATION CONTACT: FinCEN, (800) 949-2732.

SUPPLEMENTARY INFORMATION:**I. Statutory Provisions**

On October 26, 2001, the President signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act”), Public Law 107-56. Title III of the USA PATRIOT Act amends the anti-money laundering provisions of the Bank Secrecy Act (“BSA”), codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5314, 5316-5332, to promote the prevention, detection, and prosecution of international money laundering and the financing of terrorism. Regulations implementing the BSA appear at 31 CFR Chapter X. The authority of the Secretary of the Treasury (the “Secretary”) to administer the BSA and its implementing regulations has been delegated to the Director of FinCEN.

Section 311 of the USA PATRIOT Act (“Section 311”), codified at 31 U.S.C. 5318A of the BSA, grants the Secretary the authority, upon finding that reasonable grounds exist for concluding that a foreign jurisdiction, financial institution, class of transaction, or type of account is of “primary money laundering concern,” to require domestic financial institutions and financial agencies to take certain “special measures” to address the primary money laundering concern.

II. The Extent To Which Kassem Rmeiti & Co. For Exchange Is Used for Legitimate Business Purposes in Lebanon**A. Kassem Rmeiti & Co. For Exchange**

Kassem Rmeiti & Co. For Exchange (“Rmeiti Exchange”) is a Lebanon-based money exchanger with branches and affiliates in Switzerland and Benin. Rmeiti Exchange, through its owner, Kassem Rmeiti,¹ also owns companies including, but not limited to, the Rmaiti Group SAL in Lebanon and Societe Rmaiti SARL (STE Rmeiti) located in Benin. For the purpose of this document and unless expressly stated otherwise, references to Rmeiti Exchange include the aforementioned companies, collectively the “Rmeiti Exchange companies.” Rmeiti Exchange uses accounts held at foreign banks that maintain correspondent relationships with U.S. financial institutions to gain access to the U.S. financial system. Between 2008 and 2011, Rmeiti Exchange transferred at least \$27 million to U.S. car dealers from foreign bank accounts.

Rmeiti Exchange offers a variety of financial services, primarily currency exchange and transmission of funds. Available information suggests that Rmeiti Exchange, in addition to the activities of concern discussed below, engages in other, unremarkable transactions of a type, volume, and variety typical of Lebanese exchange houses. If these services were offered to U.S. customers and if they took place wholly or substantially in the United States, Rmeiti Exchange would be treated as a money services business under the BSA, a type of financial institution defined at 31 CFR 1010.100(t)(3). Specifically, it offers services that would be defined as money transmission and dealing in foreign exchange, activities defined at 31 CFR 1010.100(ff).

B. Lebanon

Lebanon is a financial hub for banking activities in the Middle East and eastern Mediterranean and has a sophisticated banking sector.² There are 72 banks

¹ Alternative spellings of individual and business names: Kassem, Kasem, Keassem, Kassim, Kasim, Qasim, Qasem, Qassem; Rmeiti, Rmeiti, Rmeitey, Rmaiti, Rmaity, Rmaitey, Rmayty, Rmaytey, Rmeyti, Rmeyty, Rmeytey, Remeity, Remaity, Rmayty, Remeity, Rameiti, Ramayti, Rameyti, Ramaiti, Romeiti, Romeyti, Romayti, Romaiti, Rmaiti, Rmeitti, Rmaytti, Rmeytti; Rmaiti For Exchange Co.

² “2012 International Narcotics Control Strategy Report (INCSR),” Bureau of International Narcotics and Law Enforcement Affairs, The Department of State, March 7, 2012 www.state.gov/g/inl/rls/nrcrpt/2010/vol2/137212.htm.

operating in Lebanon,³ and all major banks have correspondent relationships with U.S. financial institutions. The five largest commercial banks account for an estimated 61% of total banking assets for the country, which are estimated at \$95 billion.⁴ The government retains no direct ownership of any commercial banks.⁵ Despite slowed economic growth following domestic political instability and regional turmoil in 2011, Lebanon’s banking sector continues to rely on significant capital inflows from the Lebanese diaspora community,⁶ which has been a large contributor to banking sector liquidity and capitalization, estimated by the World Bank at \$7.6 billion—18% of GDP—in 2011.⁷ Banks’ exposure to the heavily-indebted sovereign, with total government debt projected at 132% of GDP in 2012, remains a significant risk to stability and growth of the financial sector.⁸

