



Money Laundering & Terrorist Financing National Risk Assessment

2022 Update

March 2022

ML & TF National Risk Assessment – Update 2022*

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** The 2022 NRA update reflects the most recent changes, and should be read in conjunction with the published 2019 ML & TF NRA summary.*

1. Introduction

Lebanon witnessed major developments and tragic events since the 2019 NRA. The October uprising, prolonged periods of civil unrest, covid-19 pandemic, government shutdown, political deadlock, electricity outages and the Beirut port explosion were accompanied with a severe economic downturn, banking/financial crisis, and currency devaluation. This resulted in extreme poverty and higher unemployment levels, as well as a rise in crime levels. Inflation and the rising cost of living has not yet been matched with improvements in income levels, and the refugees' situation continues to affect Lebanon's risk-landscape and burdens the country's resources.

The 2022 NRA update was mandated by the Prime Minister and relied on the 2019 NRA methodology that took reference from the FATF guidance on this topic and its three stages of identification of threats/vulnerabilities, analysis and evaluation. As such, risk in the ML/TF context was considered as a function of three factors: threats, vulnerabilities and consequences. The 2022 NRA update was backed by high level political commitment and was led by the SIC that engaged stakeholders from the public sector and from private sector reporting entities, as well as the two national committees for AML and CFT.

According to the 2022 NRA update, the TF risk continues to be high and the higher risk money laundering crimes remain associated with corruption, tax evasion, and illicit drug trafficking, resulting mainly from local predicate offences. The covid-19 pandemic and the subsidizing of consumer goods contributed to a rise in ML risks associated with counterfeiting of products and outward smuggling. Cybercrime risks (business e-mail compromise) associated with wire transfer fraud dropped since the 2019 NRA, and the types of reporting entities identified as being more vulnerable to ML/TF risks remain unchanged.

Even prior to the full completion of the 2022 NRA update, additional risk mitigating measures were taken. Generally speaking, additional risk mitigating measures were incorporated under the existing strategic plan adopted pursuant to the 2019 NRA that pillars on four main lines of actions:

- 1- Improve technical compliance where needed, i.e. legislative and regulatory updates.
- 2- Provide where needed, certain authorities with resources to improve AML/CFT capacity.
- 3- Enhance AML/CFT risk-based supervision where needed, and align supervisory resources with the results of the NRA.
- 4- Improve the partnership with private sector reporting entities.

By publishing the findings of the 2022 NRA update, we aim to raise public awareness on the most recent ML/TF risks, enable the public and private sector to better understand the ML/TF risks they face, and accordingly update their risk mitigating measures.

2. ML/TF Threats

2.1 Money Laundering Threats

ML threats continue to originate from both predicate crimes committed in Lebanon (local origin predicate crimes) and to a lesser extent from abroad (foreign origin predicate crimes). The current operating conditions of the banking/financial sector and the local capital markets along with the mitigating measures have decreased ML threats particularly those associated with crimes such as cybercrimes (business e-mail compromise - related to wire transfer fraud).

ML threats continue to arise mainly from criminal activity associated with corruption, tax evasion, illicit drug trafficking, and in recent years from outward smuggling, the occurrence of the latter increased since the 2019 NRA and is believed to generate significant illicit proceeds in cash. Previously, it was inward smuggling of agricultural and other products including through illegal border crossings that resulted in millions of dollars annually in lost tax and tariff revenues. Also, “suitcase traders” using personal luggage smuggled merchandise including pharmaceutical products that were cheaper abroad to sell in local markets. Smuggling activities are profitable and produce cash. Over the past few years, the trend has shifted from inward smuggling to outward smuggling which is primarily due to the adopted policy to subsidize consumer products such as food, medicine, and fuel making them much cheaper inside Lebanon than abroad. This on one hand resulted in losses, as less people benefitted from the funded subsidized products, and on the other hand, illicit gains to smugglers.

