



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.

The Complaint alleges that the assets of LCB, the Hassan Ayash Exchange, and Ellissa Holding, along with the assets of approximately 30 U.S. car buyers and a U.S. shipping company

and related entities that facilitated the scheme, are forfeitable as the proceeds of violations of the International Emergency Economic Powers Act (“IEEPA”), together with Executive Orders and U.S. Department of the Treasury regulations, and as property involved in and the proceeds of money laundering offenses. The Complaint also seeks civil money laundering penalties totaling \$483,142,568 from these entities, representing the sum of the funds they laundered.

Manhattan U.S. Attorney Preet Bharara said: “The intricate scheme laid out in today’s complaint reveals the deviously creative ways that terrorist organizations are funding themselves and moving their money, and it puts into stark relief the nexus between narcotics trafficking and terrorism. Today, we are putting a stranglehold on a major source of that funding by disrupting a vast and far-flung network that spanned three continents. Together with our law enforcement partners in the U.S. and around the globe, our commitment to disrupting and dismantling Hizballah and other terrorist organizations is unwavering.”

DEA Administrator Michele M. Leonhart said: “DEA and its partners have exposed the Lebanese Canadian Bank as a major money laundering source for Hizballah. The connection between drug traffickers and terror networks is evident. By attacking the financial networks of those who wish to harm innocent Americans, DEA is strengthening national security and making our citizens safer.”

According to the Complaint filed today in Manhattan federal court:

Hizballah, the Lebanese Exchanges and the Lebanese Canadian Bank

Hizballah, a Lebanon-based terrorist organization formed in approximately 1982, is responsible for some of the deadliest terrorist attacks against the United States in history. Hizballah is designated as a Foreign Terrorist Organization, a Specially Designated Terrorist and a Specially Designated Global Terrorist. As a result, pursuant to IEEPA, all assets in the United States in which Hizballah has an interest are blocked, and any transaction or dealing with such property, or providing goods or services to Hizballah, is prohibited in the United States or by U.S. persons without an appropriate license.

On January 26, 2011, the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”) designated the Hassan Ayash Exchange Company and the Ellissa Exchange Company as Significant Foreign Narcotics Traffickers under the Foreign Narcotics Kingpin Designation Act (the “Kingpin Act”), related to their roles in the money laundering activities of Ayman Joumaa, a Lebanese narcotics trafficker linked to Hizballah. Joumaa is also designated as a Significant Foreign Narcotics Trafficker. On November 23, 2011, Joumaa was indicted in the Eastern District of Virginia on charges of conspiracy to distribute narcotics and conspiracy to commit money laundering related to drug trafficking by Mexican and Colombian drug cartels.

On February 10, 2011, the U.S. Department of the Treasury, Financial Crimes Enforcement Network (“FinCEN”) identified LCB as a financial institution of primary money laundering concern. As a result, U.S. financial institutions ended their relationships with LCB, precluding LCB from sending money to the United States. The finding was based on FinCEN’s determination that LCB was used by drug traffickers and money launderers around the world, including at least one narco-trafficker who provided financial support to Hizballah. LCB had

permitted Hizballah-related entities to conduct massive cash transactions, in some cases as much as \$260,000 and 200,000,000 Lebanese pounds per day, without disclosing the source or purpose of the money. Hassan Ayash Exchange was LCB's main source of U.S. currency, and LCB allowed Ellissa companies to conduct large cash transactions through the bank without sufficient oversight or disclosures about the sources and purpose of the cash.

The West African Used Car Trade and Smuggling of Cash to Lebanon

From approximately January 1, 2007 to early 2011, at least \$329 million was transferred by wire from LCB, the Hassan Ayash Exchange Company, the Ellissa Exchange Company, and other Lebanese financial institutions, including Middle East and Africa Bank, the Federal Bank of Lebanon, and BLOM Bank, to the United States for the purchase and shipment of used cars. The car buyers in the United States typically had little or no property or assets other than the bank accounts used to receive the overseas wire transfers. The cars were primarily shipped to Cotonou, Benin, where they were housed and sold from large car parks, including one owned by the Ellissa Group, a subsidiary of Ellissa Holding.

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. A network of money couriers controlled by Oussama Salhab, an alleged Hizballah operative living in Togo, transported tens of millions of dollars and Euros from Benin to Lebanon through Togo and Ghana. Salhab and his relatives also own and control Cybamar Swiss GMBH, LCC ("Cybamar"), a transportation company based in Michigan that was frequently used to ship cars to West Africa, as well as other entities involved in the scheme. Cash transported from West Africa was often received at the Beirut airport, where Hizballah security safeguarded its passage to its final destination.

Money Laundering of Narcotics Trafficking Proceeds through Hizballah-Controlled Channels

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. For example, Joumaa's drug trafficking organization, which operates in Lebanon, West Africa, Panama and Colombia, launders as much as \$200 million in proceeds per month, through various channels, including bulk cash smuggling operations and Lebanese exchange houses. Joumaa's organization uses Hizballah couriers to transport and launder narcotics proceeds, and pays fees to Hizballah operatives to facilitate the laundering of narcotics proceeds.

Another drug trafficking organization, which is led by Maroun Saade, is also involved in the transportation and distribution of large quantities of narcotics in West Africa. Saade is a member of the Free Patriotic Movement, a Lebanese Christian organization closely allied with Hizballah, and has provided extensive services to Hizballah members engaged in narcotics trafficking and bulk cash smuggling in West Africa. On February 14, 2011, Saade was charged in the Southern District of New York with participating in an international drug conspiracy in West Africa and conspiring to aid the Taliban. Saade is a close associate of Salhab, who relied on Saade to pay bribes to release money couriers arrested for smuggling cash through West Africa.

In 2007 and 2008, approximately \$1.2 billion in declared U.S. currency was transported across the Togo/Ghana border on its way from Benin to the airport in Accra, where the cash could be further shipped.

* * *

The case is assigned to U.S. District Judge Richard J. Holwell.

Mr. Bharara praised the DEA for its leadership in the investigation, which he noted is ongoing. He also thanked the Federal Bureau of Investigation; OFAC and FinCEN of the U.S. Department of the Treasury; the Department of Homeland Security, Customs and Border Protection, and the New Jersey State Police for their assistance in the case.

This action is being handled by the Office's Asset Forfeiture Unit. Assistant U.S. Attorneys Sharon Cohen Levin, Michael Lockard, Jason Cowley, and Alexander Wilson are in charge of the case.

The allegations contained in the Complaint are merely accusations.

11-380

###