Money exchange businesses became a major feature of Lebanon’s financial sector during the Lebanese civil war and have played a key role in providing services such as international funds transfers, currency conversion, and payments and deposits for domestic and expatriate Lebanese clientele since 1990. In 2001, Lebanon’s Central Bank, Banque du Liban (“BdL”), published a set of circulars expanding regulations for exchange houses operating in the country.⁹ Since the enactment of the 2001 law, 732 money exchange businesses have registered with BdL, and currently there are 374 active

³ “Complete List of Operating Banks in Lebanon,” Banque du Liban (www.bdl.gov.lb). www.bdl.gov.lb/bfs/CB/index.htm as of 1/30/2013.

⁴ Estimated from values in the “2012 Investment Climate Statement—Lebanon,” Bureau of Economic and Business Affairs, June 2012 Report. www.state.gov/e/eb/rls/othr/ics/2012/191182.htm.

⁵ “2012 Index of Economic Freedom,” The Heritage Foundation. <http://www.heritage.org/index/country/lebanon>.

⁶ “2012 Investment Climate Statement—Lebanon,” Bureau of Economic and Business Affairs, The Department of State, June 2012 Report. www.state.gov/e/eb/rls/othr/ics/2012/191182.htm.

⁷ The latest available World Bank data estimated in November 2012 that remittances were \$7.6bn for 2012. “Remittances Data: Inflows,” Migration and Remittances, The World Bank, November 2012. <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPPECTS/0,,contentMDK:21121930-menuPK:3145470-pagePK:64165401-piPK:64165026-theSitePK:476883,00.html>.

⁸ “IMF Executive Board Concludes 2011 Article IV Consultation with Lebanon” Public Information Notice (PIN) No. 12/11, “International Monetary Fund, February 8, 2012. <http://www.imf.org/external/np/sec/pn/2012/pn1211.htm>.

⁹ BdL, Law 347 Regulating the Money Changer Profession in Lebanon, August 6, 2001.

licensed businesses.¹⁰ Each of these active licensed businesses must process payments through business accounts established in Lebanese banks.¹¹

Lebanon also faces money laundering and terrorist financing vulnerabilities¹² due to weaknesses in its Anti-Money Laundering/Combating the Financing of Terrorism (“AML/CFT”) regime, porous borders, ineffective and inconsistent regulation, and a challenging and complex domestic and regional political and security environment, among other factors. Of concern is the possibility that a portion of the substantial flow of remittances could be associated with trade-based money laundering and other illicit finance activities. For example, Lebanon imposes currency reporting requirements on banks and money exchange businesses that undertake cross-border cash and precious metal activity,¹³ but has no corresponding cross-border declaration requirement for the public at Lebanese points of entry, resulting in a significant cash-smuggling vulnerability.

These vulnerabilities have been recently exploited to support trade-based money laundering. FinCEN identified Lebanese Canadian Bank (“LCB”) as an institution of primary money laundering concern in February 2011 (the “LCB 311 Action”),¹⁴ which was preceded by the Office of Foreign Assets Control’s (“OFAC’s”) designation of Lebanese Ayman Joumaa as a Specially Designated Narcotics Trafficker (“SDNT”), as well as of three Lebanon-based money exchange businesses used by Ayman Joumaa and his organization to launder illicit proceeds, Elissa Exchange Company, Hassan Ayash Exchange, and New Line Exchange Trust Co., under the Foreign Narcotics Kingpin Designation Act in January 2011.¹⁵ In the LCB 311 Action, FinCEN determined that LCB was facilitating the money laundering activities of the Joumaa drug trafficking and money laundering network. This 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. Further, the LCB 311 Action exposed the terrorist organization Hizballah’s links to LCB and the fact that Hizballah derived financial support from criminal activities of Joumaa’s network.