The outbreak of the covid-19 pandemic, the accompanying public health measures and lockdowns resulted in challenges and behavioral changes for individuals, the government and businesses. During the pandemic, in person banking continued to be the basis for transactions, as such no ML threats were associated with the misuse of online financial services or with bypassing CDD requirements. The same applies for the misuse of online government services that are almost inexistent due to the predominantly underdeveloped e-government infrastructure. However, new sources of revenue were exploited and ML threats became associated with an increase in counterfeited products, as the pandemic created opportunities for offenders to take advantage of the increase in demand for medical supplies and disinfectants that were in short supply. Certain counterfeited products such as medical supplies and disinfectants became more available, and this not only resulted in losses in tax revenues, but also presented health risks to citizens. Looking forward, vigilance by authorities is needed to prevent possible vaccine and vaccine cards fraudulent activities. As for other existing ML offences, their varying threat level remains unchanged.

ML threats continue to be associated mainly with persons, rather than with professional money launderers, gangs or organized crime groups. Relatively speaking, ML is not large scale and several methods are used that can be characterized as not being complex, including cash-based money laundering. More developed methods that can exploit the financial system are connected with corruption and the misuse of legal persons as well as trade based ML whereby the importer and foreign exporter of goods collude, resulting in shipping documents being manipulated and forged invoicing being presented.

2.2 Terrorist Financing Threats

Combating terrorism and TF continue to be top national priorities, especially after having fallen victim to many terrorist attacks, including via car bombs and suicide missions. The most recent terrorist attacks in Lebanon were associated with foreign terrorist fighter (FTF) returnees and involved self-financing, while another terrorist attack involved theft as a means for financing.

The review of recent TF convictions, national list designations in connection with terrorism/TF, STRs, ROAs, SDs and typologies that indicate activities in connection with raising, collecting, storing and moving funds for terrorist use, reveal that several terrorist groups such as ISIL, Al-Qaeda, and Jabhat Al-Nusra that previously carried out attacks in Lebanon, and FTFs continue to present threats. TF threats are associated with Lebanese FTFs (returnees), small cells, the presence of extremist elements in camps and the overall exploitable refugees' situation. Wide spread sectarianism and the prevailing socioeconomic factors are believed to have contributed to the recent rise in Daesh recruitment activities that was depicted by law enforcement authorities in late 2021. The TF threat remains high and arises from both local and foreign origin sources.

TF activities are still not large-scale, not complex nor sophisticated and did not require extensive resources and capabilities such as a wide network of supporters. Cash was mainly used, and remains to be in modest values, and difficult to detect. TF was primarily associated with cash from terrorist groups based in the conflict zone directly or through another jurisdiction, as well as cash from self-financing. The usage was mainly for domestic terrorist attacks, logistical support and for recruitment. Aside from departing FTFs, the threat associated with TF activity to support terrorist attacks or terrorist groups abroad remains insignificant.

Cash remains the favoured method for terrorists to raise funds, and the methods used to move funds continue to include smuggling cash across the border, illegal/unlicensed hawala activities (active within refugees' communities), money remittance and to a lesser extent bank transactions.

Law No. 44 ML / TF Predicate Offenses - Threat Level

Corruption	High
Tax Evasion	High
Illicit Drug Trafficking	High
Smuggling & Counterfeiting of Goods	High
Forgery, Fraud & Embezzlement of Private Funds	Medium
Trafficking in Human Beings & Migrant Smuggling	Medium - Low
Illicit Arms Trafficking	Medium - Low
Fraud - Cybercrime	Low
Insider Trading	Low
Organized Crimes - Car Thefts	Low
Environmental Crimes	Low
Kidnapping for Ransom	Low
Offence against Ethics & Public Decency (Illegal Prostitution)	Low
Extortion	Low
Sexual Exploitation	Low

Law No. 44 ML / TF Predicate Offenses - Threat Level

Terrorism & Terrorist Financing	High
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3. Inherent ML/TF Vulnerabilities

Over the past few years, the resources of government agencies that were already scarce and stretched out, became more so. Resources are now affected not only with the presence of large numbers of refugees with economic/social ties with jurisdictions witnessing terrorism and instability, but also with the domestic economic and financial crisis that has weighed heavily on government agencies particularly judicial and law enforcement authorities, and has also presented challenges to the ongoing efforts exerted to strengthen controls in some border areas.

