



MONEY LAUNDERING

AND TERRORIST ACTIVITY FINANCING WATCH

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Money Laundering and Terrorism Activity Financing Watch:

- Summarizes relevant group-based, activity-based and country-based money laundering and terrorist activity financing issues;
- Alerts readers to new developments that could possibly be exploited for money laundering or terrorist activity financing purposes in Canada.

ML/TF Watch is a quarterly review of news articles and is compiled by FINTRAC's Macro-Analysis and Research unit. It provides links to more detailed information sources (all references mentioned are hyperlinked to their sources). The articles provided in this issue range from October 2008 to March 2009.

Caveat

The views expressed herein are those of the original authors except where specifically noted.

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Money Laundering**GROUP-BASED:**

Criminal organizations in British Columbia have been leasing luxury cars as a way to integrate their proceeds of crime. Members of the **UN gang** and the **Red Scorpions**, two Canadian gangs known for their violent behaviour, have allegedly leased high-value

cars such as the Cadillac Escalade through brokers from Four Star Auto Lease Ltd., a company based in British Columbia. In order to better suit the needs of the gang members, features such as bullet-proof Kevlar and gun compartments are often installed in the cars. The leases are usually paid in cash but car dealers are not subject to the reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*. Luxury vehicles suit the image many gang members wish to portray,

and the leasing option may be attractive given the reduced likelihood of forfeiture if apprehended by authorities. Four Star Auto Lease Ltd. leased a 2006 Maserati Quattroporte to Clay Roueche, leader of the **UN gang**, three months prior to his arrest. Between 2005 and 2007, the company also leased a BMW, a Corvette, a Mercedes-Benz and an Acura RSX Premium to the Abbotsford Bacon Brothers, who have direct ties to the **Red Scorpions gang**. The owner of Four Star Auto Lease Ltd. is aware of the exploitation of his business by alleged criminals, and claims to have stopped offering leases on models most in demand by gang members, such as Lamborghinis, Ferraris and Porsches.¹

Ransom paid to **Somali pirates** is suspected of financing the development of new neighbourhoods in Nairobi, Kenya. Real estate agents in Nairobi claim that property prices have doubled, and in some cases tripled, since 2006. Residential and commercial developments are being purchased in Mombasa at unprecedented prices, often before the buildings are completed. Officials believe that **Somali pirates** are using a “cash-based money transfer network” in Eastleigh, a Somali community of Nairobi, as a channel to launder portions of the funds obtained through ransom payments. In 2008, pirates captured 42 vessels in the Gulf of Aden and the Indian Ocean, and allegedly obtained as much as US\$150 million. In addition, officials suspect that drug traffickers have laundered approximately US\$100 million per year through the Kenyan financial system, partly by investing in real estate. Kenya does not currently have a law against money laundering, however a bill in this regard was proposed to parliament in 2008.²

ACTIVITY-BASED:

The Public Prosecution Service of Canada is asking the Ontario Court of Appeal to increase the severity of sentences for lawyers that exploit the privileges of their profession to launder money. The argument was made at the appeal of Simon Rosenfeld, a prominent Toronto lawyer sentenced to three years in jail on two counts of money laundering and one count of attempted possession of proceeds of crime. In a joint RCMP-FBI investigation, Rosenfeld was caught on tape agreeing to launder large quantities of “coke money” for an undercover RCMP officer posing as a representative of a Colombian cocaine cartel. Rosenfeld also informed the undercover RCMP agent that he was able to set up a meeting with Vito Rizzuto, head of the Rizzuto organization, to discuss the sale of 3,000 kilograms of cocaine, and arrange a collaborative agreement with the Hells Angels Motorcycle Club. Rosenfeld used **solicitor-client privilege**, the legal professional privilege which protects all communications between a professional legal advisor and his or her clients from being disclosed, to conceal the activities of his criminal associates. The National Post notes that “lawyers are the only financial intermediaries exempted from the currency-reporting requirements in the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, an exemption that lawyers won in a series of court challenges by law societies against the government.”³