Following these Treasury actions, two U.S. Attorney’s Offices took actions against Ayman Joumaa, Elissa Exchange, and Hassan Ayash Exchange. In December 2011, a grand jury in the Eastern District of Virginia returned an indictment against Ayman Joumaa for conspiracy to distribute narcotics and conspiracy to commit money laundering related to drug trafficking by Mexican and Colombian drug cartels.¹⁶ In August 2012, the U.S. Attorney’s Office for the Southern District of New York (“SDNY”) seized \$150 million as part of a civil money laundering and forfeiture action against Hizballah-linked LCB, Elissa Exchange, and Hassan Ayash Exchange based on money laundering schemes involving Ayman Joumaa, the exchange houses, and U.S. car dealers.¹⁷ The “SDNY Complaint” listed, by name, 30 U.S. car dealers and a U.S. shipping company that facilitated the scheme.

BdL re-evaluated AML/CFT regulations regarding money exchange businesses following the Treasury actions. In May and August 2011, BdL revised Lebanon’s AML/CFT regulations regarding supervised banks and other non-bank financial institutions by publishing seven decisions¹⁸ modifying Law 347 (dated August 6, 2001). BdL required all of these active licensed money exchangers to maintain business accounts at a formal financial institution, such as a registered Lebanese bank subject to BdL supervision, and prohibited exchangers from operating accounts at Lebanese banks on behalf of their clients.¹⁹

Despite some improvements to its financial sector supervision, Lebanon still has not acceded to the UN Convention for the Suppression of the Financing of Terrorism. And Hizballah, an organization which the United States designated as a Foreign Terrorist Organization in October 1997 and a Specially Designated Global Terrorist under Executive Order 13224 in October 2001,²⁰ is a recognized political party with an active role in the Lebanese government. Though it has adopted laws domestically criminalizing any funds resulting from the financing, or contributing to the financing, of terrorism,²¹ the active participatory role of a designated terrorist group in the Lebanese government and civil society calls into question the broader efficacy of Lebanon’s AML/CFT regime.

III. The Extent to Which Rmeiti Exchange Has Been Used To Facilitate or Promote Money Laundering in or Through Lebanon

In finding that Rmeiti Exchange is a financial institution of primary money laundering concern, FinCEN reviewed the extent to which Rmeiti Exchange facilitates or promotes money laundering and determined that Rmeiti Exchange, its ownership, management, and associates are involved in illicit activity that includes the same trade-based money laundering activities conducted by U.S.-designated narcotics kingpin Ali Mohamed Kharroubi and Elissa Exchange, facilitate money laundering by other Lebanese exchanges on behalf of drug traffickers, and provide financial services to Hizballah.

A. Rmeiti Exchange Engages in Trade-Based Money Laundering for U.S.-Designated Narcotics Kingpin Ali Mohamed Kharroubi and Elissa Exchange

According to information available to the U.S. Government, Rmeiti Exchange engages in auto sale-related financial transactions working with SDNT Ali Mohamed Kharroubi to send funds to U.S. auto dealers as part of a trade-based money laundering scheme. Before and after the January 2011 Treasury designation of Ali Mohamed Kharroubi and Elissa Exchange and FinCEN’s Section 311 Action against LCB which

¹⁰ BdL, List of Exchange Institutions, May 2012, http://www.bdl.gov.lb/bfs/MS/Money_Dealers_arabic.pdf.

¹¹ BdL, Intermediate BdL Circular 264, dated May 21, 2011, pages 3–4, http://www.bdl.gov.lb/circ/intpdf/int264_en.pdf.

¹² 2012 INCSR.

¹³ Special Investigation Commission, Intermediate BdL Circular 263, dated May 21, 2011, <http://www.sic.gov.lb/circular263.shtml>.

¹⁴ FinCEN, *Finding That the Lebanese Canadian Bank SAL Is a Financial Institution of Primary Money Laundering Concern*, 76 FR 9403, dated February 17, 2011, <http://www.gpo.gov/fdsys/pkg/FR-2011-02-17/pdf/2011-3346.pdf>.

¹⁵ Additions to OFAC’s SDN list, dated January 26, 2011, <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20110126.aspx>

¹⁶ The United States Attorney’s Office for the Eastern District of Virginia Press Release, “U.S. Charges Alleged Lebanese Drug Kingpin With Laundering Drug Proceeds For Mexican And Colombian Drug Cartels” December 13, 2011, <http://www.justice.gov/usao/vae/news/2011/12/20111213joumaanr.html>.

