

February 20, 2012

Governor Riad T. Salamé
Banque du Liban
Masraf Lubnan Street
P.O. Box 11-5544
Beirut, Lebanon

**Re: Banque du Liban, Bank Saderat, Allied Engineering Group S.A.R.L. ,
SWIFT and Iran**

Dear Governor Salamé:

We write to you today to express our concern regarding banking and banking services institutions based in Lebanon that are facilitating Iran's avoidance of international sanctions. United Against Nuclear Iran ("UANI") calls on you and the Lebanese Central Bank to publicly clarify your work with Iran and/or with Iranian institutions and ensure that Lebanon is not used as a sanctions avoidance hub by Iran.

On January 30th, UANI called upon the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") to publicly clarify its work in Iran and to terminate its relationship with and deny SWIFT access to Bank Markazi, Iran's Central Bank, and other Iranian Banks. A copy of our January 30, 2012 letter is attached for your review.

In response to our campaign and legislation passed by the United States Senate Banking Committee, on February 17, 2012 SWIFT indicated that it would end its business in Iran. SWIFT stated:

A clear multi-lateral legal framework in relation to international financial sanctions against Iran is emerging. We understand that the European Union is now drafting new international sanctions regulations which directly affect the ability of EU based financial communication service providers (such as SWIFT) to provide their services to Iranian financial institutions subject to EU sanctions. In addition, we are closely following the progress of a bill passed by the US Senate Banking Committee regarding Iran which has similar intention. SWIFT stands ready to act and discontinue its services to sanctioned Iranian financial institutions as soon as it has clarity on EU legislation currently being drafted.

This decision follows extensive consultation with our board and with relevant regulatory authorities. The decision also reflects the extraordinary and highly

exceptional circumstances of significant multi-lateral international support for the intensification of sanctions against Iran.

SWIFT has also informed its overseers. SWIFT is overseen by the G10 Central Banks.

The responsibility of SWIFT with regard to international financial sanctions has always been to assist our member banks in meeting their responsibilities to comply with national and international regulation. SWIFT is and has always been in full compliance with applicable sanctions regulations and has received confirmation of this from the competent regulatory authorities. ([SWIFT Website](#))

Currently, at least one Iranian sanctioned institution, Bank Saderat, operates in Iran and others transact with Lebanese institutions. Importantly, the Lebanese-based business Allied Engineering Group S.A.R.L. (“AEG”) serves as the SWIFT regional representative for Iranian institutions and provides other key banking related services to such Iranian institutions.

As you know, unfortunately, the SWIFT system and Lebanese banks and money exchanges have been used by Iran and its terror proxies to facilitate the finance of Iran’s nuclear weapons program, finance terrorist activities and to provide the financial support necessary to brutally repress the Iranian people. As recently as 2011, the United States Treasury Department identified the Lebanese Canadian Bank as a Hezbollah money laundering enterprise. At the time it was Lebanon’s 8th largest bank. The United States Department of Justice subsequently launched a money laundering and forfeiture proceeding that sought the recovery of more than \$480 million from various Hezbollah related entities including Lebanese financial institutions. Those institutions included both bank and “money exchange” companies that utilized electronic funds transfers through SWIFT as a primary means to transfer money to be laundered.

Your response to this insidious activity, as detailed in the *New York Times*, was not appropriate given your important status and role as the Governor of Lebanon’s Central Bank:

The signs are not terribly encouraging. The Central Bank governor, [Riad Salameh](#), cut short an interview when asked about the aftermath of the American action, calling it an “old story.” As for those nearly 200 suspect accounts, Mr. Salameh would only say that he does not involve himself in such commercial questions.

Privately, he has played down the findings to the Treasury Department, attributing much of the suspicious activity to peculiarities in the way business is done in Africa. Those accounts he did deem problematic, he told the Americans, have been referred to Lebanon’s general prosecutor. But the prosecutor refused to comment, and his deputy, who handles money-laundering inquiries, said last week that he had received nothing.