Kenya’s m-payment system called M-Pesa, which is owned by Safaricom, has been the subject of an audit request by the Kenyan minister of Finance. In Kenya, **mobile phone banking** is very popular due to the lack of formal financial institutions and the increase in cell phone use. The **mobile banking industry** in Kenya is currently unregulated by

the central bank and is not covered by the *Banking Act*, which raises money laundering concerns. According to Safaricom, all users must produce basic identification and are limited to transfers of Sh35,000 (CAN\$545) per transfer and Sh70,000 per day (CAN\$1090). The audit request was made following an announcement by Safaricom, Vodafone, and Western Union to collaborate on a cross-border mobile money transfer service, as reported in a previous edition of the Watch. This service would allow citizens from the UK to send remittance from select locations within the UK to Kenya.⁴

Omega diamonds, a diamond company based in Antwerp, is being investigated by Belgian police on money laundering charges, under suspicion that the company is heavily engaged in the **trade of illegal rough diamonds**. The company had allegedly been buying diamonds from the black market in Angola and the Democratic Republic of the Congo. Two Omega employees purchased the stones and later sold them to firms in Tel Aviv, Geneva and Dubai. Although the investigation is still ongoing, authorities have confiscated €100 million worth of precious stones belonging to the Omega Diamond Company.⁵

According to the Chairman of the International Chamber of Commerce's (ICC) Banking Trade Finance Forum, intermediary ports in the Persian Gulf are being exploited for **trade-based money laundering**. According to the Financial Action Task Force (FATF), trade-based money laundering is defined as the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimise their illicit origin. In practice, this can be achieved through the misrepresentation of the price (under- or over-invoicing), quantity or quality of imports or exports. Under- or over-invoicing schemes may be facilitated when invoices are

issued and processed by many different institutions. According to the ICC chairman, Ebrahim Zainde, it is important for banks, exporters and importers to be aware of the vulnerabilities that can be exploited in the trade finance system. Documents such as Documentary Credits can be forged, and money diverted for tax evasion, terrorist funding, or other illegal activities.⁶

According to the chief of the UN Office on Drugs and Crime (UNODC), Antonio Maria Costa, the current global financial crisis presents an opportunity for mafia groups to place their illegal funds into bank accounts. The financial institutions, "strapped for liquidity", may be less likely to enforce Know Your Client measures, which are designed to prevent money laundering. According to the UNODC chief, in 2005 global illicit drug trafficking groups had US\$322 billion at their disposal.⁷

Ten international banks, including British-based Lloyds, are suspected of laundering billions of dollars for Sudanese and Iranian banks and their clients, through banks in New York. While Lloyds has admitted to money laundering, the other nine banks remain under investigation. In order to hide the identity of its clients, Lloyds bank "**stripped**" **wire transfer information**. This practice involves removing information that links payments to countries of origin, such as Iran or Sudan, which are barred from the American financial system. As a result, the transactions were undetected by automated computer systems administered by the U.S. Treasury's Office of Foreign Asset Control (OFAC). Iranian banks and their clients deposited large sums into Lloyds bank which then converted the money into dollars and dispersed the sums to smaller institutions, changing names and routing codes. The transfers were made to buy goods and services from U.S. companies and to finance the purchase of goods and services from

foreign vendors that sought payment in dollars. Lloyds admitted to laundering \$US300 million, and acquiesced to pay a \$US350 million fine in addition to allowing investigators access the company's books. Also, Lloyds could face criminal prosecution if the court judges that the bank knew that it was helping banks and their clients to break international law or foster terrorism. Lloyds has been involved in “stripping” wire transfer information for Iranian and Sudanese banks since the mid 1990s.⁸

In Bulgaria, authorities have discovered what they consider to be Europe's largest money laundering scheme in terms of quantity of money laundered. At the heart of the investigation is a real estate company called **Optima Ca**, based in Sofia, which allegedly laundered €1 billion in 2008 alone. According to the Bulgarian newspaper *24 Chasa* (“24 Hours”), **Optima Ca** allegedly received the money from criminal organizations such as the Tambov gang based in St-Petersburg. Half of the money received was sent to AS TAVID, a currency exchange in Estonia. A representative of the currency exchange denies these allegations. From Estonia, *24 Chasa* writes that €500 million was withdrawn in cash and eventually returned to Russia. The remaining €500 (out of the €1 billion) was transferred to offshore accounts in Cyprus, Dubai, and Hong Kong. The owner of **Optima Ca**, Elisabeth Elena Von Messing, claims that her company's annual turnover is €1 billion, however she has been unable to justify to authorities why the funds were moved to various countries in the manner that they had been. Bulgarian prosecutors have charged Von Messing with money laundering and conducting illegal financial transactions worth €500 million.⁹