The economic and financial crisis has resulted in a significant drop in GDP, a shrinkage in the banking/financial sector and has cut international trade by half. The now smaller-size economy has become more cash-based and continues to be largely dependent on cross border transfers from the Lebanese diaspora and on foreign aid. Nevertheless, having an open economy with international trade, an operational banking/financial system along with the wide use of cash, are considered inherent vulnerabilities that can be exploited by ML/TF offenders.

Some types of financial sector reporting entities have either become inactive or shifted to offering less vulnerable products/services such as consulting. Banks, the only deposit taking institutions, remain the largest component of the financial sector, and their size alone exceeds 95% of the entire financial sector. Their size, prevalence of ML/TF cases, volume of transactions, geographic reach including exposure to high risk jurisdictions, wide range of products/services offered, delivery channels and their large diverse customer base that includes high risk customers makes them inherently more vulnerable to ML/TF risks. Other FIs namely category “A” money dealers offering hawala operations, and money remittance companies are also more vulnerable in comparison to others within the financial sector.

As for DNFBPs, and in spite of the drop in the volume of their activities as a result of the economic and financial situation, they remain engaged in numerous economic activities and offer products and services that can be misused. Notaries remain more vulnerable than other DNFBPs to the possible misuse of products or services offered, especially when preparing and/or carrying out real estate transactions and when establishing companies. In terms of vulnerability to TF risks, DNFBPs are generally low.

The presence of foreign ownership within legal persons continues to be low and laws/regulations pertaining to the disclosure and access to BO information exist. In spite the prevailing economic/financial situation and the government’s diminishing resources, legal persons with public sector dealings (government contracts & public procurements) continue to be more vulnerable than others to possible misuse and to ML risks. Although such activity was reduced, the vulnerability level of such legal persons remains unchanged. Other vulnerabilities and features of legal persons might be exploited for ML, such as in holding companies where the ultimate beneficial owner is harder to determine and the BO as well as illicit proceeds can be disguised, in addition to offshore companies having operations and businesses abroad. The vulnerability level of legal persons continues to be low with respect to TF risk.

In spite the increase in foreign aid received by NPOs following the Beirut explosion and during the covid-19 outbreak, no changes in the types of NPOs previously identified as being more vulnerable to TF misuse was depicted. The types of NPOs at a higher risk of being misused for TF purposes remain:

- NPOs newly established, with limited expertise in programs or funding;
- NPOs concerned with refugees and displaced persons;
- NPOs using names implying religious affiliations, but are not so;
- NPOs operating in border areas adjacent to a conflict zone.

A number of instances of unlawful connections to the public electricity grid for mining activities were eradicated by law enforcement authorities. Nevertheless, the prohibitions in place with respect to Virtual Assets Service Providers (VASPs) and the banning of the banking/financial sector from any dealings in virtual assets, along with law enforcement measures remain the main contributors in making the vulnerability level of such activities insignificant in terms of ML/TF risks.

























Identifying types of reporting entities as being more vulnerable and at a higher risk of being misused for ML/TF does not necessarily mean insufficient compliance levels or inadequate AML/CFT regulations or supervision coverage. It simply means that they are more likely to be taken advantage of due to factors that include the vulnerable products/services offered by them. As such, they must be vigilant and apply the RBA to mitigate risks.		
Sectors	Sub-Sector	Vulnerable to ML/TF Risk
Financial	Banks	High
	Money Remittance Companies	High
	Money Dealers “Type A”	High
	Money Dealers “Type B”	Medium
	Financial Institutions	Low
	Financial Intermediaries (Brokerage Firms)	Low
	Specialized Lending Entities (Comptoirs)	Low
	Insurance Companies	Low
DNFBPs	Real Estate Dealers & Agents	Medium
	Jewelers (Dealers in precious metals & stones)	Medium - Low
	Casino du Liban	Low
	Notaries	High
	Lawyers	Medium
	Certified Public Accountants	Medium