¹⁷ The United States Attorney’s Office for the Southern District of New York press release and civil complaint.

¹⁸ In May 2011 Intermediate Decisions 10725, 10726 and 10728 and in August 2011 Intermediate Decisions 10787, 10789, 10791, and 10792 were published regarding AML/CFT regulations of exchange businesses.

¹⁹ BdL, Intermediate BdL Circular 264, dated May 21, 2011, pages 3–4, http://www.bdl.gov.lb/circ/intpdf/int264_en.pdf.

²⁰ Hizballah is a Lebanon-based terrorist group. Until September 11, 2001, Hizballah was responsible for more American deaths than any other terrorist organization.

²¹ For additional information about Lebanon’s legal framework and special mechanisms for anti-money laundering and terrorist financing measures, see The Middle East and North Africa Financial Task Force (MENAFATF) *Mutual Evaluation Report, Lebanese Republic*, November 10, 2009 (www.menafatf.org).

exposed the use of LCB accounts by Kharroubi and his company, Elissa Exchange, to launder drug proceeds for the Joumaa drug trafficking organization through the purchase and export of used cars from the United States, Rmeiti Exchange and its management processed structured, regular, round-number, large-denomination international wire transfers for the purchase of vehicles in the United States. The funds often originated from unknown individuals in high-risk money laundering regions and were sent to auto auction companies and used car dealers, some of which have no physical presence or verifiable address.

1. Rmeiti Exchange Engages in Trade-Based Money Laundering Activity With Narcotics Traffickers

Rmeiti Exchange and its management facilitate extensive transactions for known money launderers and drug traffickers. Prior to Treasury's Kingpin designation and FinCEN's LCB 311 Action, Kassem Rmeiti, through Rmeiti Exchange, routinely processed structured international wire transfers from its accounts at LCB and other banks to many of the same U.S.-based car dealerships that received funds from Elissa Exchange and were subsequently named in the SDNY Complaint as participants in the Joumaa network's money laundering scheme. In fact, between 2008 and March 2011, Rmeiti Exchange and its owner, provided at least \$25 million in large, round dollar, and repetitive payments to U.S.-based car dealers and exporters, including more than \$22 million from accounts it held at LCB. Many of the used car dealers that received payments from Rmeiti Exchange were later named in the SDNY Complaint for receiving funds from the Joumaa network.

2. Rmeiti Exchange Engages in Trade-Based Money Laundering Activity With Individuals the U.S. Government Has Designated as Narcotics Traffickers

After SDNT Ali Mohamed Kharroubi's network was exposed in the Treasury and Department of Justice actions, the network adapted its business practices and utilized other exchange houses which they could control or otherwise use to continue sending funds to used car dealerships in the United States, in particular Rmeiti Exchange. After the LCB 311 Action in February 2011, Rmeiti Exchange companies continued to make structured international wire payments to U.S. car dealers and companies for car purchases in a manner representative of trade-based money laundering, and a Rmeiti Exchange company was specifically

used to facilitate such payments on behalf of Treasury-designated narcotics trafficker Ali Kharroubi. According to U.S. Government information, in February 2011 Ali Mohamed Kharroubi directed Kassem Rmeiti to create the Trading African Group (TAG) in Benin so that Kharroubi could continue making international wire transfers for U.S. car purchases that avoided U.S. Government scrutiny. Further, by the fall of 2011, former Elissa Exchange employees were working for TAG, and Kassem Rmeiti was paying Kharroubi about 30–40% of TAG's profits.

TAG provided more than \$1.7 million to U.S. car dealers and exporters between March and October 2011. These payments consisted of structured, regular, large-denomination international wire payments in a manner representative of trade-based money laundering, and included at least one U.S. car dealer named in the SDNY Complaint as receiving car purchase payments from Elissa Exchange as part of the money laundering scheme alleged in the Complaint. The U.S. car dealers also received multiple wire transfers from individuals and businesses in regions considered high-risk for trade-based money laundering, which funded purchases of cars that were then shipped to Lebanon and likely Benin. The sources of some funds were unknown, and the recipients had addresses that could not be verified or appeared to be a residence.