COUNTRY-BASED:

In order to protect the economy in **Argentina** from the global economic slowdown, President Cristina Fernandez proposed a bill to parliament which would allow the re-introduction of **Argentine** funds currently held offshore—an estimated US\$140 billion—back into the country. Critics argue that this bill, and its accompanying “no-questions-asked policy” may have money laundering implications. A particular risk may come from drug producing and trafficking organizations, such as the Mexican drug cartels, which have expanded their areas of influence into South America. **Argentina** is a country-member of the Financial Action Task Force (FATF).¹⁰

Although the U.S. Department of State's International Narcotics Control Strategy Report suggests that **Guinea** does not pose a major money laundering threat at the moment, *Complinet* reports that several factors can make the country increasingly vulnerable to financial crime. **Guinea** is becoming a major international drug trafficking hub, attracting business from Colombia, Venezuela, Nigeria and Spain. It is believed that parts of the new luxury real estate developments in **Guinea** have been funded or paid for by money which was laundered or which was derived from drug trafficking. Corruption within key departments such as the Customs agency also significantly reduces the country's ability to detect, prevent and deal with issues such as cash smuggling through the border. **Guinea** does not currently have an established financial intelligence unit.¹¹

Indonesia's financial intelligence unit (FIU) warns of a possible increase in money laundering activity in the country due to next year's election, which might spur political bribes. In a country ranked by Transparency

International as being one of the most corrupt in the world, the active participation of government officials and politicians in illegal activity complicates the ability to deal with crime: “If crime like corruption, narcotics, illegal logging [is high], then money laundering must also be high,” according to Yunus Husein, the head of the FIU. Combating these activities is further complicated by the network of public officials involved in the illicit activities, the presence of foreign financial backing, and the challenges of “following the money abroad”.¹²

Following FATF recommendations, **India** has introduced amendments to its *Prevention of Money Laundering Act, 2002*. This is the first amendment since the Act became law in 2002. The bill, tabled on October 17, 2008, will expand the number of entities that will need to disclose to **India**’s financial investigations unit. Before the amendment, financial institutions as well as intermediaries were obliged under law to submit transaction reports above a certain threshold to India’s FIU. The amendment extends that obligation to money changers, money transfer services providers, casinos, and “payment gateways” like MasterCard and Visa. In addition, offences such as insider trading, market manipulation, and the financing of terrorism, acts of terrorism or terrorist organizations are now considered ‘money laundering predicate offences’. These amendments will assist in countering terrorist financing in the region, and will make **India** FATF compliant.¹³

The recent crackdown on **tax havens** such as Switzerland and Lichtenstein has prompted banking clients to transfer billions of dollars to Asia and the Middle East, in regions such as Singapore, Macau, Dubai and Doha, according to the director of the Tax Justice Network, an independent organisation launched in the British House of Parliament in March 2003. “Major wealth management

divisions” are being created by international banks in the Asian and Middle Eastern countries, since bank secrecy regulations are not as stringent: “they are willing to take the most toxic stuff”, confirms John Christensen, the director of Tax Justice Network.¹⁴

Terrorist Activity Financing

GROUP-BASED:

Two Ontario men, Suresh Sriskandarajah and Pirantheepan Nadarajah, are facing extradition to the United States for supporting the Tamil Tigers terrorist group. The full list of allegations against Sriskandarajah include helping a **Liberation Tigers of Tamil Eelam (LTTE)** official to buy communications towers; purchasing submarine and warship equipment while claiming it was for a school project; attempting to buy night-vision equipment; smuggling computers, GPS equipment and other items to **LTTE**-controlled areas, and conspiring with three other Canadian suspects (see article below) to buy almost \$1 million worth of missiles and assault rifles in New York.¹⁵