4. ML/TF Risks

Money laundering and terrorist financing risks continue to evolve. Illicit proceeds from the high risk ML crimes associated with corruption and tax evasion continue to deprive Lebanon from desperately needed funds. ML risks associated with illicit drug trafficking remain high. Cybercrime risk (business e-mail compromise) that is associated with wire transfer fraud has dropped. While CFT efforts and mitigating measures resulted in TF cases being successfully investigated and prosecuted, the TF risk continues to be high and law enforcements authorities have recently depicted a rise in Daesh recruitment activities.

The adopted policy to subsidize consumer products such as food, medicine, and fuel resulted in a rise in ML risks associated with outward smuggling. The ML risks associated with the covid-19 pandemic are mainly from the counterfeiting of products such as medical supplies and disinfectants. The covid-19 pandemic, the default on the public debt and the current operating conditions of the banking and financial sector have pushed the economy more towards being cash-based. Vigilance by reporting entities is needed once confidence is restored and cash re-enters the financial sector, including from cash-intensive businesses. While other ML crimes exist, they remain of lower risk levels.

Some types of reporting entities, legal persons and NPOs are more vulnerable than others to possible misuse. The vulnerability level to ML/TF risks continues to differ among reporting entities with no major changes since the 2019 NRA, as they continue to maintain a similar range of vulnerable products/services, customer base and delivery channels. Banks, money remittance companies and money dealers with hawala operations continue to be more vulnerable within the financial sector to ML/TF risks. Notaries in comparison to other DNFBPs continue to be more vulnerable to some high risk ML offences, particularly when preparing and/or carrying out real estate transactions and when establishing companies. In terms of vulnerability to TF risks, DNFBPs continue to be generally low.

	Level of ML/TF Risk			
	2019 NRA		2022 NRA Update	
	Level	Trend	Level	Expected Trend
Corruption				
Tax Evasion				
Illicit Drug Trafficking				
Cybercrime-Fraud				
Smuggling & Counterfeiting				
Terrorism Financing				

Increasing  Decreasing  Stable    

5. Risk Mitigating Measures

Lebanon has a comprehensive AML/CFT regime to mitigate ML/TF risks that is in line with the FATF standards and rests on a number of pillars: (1) legal & regulatory, (2) domestic & international cooperation, (3) financial sector reporting entities & DNFBPs, and (4) AML/CFT supervision. Several intelligence agencies working on counter-terrorism matters, including on a national CT strategy also contribute to the said regime in the sense that they have established within their respective agencies branches dedicated for TF investigations.

There is room for improvement. As such, the Lebanese government continues to emphasize among its national priorities the implementation of its National Anti-Corruption Strategy along with the relevant legislations issued.

The strategic action plan containing ML/TF risk mitigating measures that is being implemented was updated following the 2022 NRA update. Additional risk mitigating measures were incorporated for the recent risks associated with smuggling and counterfeiting of products, covering the commitment of resources towards enhancing border controls, combatting the counterfeiting of products and confiscating smuggled products, particularly subsidized ones, in addition to raising further awareness among private sector reporting entities.

6. ML/TF Typologies

The below typologies reflect instances where money laundering and terrorism financing were detected and mitigated as a result of Lebanon's functioning AML/CFT regime.

6.1 Corruption

Report (STR): The SIC received two suspicious transaction reports from two local banks concerning the same customer who owns several companies in Lebanon. The compliance officers at the two banks didn't receive any justifications or supporting documents from the said customer regarding certain accusations and suspicious account activity. The first bank became suspicious of the customer after coming across an article in the newspaper that mentioned the customer as being detained for corruption and bribing government officials in order to cover up for illicit acts committed by others, including drug trafficking. The second bank became suspicious after realizing that the customer's companies' accounts were being used as transitory accounts, and that almost all cash deposits were withdrawn directly in checks.

