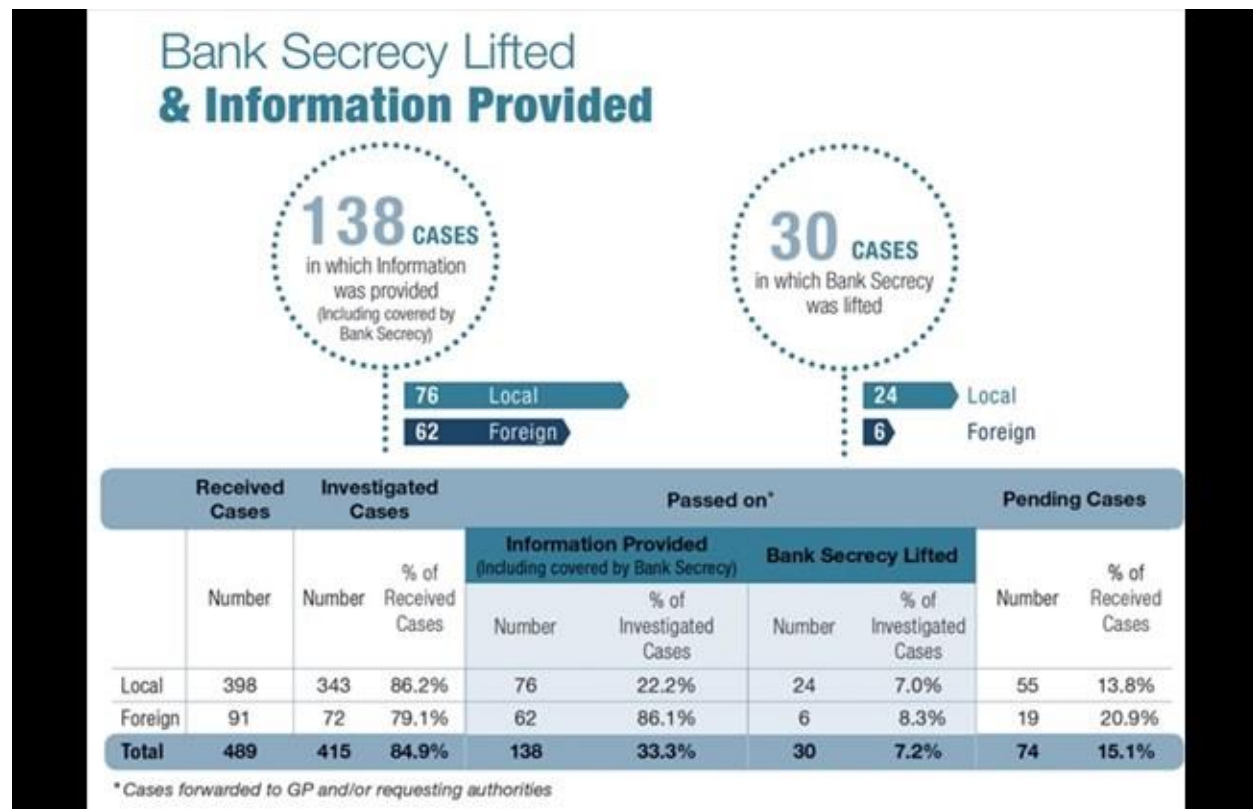


Lebanon lifts banking secrecy in 30 cases



Lebanon's anti-money laundering watchdog lifted banking secrecy in 30 cases last year out of 489 cases it investigated. The Special Investigation Commission, the country's financial intelligence unit, said in its 2018 report released Monday that the authorities examined all the cases thoroughly before taking action against some of them. The SIC is a multifunction financial intelligence unit with judicial status. It is the centerpiece of Lebanon's anti-money laundering and combating the financing of terrorism (AML/CFT) initiatives. The SIC, with the help of the judicial authorities, has the right to investigate all cases it receives from foreign and local entities regarding suspected money laundering, terrorism funding, financial embezzlement and all illicit financial activities. Central Bank Gov. Riad Salameh praised the hard work of the commission in combating financial crimes in Lebanon. "In 2018, the 489 cases that were received and investigated resulted in funds freezing decisions and in lifting banking secrecy in 30 cases which