Three Canadian citizens are facing 25 years to life in prison after admitting to being part of a Canadian-based arms procurement cell of the **LTTE** rebels. On January 26, 2009, Sathajhan Sarachandran, a former University of Toronto student, and Nadarasa Yogarasa, pleaded guilty to providing material support to terrorists. On January 27, 2009, Sahilal Sabaratnam, a former Carleton University student, and Thiruthanikan Thanigasalam, a former University of Toronto student, pleaded guilty to conspiracy to support a foreign terrorist group and conspiracy to purchase missiles. The guilty pleas were an outcome of

an FBI-RCMP investigation, where the defendants were captured on tape negotiating the purchase of 10 Russian SA-18 missiles and 500 AK-47 assault rifles. The four men were said to be working under the direction of Pottu Aman, the intelligence and procurement chief of the Tamil Tigers and right-hand man to guerrilla boss Velupillai Prabhakaran.¹⁶

Six men from Sri Lanka, Singapore and Indonesia have been sentenced by an American judge for money laundering and conspiring to **provide material support** to the LTTE. On October 30, 2008, Haniffa Bin Osman was sentenced to 37 months in prison. Haniffa Bin Osman and his accomplices attempted to “illegally export arms, including state-of-the-art firearms, grenade launchers, night vision devices, surface to air missiles and unmanned aerial vehicles”. All weapons were to be supplied to the LTTE to help the terrorist organization fight the Sri Lankan government forces. Osman and two other men sent US\$250,000 from an Eon Bank Berhad account in Kuala Lumpur, Malaysia to an account in Baltimore owned by the U.S. undercover agents. Following that, another wire transfer of US\$452,000 was made as part of the payment for US\$900,000 worth of arms and equipment ordered by the LTTE. Between April 2006 and September 29, 2006, Osman met with the undercover agents to inspect the equipment and to discuss shipping arrangements. A specific location on the Indian Ocean was named as a transshipment point and future shipment options, including a second shipment worth up to US\$15 million, was discussed before authorities arrested Osman in September of 2006.¹⁷

On November 24, 2008, key members of the **Holy Land Foundation for Relief and Development** were found guilty by a federal jury in Dallas on all counts in a terrorist financing case that was reported in the October 2008 edition of the WATCH. The

Holy Land Foundation for Relief and Development, the largest Muslim charity organization in the United States, has been found guilty of providing material relief to Hamas, a designated terrorist group, as well as money laundering and tax fraud. Although the charges do not state that the organization was directly involved in the financing of terrorist activities, prosecutors argued that by providing material support, the **Holy Land Foundation for Relief and Development** was morally supporting Hamas’ goals by sending humanitarian aid, thereby allowing Hamas to use money it already had for militant activities.¹⁸

In a report entitled “The Money Trail,” the Washington Institute for Near East Policy provided a status update on terrorist financing and highlighted case studies on how groups like **Al Qaeda**, **Hezbollah** and **Hamas** finance their activities. As stated in the publication, **Al Qaeda** still relies on traditional ways of raising money such as obtaining funds through charities and wealthy donors in addition to raising money through crimes such as debit/credit card skimming. **Hezbollah** and **Hamas** continue to exploit the Tri-Border region between Argentina, Brazil and Paraguay to obtain funds, although **Hezbollah’s** main sources of income remain wealthy Shiite donors and returns on investment portfolios. As for **Hamas**, the organization reportedly raises funds through cigarette smuggling, drug trafficking, credit card fraud, and stolen baby food in addition to relying on foreign charities and foundations for income. According to the Washington Institute for Near East Policy, the measures that have been put in place by the United Nations (UN) to fight terrorism are not being followed since many countries are losing interest in the topic. “Few assets are now being frozen and, in fact, many countries still have not put in place the legal framework necessary to take action” state the authors. After the 9/11 attacks, 112

countries agreed to take measures against the financing of terrorists, and approximately 300 **Al Qaeda** and **Taliban** members had their assets frozen by UN members.¹⁹

In February 2009, **Hamas** negotiators were stopped at the Rafah border crossing with suitcases of cash after leaving Egypt where they were negotiating a long-term cease-fire with Israel. Egyptian authorities at the Rafah crossing indicated that US\$7 million and €2 million were found in the **Hamas** negotiators' suitcases, while another security official stated that US\$9 million and €2 million were seized; the discrepancy in the amounts could not be immediately explained. This is not the first time that **Hamas** has smuggled money into Gaza. In 2006, a senior **Hamas** official boasted about successfully carrying US\$42 million across the border. The smuggled funds have helped **Hamas** government to keep afloat, especially since Arab banks have generally refused to transfer money to Gaza for fear of U.S.-led sanctions.²⁰