Analysis and Investigation: The SIC initiated its investigation by obtaining all available bank records including KYC forms, bank statements and copies of identification documents from the two reporting banks. In the first bank, multiple cash deposits below the threshold were executed on the customer's account, and this activity was presented as being proceeds from real estate transactions. Checks deposited in his account were from individuals where no business relationship could be established. The analysis of his companies' accounts at the second bank revealed that cash deposits were followed by cash and check withdrawals, and the relationship with the beneficiaries of the issued checks couldn't also be established. During the investigation, further information on the suspect was received from local law enforcement authorities. The SIC decided to circulate the suspect's name to all banks, financial institutions and money remittance companies operating in Lebanon to identify bank accounts and transactions. One additional bank reported having accounts for the suspect and his companies. The analysis performed on the accounts' statements reflected a similar pattern of transactions.

Subsequent Measures: With the findings at hand, the SIC decided to lift banking secrecy off the identified bank accounts and forward the investigation findings to the General Prosecutor for further investigation.

Report (ROA): The SIC received a request of assistance from the Lebanese General Prosecutor concerning a suspect who is employed with a government agency. The suspect was charged with abusing his job, embezzlement of public funds, fraud and also for receiving bribes to facilitate sales contracts, fees exemption and tax evasion. Banking information among other things were needed to complement the ongoing investigation, and accordingly the SIC assistance was sought.

Analysis and Investigation: In order to identify transactions and bank accounts, the SIC circulated the name of the suspect to all banks, financial institutions and money remittance companies operating in Lebanon. The SIC also contacted the real estate register for information on the suspect's real estate ownership. Two bank accounts belonging to the suspect were identified. The analysis performed on the obtained account statements revealed unjustified cash and check deposits followed by check withdrawals. One money remittance company also reported a few incoming and outgoing remittances.

Subsequent Measures: During the investigations, and as a precautionary measure, the SIC decided to freeze the balances of the two identified accounts, placed an encumbrance on all properties owned by the suspect, and requested from all money remittance companies not to perform any transaction for the suspect. The SIC decided to lift banking secrecy off the identified bank accounts and forward the investigation findings to the General Prosecutor for further investigation.

Report (ROA): The SIC received a request of assistance from the Lebanese General Prosecutor concerning allegations of corruption, bribery, and abuse of function brought against suspects working for a government agency. Banking information among other things were needed to complement the ongoing investigation, and accordingly the SIC assistance was sought.

Analysis and Investigation: In order to identify transactions and accounts, the SIC circulated the names of the suspects to all banks, financial institutions and money remittance companies operating in Lebanon. Accounts belonging to one of the suspects was identified in four banks along with accounts for close family members. The analysis performed on the obtained accounts revealed unjustified cash and check deposits followed by checks withdrawals. Accounts belonging to another suspect and close family members were also depicted at other banks, and the analysis performed on those accounts reflected many transactions between them. In addition, two money remittance companies reported a number of outgoing remittances in prior years.

Subsequent Measures: The SIC decided to lift banking secrecy off the identified bank accounts and forwarded the investigation findings to the General Prosecutor.

Report (STR): A bank filed a suspicious transaction report with the SIC on a customer after coming across media reports on accusations concerning an employee working for a government agency involved in corruption and bribery.

Analysis & Investigation: The SIC initiated its investigation by obtaining all available bank records including KYC forms, bank statements and copies of identification documents from the reporting bank. Documentation revealed that the customer was classified as high risk, and was subjected to enhanced CDD and monitoring measures. During KYC updating procedures, the customer presented a change of profession, but the bank continued to implement the enhanced measures. The review of the account statements revealed several cash deposits below the threshold. During SIC analysis, a request of assistance was received from the General Prosecutor mentioning ongoing investigations on acts of bribery and embezzlement of public funds committed by the same customer. The SIC decided to circulate the name of the suspect to all banks and financial institutions operating in Lebanon, and contacted both the real estate and vehicle register seeking information on any additional bank accounts, as well as real estate and vehicle ownership. Additional bank accounts were identified.