3. Following U.S. Government Actions in 2011, Rmeiti Exchange Adapted Its Trade-Based Money Laundering Activity To Conduct Transactions Through Rmeiti's Other Businesses, Especially World Car Service LTD

Kassem Rmeiti also serves as a board member or executive and represents himself as the owner of World Car Service LTD, a.k.a., World Car Service AG, (WCS AG)—an international transport and shipping business located in Switzerland, which is believed to be an affiliate of World Car Service International Transport and Shipping Company (a.k.a., WCS SA) located in Benin. Between March 2011 and August 2012, WCS SA in Benin processed numerous international wire transfers totaling over \$100,000 and referencing auto purchases or vehicles to U.S.-based individuals and businesses and one other individual involved in auto exports or sales. From 2011 to 2012, WCS SA in Benin provided over \$2.2 million in large, round-dollar wire transfers to numerous U.S. car dealers and car exporters, one of which was named in the 2011 SDNY Complaint, and many of which had previously

received over \$2 million in dozens of large, round-dollar wire transfers from Rmeiti Exchange or TAG between early 2007 and mid-2011. This pattern of activity indicates that in 2011 Rmeiti shifted some transactions away from his exchange companies and TAG and began increasingly utilizing his WCS accounts for trade-based money laundering transactions with the same entities through 2012.

Additionally, Kassem Rmeiti has engaged in commingling of over \$2.5 million among his several businesses, including WCS SA, WCS AG, STE Rmaiti SARL, and Kassem Rmeiti and Co. For Exchange between 2009 and 2012, which is consistent with money laundering indicators and techniques.

B. Rmeiti Exchange Facilitates or Promotes Money Laundering Activity With or on Behalf of Other Money Launderers and Drug Trafficking Organizations

In addition to involvement in the trade-based money laundering activities described above, Rmeiti Exchange and its management have conducted financial activities for other money laundering and drug trafficking organizations operating in both Europe and Africa. Between March 2011 and October 2012, Rmeiti Exchange, its management, and employees facilitated the movement of at least \$1.7 million for known or suspected Beninese and Lebanese money launderers and drug traffickers. This included Rmeiti Exchange and Kassem Rmeiti taking on large cash deposits, collection of bulk cash currency, issuance of cashier's checks, and facilitation of cross-border wire transfers on behalf of known and suspected money launderers, drug traffickers, and Hizballah affiliates.

1. Rmeiti Exchange Facilitates Payments for a Money Launderer Known To Be Affiliated With a Colombian Drug Trafficking Organization

Since at least 2010, Rmeiti Exchange has transferred funds on behalf of known or suspected money launderers and shared its office space and security resources as part of a large-scale money laundering scheme that involves the purchase and sale of used cars in the United States for export to West Africa. For example, following the seizure of over 8.7 million euro by European authorities related to a Colombian drug trafficking ring that imported cocaine into Europe and laundered the illicit proceeds through Lebanon and South America, a known money launderer of this organization with ties to Hizballah moved his operations to Kassem Rmeiti Exchange in the Dahieh area of Beirut.

This money launderer continued to wire large dollar amounts to U.S.-based car dealers via a Rmeiti Exchange account prior to the LCB 311 Action.

Rmeiti Exchange facilitated money laundering for other entities engaged in trade-based money laundering. Rmeiti processed over \$3 million in dozens of large, round-dollar international wire transfers to two entities, whose businesses engaged in transactions typical of used-car trade-based money laundering. The two entities received over \$2 million in wire transfers for car purchases from entities in high-risk trade-based money laundering regions, including through another exchange house.