were disseminated to the general prosecutor. On the AML/CFT supervision front, the risk-based compliance examinations carried out by the SIC Compliance Unit to assess AML/CFT controls and compliance programs at reporting entities covered 22 banks as well as other financial sector reporting entities,” the governor said in a letter published in the SIC report. The report did not disclose the amount of money frozen by the authorities or the identities of the individuals and groups involved in these illicit operations. “Fighting financial crimes and illicit proceeds remains a top priority for us. To stay at par with international standards, BDL and the SIC issued detailed regulations on the definition and identification of the beneficial owner as called for by the Financial Action Task Force and the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. “In 2018, BDL regulations also introduced indicators covering certain suspicious real estate transactions,” the governor added. Salameh said that money laundering and terrorism financing cases handled by the SIC have become more complex, necessitating more in-depth analysis, local coordination between national agencies as well as international cooperation. Abdul Hafiz Mansour, the secretary-general of the SIC, also shed light on the operations of the commission and the efforts it undertook on the cases. “In 2018, the number of ML and TF cases received by the SIC reached 489, of which 91 were from foreign sources and 398 from local sources. During the year, 78 spontaneous disclosures were also handled, and risk-based AML/CFT onsite compliance examinations covered 22 banks, 17 finance companies, 21 insurance companies, 90 money dealers, eight brokerage firms, and two money remittance companies,” as well as designated nonfinancial businesses or professions, Mansour said. He added that fighting corruption and cybercrimes - two priority areas of the SIC presidency - brought additional work to the commission. “Our efforts to organize in Beirut two MENAFATF [Middle East and North Africa Financial Action Task Force] plenary meetings that included functions covering these priority areas were well-received, especially for bringing together renowned experts on the subjects,” Mansour said. The SIC report cited some of the cases that were uncovered in 2018. The commission said that it received a request for assistance from the Internal Security Forces concerning a detainee and several fugitives suspected of being involved in terrorism financing activities. The ISF sought the SIC assistance in order to identify related accounts and transactions in Lebanon and abroad since preliminary investigations revealed that the suspects had traveled across several countries. “The SIC initiated its investigation by circulating the names of the suspects to all banks, financial institutions and money remittance companies operating in Lebanon. Bank accounts were identified for two of the suspects. The analysis carried out on the obtained bank records and the statements showed similar patterns of several small-amount cash deposits as well as cash and ATM withdrawals,” the report said. Based on these investigations, the SIC decided to freeze the identified bank accounts in Lebanon, and sent all the findings including information obtained from counterpart

financial intelligence units to the general prosecutor, who later forwarded the case for prosecution on terrorism financing charges. The report did not disclose the names or the nationalities of the suspects. In another case, the SIC received a request for assistance from Lebanon's general prosecutor concerning a Mutual Legal Assistance case originating from a foreign judicial authority. It said the MLA was related to acts of tax evasion and fraudulent bankruptcy committed by a suspect, as well as accusations against him for using his Lebanon-registered company to conceal large amounts of money. "The SIC initiated its investigation by circulating the names of the suspect and his company to all banks and financial institutions operating in Lebanon in an effort to identify accounts and transactions. The SIC identified one bank account for the suspect's company, and obtained the account statements as well as available customer due diligence information," the report said. It said banking secrecy was lifted and the SIC's findings were forwarded to the general prosecutor to take appropriate measures, including providing information to the foreign judicial authority. The report also revealed another case investigated by the SIC of several Lebanese and foreign nationals accused of drug trafficking. "A search of the SIC database revealed that some were subject to previous investigations relating to drug trafficking and counterfeiting of currency. At the time, the SIC identified and froze accounts and forwarded the matter to the general prosecutor for further investigation," the report said. The SIC also requested all money remittance companies refrain from executing transactions for the suspects.