In fact, as Treasury officials acknowledge, on Mr. Salameh’s watch, most of the accounts were simply transferred to several other Lebanese banks. (*The New*

York Times. "[Beirut Bank Seen as a Hub of Hezbollah's Financing](#)." Jo Becker, December 13, 2011)

Other important Iranian connections to the Lebanese banking system are disturbing as well. AEG is the Beirut, Lebanon based SWIFT Regional Partner for the Middle East and Africa. AEG provides full services related to SWIFT systems and SWIFTNET for more than 400 banks in more than 40 countries. AEG provides SWIFT and SWIFT technology infrastructure and related services through three Service Bureaus based in Lebanon, Bahrain and Egypt. AEG further provides a variety of other products and services to facilitate communication and money transfer by and among financial institutions, businesses and individuals.

AEG is the primary SWIFT and related service provider to Iranian banks, including financial institutions sanction-designated under United States and European Union law. SWIFT's action to end its work in Iran is significant yet such action may be diluted in the absence of like-minded action from AEG. AEG, as SWIFT's regional partner servicing Iran, has been silent on its intentions and on the current scope of its relationship and provision of products and services to Iranian sanction-designated financial institutions. UANI remains particularly concerned that as SWIFT ends its services to Iranian sanction-designated institutions that AEG will provide a communications "work-around" for such Iranian institutions through its Service Bureaus and/or through the provision of its own financial communication products and services. UANI has called on AEG to clarify its work with Iranian institutions and to terminate its work in Iran. Attached for your review is our letter to AEG of February 20, 2012.

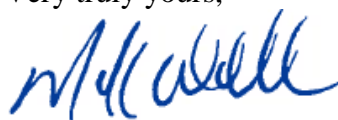
UANI calls on you and the Banque Du Liban to ensure that AEG terminates its relationship with Iranian financial institutions. In addition, we call on you and the Banque du Liban to cease Lebanese business with any and all Iranian sanction-designated financial institutions including Bank Saderat.

Given the insidious influence of Hezbollah in Lebanese financial institutions including banks and money exchanges, Lebanon and the Banque du Liban have a higher duty to the international banking community to demonstrate that they are not complicit – knowingly or unknowingly – in facilitating Iran's effort to avoid international sanctions. Lebanon must be transparent in its relationships with Iranian banks and must ensure that Lebanon is not used as the base of operations for institutions like AEG and Bank Saderat to assist Iran in avoiding international sanctions.

Please let us hear from you by February 28, 2012 regarding your intentions.

Thank you for your immediate attention to this matter.

Very truly yours,



Ambassador Mark D. Wallace

Enclosed:

--UANI Letter to SWIFT, January 30, 2012

--UANI Letter to AEG, February 20, 2012

cc: Luc Coen
Governor, National Bank of Belgium

Francois Masai
Deputy Governor, National Bank of Belgium

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Chairman, United States Federal Reserve

Janet Y. Yellen
Vice Chair, United States Federal Reserve

Mark J. Carney
Governor, Bank of Canada

Tiff Macklem
Senior Deputy Governor, Bank of Canada

Christian Noyer
Governor, Chairman of the General Council, Banque De France

Anne Le Lorier
First Deputy Governor, Banque De France

Dr. Jens Weidmann
President, Deutsche Bundesbank

Sabine Lautenschlager
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Hirohide Yamaguchi
Deputy Governor, Bank of Japan

Klass Knot
President, De Nederlandsche Bank

J.F. van Duynes
Chairman, De Nederlandsche Bank

Stefan Ingves
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Kerstin af Jochnick
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Board Member, European Banking Authority, UK

The Honorable Joseph I. Lieberman
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The Honorable Susan M. Collins
Ranking Member, United States Senate Committee on Homeland Security &
Governmental Affairs

The Honorable John Kerry
Chairman, United States Senate Committee on Foreign Relations

The Honorable Richard Lugar
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The Honorable Ileana Ros-Lehtinen
Chairman, United States House Committee on Foreign Affairs

The Honorable Howard Berman
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The Honorable Howard P. McKeon
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The Honorable Adam Smith
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The Honorable Steve Israel
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The Honorable Ted Deutch
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The Honorable Nita Lowry
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The Honorable Carolyn Maloney
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The Honorable David S. Cohen
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The Honorable Adam Szubin
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