2. Rmeiti Exchange Actively Seeks Money Laundering Opportunities With Other Lebanese Exchange Houses and Precious Metal Dealers

Rmeiti Exchange owner Kassem Rmeiti has also worked with other Lebanese exchange houses, including Halawi Exchange, determined to be a financial institution operating outside of the United States that is of primary money laundering concern on April 22, 2013, to facilitate money laundering activities. For example, Rmeiti Exchange, Halawi 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. Rmeiti Exchange and Halawi Exchange have facilitated financial activity on behalf of a money launderer involved in collecting illicit drug proceeds. Kassem Rmeiti has worked with a separate Lebanese exchange house to coordinate currency transfers and courier shipments on behalf of various money launderers between mid-2011 and mid-2012. Benin-based suspected money launderer Kassem Rmeiti, the owner of Rmeiti Exchange, continues to actively seek money laundering opportunities in trade transactions. For example, Rmeiti sought the assistance of a Lebanon-based money launderer in April 2012, to begin selling African gold in Lebanon or Dubai. Rmeiti Exchange and its owners' and employees' willingness to work for a variety of criminal networks involved in drug trafficking and money laundering suggests that a venture into the import or export of gold, which is a high-risk industry for money laundering, will likely provide another source to commingle illicit funds for Ali Mohamed Kharroubi and others.

C. Rmeiti Exchange Facilitates or Promotes Money Laundering for Specially Designated Global Terrorist Hizballah

Rmeiti Exchange has also conducted money laundering activities for and provided financial services to Hizballah. Rmeiti Exchange used accounts it held at LCB to deposit bulk cash shipments generated by Hizballah through illicit activity in Africa and as of December 2011, Hizballah had replaced U.S.-designated Elissa Exchange owner Ali Kharroubi with Haitham Rmeiti—the manager/owner of STE Rmeiti—as a key facilitator for wiring money and transferring Hizballah funds. Rmeiti Exchange, through its owner, Kassem Rmeiti, owns Societe Rmaiti SARL (a.k.a. STE Rmeiti). These steps taken by Hizballah demonstrate its efforts to adapt after U.S. Government disruptive action, and illustrates the need for continued action against its financial facilitators.

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

FinCEN's April 22, 2013 finding that Rmeiti Exchange is an institution of primary money laundering concern, along with the Special Measures proposed pursuant to the Finding and published elsewhere in this issue of the **Federal Register**, will guard against international money laundering and other financial crimes directly by restricting the ability of Rmeiti 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 Rmeiti Exchange.

Dated: April 20, 2013.

Jennifer Shasky Calvery,
Director, Financial Crimes Enforcement Network.

[FR Doc. 2013-09783 Filed 4-23-13; 11:15 am]

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DEPARTMENT OF THE TREASURY

Financial Crimes Enforcement Network

Notice of Finding That Halawi Exchange Co. Is a Financial Institution of Primary Money Laundering Concern

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

ACTION: Notice of finding.

SUMMARY: This document provides notice that 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.

DATES: The finding referred to in this notice was effective as of April 22, 2013.

FOR FURTHER INFORMATION CONTACT: FinCEN, (800) 949-2732.

SUPPLEMENTARY INFORMATION:

I. Statutory Provisions

On October 26, 2001, the President signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act”), Public Law 107-56. Title III of the USA PATRIOT Act amends the anti-money laundering provisions of the Bank Secrecy Act (“BSA”), codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5314, 5316-5332, to promote the prevention, detection, and prosecution of international money laundering and the financing of terrorism. Regulations implementing the BSA appear at 31 CFR Chapter X. The authority of the Secretary of the Treasury (the “Secretary”) to administer the BSA and its implementing regulations has been delegated to the Director of FinCEN.

Section 311 of the USA PATRIOT Act (“Section 311”), codified at 31 U.S.C. 5318A, grants the Secretary the authority, upon finding that reasonable grounds exist for concluding that a foreign jurisdiction, financial institution, class of transaction, or type of account is of “primary money laundering concern,” to require domestic financial institutions and financial agencies to take certain “special measures” to address the primary money laundering concern.

II. The Extent to Which Halawi Exchange Is Used for Legitimate Business Purposes in Lebanon

A. Halawi Exchange

Halawi Exchange offers a variety of financial services, primarily currency exchange and transmission of funds. Halawi Exchange, along with other related entities, is organized under a holding company known as Halawi Holding SAL, which also owns several other related companies in Lebanon. The Halawi companies are based in Beirut, Lebanon, share key corporate leadership, maintain offices at the same addresses, share common phone numbers and common email addresses, and frequently reference their close connection to one another. They are also regularly displayed together on corporate signage and on public materials, one of which shows them