Subsequent Measures: The SIC froze the balances of the identified accounts, placed an encumbrance on identified properties, and forwarded the findings to the General Prosecutor for further investigation.

6.2 Tax Evasion

Report (STR): The AML/CFT compliance officer at a local bank, while reviewing cash transactions deposited in a customer's account requested supporting documents from the said customer. The officer was provided with a real estate sales contract, from which he noticed that the deposited amount exceeded the figure mentioned in the sales contract. A STR was consequently filed with the SIC, for possible tax evasion.

Analysis and Investigation: The SIC initiated its investigation by analyzing the customer's account activity and also circulated the names of both parties involved in the real estate transaction to all banks, financial institutions and money remittance companies operating in Lebanon in an attempt to identify if similar activity existed.

Subsequent Measures: The SIC decided to freeze and lift banking secrecy off related bank accounts and forward the findings to the General Prosecutor, who in turn decided to prosecute on tax evasion charges.

Report (ROA): The SIC received a request of assistance from the Lebanese General Prosecutor concerning ongoing investigations regarding acts of tax evasion committed by a Lebanese national that resulted in significant illicit proceeds.

Analysis & Investigation: The SIC circulated the name of the suspect to banks, financial institutions and money remittance companies operating in Lebanon. Findings revealed the existence of accounts at two banks. The analysis performed on the accounts revealed cash deposits that were later withdrawn with checks for the purchase of real estate. The SIC also requested additional information from the real estate register, commercial register and vehicle register. Further analysis and a search of the SIC database revealed that the suspect is related to three other suspects who were subject to previous case investigations relating to tax evasion. The three suspects had opened accounts and used them to receive by fraudulent means, illegitimate remittances from the ministry of finance in the form of TVA refunds.

Subsequent Measures: The SIC froze the identified accounts, requested all money remittance companies not to perform any transaction for the suspect, and placed an encumbrance on the identified properties. Findings were forwarded to the General Prosecutor for further investigation.

6.3 Illicit Drug Trafficking

Report (STR): A Lebanese national approached a local bank to open an account. The customer claimed that he owns a small manufacturing business and informed the bank that he will be depositing cash into the account from sales proceeds. The account was opened after CDD measures were carried out. After coming across a news article that posted names of individuals involved in a drug smuggling network arrested for trafficking and smuggling large amounts of drugs, the bank filed an STR with the SIC.

Analysis and Investigation: The SIC initiated its investigation by analyzing the customer's account statements and also circulated his name to all banks, financial institutions and money remittance companies operating in Lebanon. Findings revealed the existence of two other bank accounts with similar patterns of cash and check deposits, followed by check withdrawals. One money remittance company reported the existence of incoming and outgoing remittances related to the suspect.

Subsequent Measures: The SIC decided to freeze the balances of the identified accounts, placed an encumbrance on all properties owned by the suspect, requested from all money remittance companies not to perform any transaction for the suspect and forwarded the findings to the Lebanese General prosecutor.

Report (STR): Two banks filed STRs after coming across news articles on a drug trafficking case that involved a suspect accused of smuggling large amounts of drugs. Law enforcement authorities had apprehended individuals and shut down suspected front projects and facilities.

Analysis and Investigations: A search of the SIC database revealed that the main suspect had relations with individuals who were subject to previous investigations. Those investigations resulted in the freezing of bank accounts and the forwarding of the case to the General Prosecutor for further investigation. The SIC circulated the name of the main suspect, close relatives and a related company mentioned in the STRs to all banks, financial institutions and money remittance companies in order to identify any further related financial transactions and bank accounts. The SIC also requested additional information from several national agencies including from the real estate register and the vehicle register, and was able to identify properties and vehicles. The analysis performed on the identified suspect's bank accounts and those pertaining to close relatives and the related company revealed multiple cash deposits and checks deposits from different individuals. While working on the case, the SIC received a request of assistance from the General Prosecutor regarding the same suspect and other individuals who were arrested on drug trafficking charges. The request was integrated in the analysis and investigation work being done.

Subsequent measures: The SIC froze the balances of identified accounts, requested from all money remittance companies not to perform any transaction for the suspects, and placed an encumbrance on the identified properties and vehicles. All findings were forwarded to the General Prosecutor for further investigation.

6.4 Smuggling & Counterfeiting of Products

Report (STR): Two banks filed STRs on a number of customers after coming across news articles and media reports mentioning names of nationals accused of monopolizing and storing for extended periods of time subsidized medicine for outward smuggling purposes.

Analysis and Investigation: The SIC initiated its investigation by obtaining all available bank records including KYC forms, bank statements and copies of identification documents from the two reporting banks. In the first bank, four suspects maintained accounts in their names and in the names of companies they own that trade in pharmaceutical products and medical supplies/devices. In the second bank, only one of the suspects maintained an account in the name of a company he owns. Analysis performed on the bank accounts revealed a change in activity and a decrease in turnover after the economic crises and the rise of the USD/LBP exchange rate. Additional information obtained by the SIC revealed that the suspects' warehouses were searched by law enforcement authorities and the Ministry of Health and found to contain stored medicine and medical supplies/devices purchased at subsidized prices.

Subsequent Measures: The SIC decided to forward to the General Prosecutor the case findings that pointed towards suspicion of storing subsidized medicine and medical supplies/devices for the purpose of outward smuggling or selling at higher prices.

Report (STR): Two banks filed STRs on two customers and their related companies after coming across media reports mentioning their involvement in storing subsidized fuel products and in outward smuggling activity across the border.

Analysis and Investigation: The SIC initiated its investigation by searching its database and obtaining all available bank records including KYC forms, bank statements and copies of identification documents from the reporting banks. Information gathered on the two suspects revealed the existence of several accounts in their names and for the fuel companies they own.

Subsequent Measures: The SIC decided to freeze accounts and forwarded the findings to the General Prosecutor for further investigation.

Report (ROA): The SIC received a request of assistance from the Lebanese Internal Security Forces (ISF) through the General Prosecutor concerning a case involving counterfeiting of disinfectants and the selling thereof. The suspect under investigation had generated significant illicit proceeds while jeopardizing the lives of others during the Covid-19 pandemic.

Analysis and Investigation: The SIC circulated the name of the suspect to all banks, financial institutions and money remittance companies in order to identify related transactions and bank accounts. The SIC also requested information from several national agencies. Three banks reported having accounts for the suspect and two money remittance companies provided information on several transactions. The SIC obtained the related bank records and the transactions from the money remittance companies, and carried out the needed analysis. CDD information revealed a change in profession to involve the selling of sanitizing products in order to meet the rise in demand during the pandemic, and the analysis of the accounts revealed cash deposits below the ten thousand dollars threshold at one bank and minimal activity at the others.

Subsequent Measures: The SIC froze the balances of the identified accounts, requested from all money remittance companies not to perform any transaction for the suspect and forwarded the findings to the General Prosecutor for further investigation.

6.5 Terrorism Financing

Report (ROA): The SIC received a request of assistance from a local law enforcement authority via the Lebanese General Prosecutor regarding two individuals who were apprehended and interrogated for smuggling suspected terrorists across the borders. The LEA was seeking any information the SIC might have in its database and to assist in identifying any related bank accounts and transactions.

Analysis and Investigation: In an effort to identify whether or not the suspects had transactions or maintained bank accounts, the SIC circulated their names to all banks, financial institutions, and money remittance companies operating in Lebanon, and simultaneously requested a freeze on accounts and transactions if found. The SIC also requested from the real estate register and the vehicle register to attach an encumbrance on any assets related to them. Findings revealed the presence of two accounts at two financial institutions consisting of small value loans, including a car loan and an outstanding debt which was classified as uncollectable. One money remittance company also provided information on incoming and outgoing transactions in small amounts.

Subsequent Measures: The SIC decided to lift banking secrecy off the identified accounts and placed an encumbrance on the vehicle identified. Findings were forwarded to the Lebanese General Prosecutor for further investigation.

Report (ROA): A terrorist attack took place in Northern Lebanon and resulted in the death of law enforcement officers, army personnel and the injury of several civilians. The terrorist, known to be affiliated with ISIL, opened fire on army personnel, and blew himself up after a pursuit and confrontation with law enforcement officers. The Lebanese General Prosecutor sought the SIC assistance in order to identify any related bank accounts and transactions pertaining to the terrorist and related individuals arrested for interrogation.

Analysis and Investigation: The SIC initiated its investigation by circulating the names of the terrorist and related individuals to all banks, financial institutions and money remittance companies operating in Lebanon. No bank accounts or real estate ownership were identified for the terrorist, but two money remittance companies reported two incoming remittances in minimal amounts in prior years. A counterpart FIU was contacted in this regard. Investigations conducted by law enforcement authorities made available to the SIC revealed that in order to carry out the attack, the terrorist sold his house furniture and used the proceeds to self-finance his attack. Furthermore, the terrorist did not receive instructions from ISIL leaders but instead committed what was described as a “lone wolf” operation after having served time in jail for joining ISIL in Syria.

Subsequent Measures: The SIC requested from all money remittance companies not to perform any transaction for any of the related individuals under interrogation and forwarded the findings to the Lebanese General Prosecutor.

Report (ROA): The Lebanese General Prosecutor sought the SIC assistance in order to identify and freeze bank accounts, transactions and any movable or immovable assets pertaining to individuals involved in acts of terrorism and terrorism financing. The suspects had carried out an attack that resulted in the killing of municipality guards, and investigations that followed this act uncovered a terrorist cell associated with ISIL that underwent military training and collected arms and ammunitions. Law Enforcement investigations also revealed that the cell was preparing to execute terrorist attacks on Lebanese soil, namely through simple and easy to perpetrate terrorist attacks, such as mass shootings in public places.

Analysis and Investigation: The SIC initiated its investigation by circulating the names of the suspects to all banks, financial institutions, and money remittance companies. Enquiries were also made to the vehicle register and to the real estate register. Findings revealed the presence of money remittance transactions in small amounts occurring within the country, in addition to a number of transactions with several jurisdictions. No bank accounts were identified, and a few vehicles and properties were depicted. Additional findings from parallel investigations carried out by law enforcement and made available to the SIC revealed that the terrorist cell had also conducted several robberies to finance their activities.

Subsequent Measures: Spontaneous disclosures and requests of assistance were sent to the concerned FIUs. The SIC also attached an encumbrance on the identified vehicles and properties and requested from all money remittance companies to refrain from executing any future transactions for the involved individuals. All findings were forwarded to the Lebanese General Prosecutor.

Report (STR): While updating KYC forms for a number of dormant customers' accounts, the compliance officer at a local bank tried to contact a customer using address details on file. The compliance officer was informed that the address details were no longer valid, and that law enforcement authorities had also tried, to no avail, to locate the said customer who has arrest warrants issued against him for being affiliated with or joining ISIL. The bank consequently filed an STR with the SIC.

Analysis and Investigation: The SIC initiated its investigation by obtaining all available bank records including KYC forms, bank statements and copies of identification documents from the reporting banks. The analysis of the bank account revealed that the account was dormant and that previous activity consisted of small cash deposits all below the threshold followed by withdrawals. The SIC broadened its investigation and contacted in this regard local law enforcement authorities seeking information on the case.

Subsequent Measures: The SIC decided to lift banking secrecy off the identified bank account and forward the findings to the General Prosecutor for further investigation.