ACTIVITY-BASED:

Court proceedings involving an Ottawa software company accused of selling software which facilitates **credit card fraud** have resumed after a four year delay. The company, Canadian Barcode & Plastic Card Supply Inc., designed RenCode, a program that enables **credit card** information to be duplicated and stored. The software was allegedly used by terrorist sympathizers in Britain to conduct fraudulent transactions and provide resources to Al Qaeda training camps in Afghanistan and Pakistan. The money is thought to have been transferred to those countries through *hawala* networks. Analysis of **credit card** information, obtained during the

investigation undertaken by the Leicestershire Constabulary in Britain, revealed fraudulent transactions amounting to approximately CAN\$436,000. The Chief Inspector of the British Transport Police, who testified during the trial in Ottawa, also mentioned another case in Britain that involved the software, which was used to counterfeit subway cards from the London Underground. When British police officers discovered and disbanded the operation, described as the second largest ever found in the country, losses were estimated at approximately CAN\$405,000. Had the illegal activities not been halted, authorities estimate losses might have reached over six million pounds. Funds raised from that particular scheme allegedly funded terrorism in North Africa.²¹

Haji Juma Khan, an Afghani drug lord in charge of a massive international **drug trafficking** organization which provided financial assistance to the Taliban in Afghanistan, was extradited from Indonesia to the United States on October 24, 2008 for prosecution. Khan is accused of producing and selling morphine base (an opium derivative that can be made into heroin if processed) in quantities of up to 40 tons, and refined heroin sold in quantities of over 220 pounds. The operations were based largely in Helmand and Kandahar, two provinces in the south of Afghanistan with a large insurgent presence. As featured in the October 2008 edition of the WATCH, the Taliban receive significant financial support from local opium cultivators by levying a tax in exchange for access to drug routes and cultivation land. Haji Juma Khan, who was travelling to Indonesia from Dubai when he was arrested, is among the first to be prosecuted under a 2006 American federal **narco-terrorism** statute.²²

One of the world's most sought after international **arms traffickers** was convicted

in the United States on November 20, 2008. Monzer Al Kassar, along with his associate Luis Felipe Moreno Godoy, have been convicted of “conspiracy to murder U.S. nationals; conspiracy to murder U.S. officers and employees; conspiracy to acquire and export anti-aircraft missiles; conspiracy to provide material support and resources to the Fuerzas Armadas Revolucionarias de Colombia (FARC), a designated foreign terrorist organization; and money laundering.” Al Kassar has been actively providing designated terrorist organizations such as the Palestinian Liberation Front with weapons and military equipment since the 1970s. He used associates in various countries, international networks of front companies and multiple bank accounts in the United Kingdom, Spain, Lebanon, Syria, Iraq, Poland, Bulgaria and Romania to launder proceeds and cover up the origin of the money. Under the pretext of **buying weapons** for the FARC to attack American helicopters in Colombia, two undercover officers from the U.S. Drug Enforcement Administration (DEA) interacted with Al Kassar and sent US\$400,000 in payments from undercover DEA accounts to Al Kassar’s accounts in Spain and Lebanon. Al Kassar provided the agents with details regarding their **arms purchase**, such as schematics, general information about the vessel which would transport the weapons, specifications on the surface-to-air missile systems, as well as end-user certificates suggesting that the weapons were in fact destined for Guatemala, not FARC militants in Colombia. Al Kassar also committed to obtain C-4 explosives and military personnel from Lebanon who would be able to train FARC militants to use the weapons.²³

The sale of counterfeit items, and especially DVDs, has been found to help finance terrorism according to the Rand Corporation. Also used as a financing mechanism by organized crime groups, **pirated media** offer

high profit margins since the cost to reproduce movies is so low. It only costs approximately CAN\$0.70 to reproduce a DVD, while the sale revenue can reach CAN\$9.00 per item. These margins are three times higher than what can be obtained through the sale of heroin. The report profiles the use of **pirated DVDs** as a source of funding for three terrorist organizations: Hezbollah, the Provisional Irish Republican Army, and the extremist D-Company based in Bangkok. For now, the **pirated DVD** industry is used as a supporting source of funds – it is not solely relied upon by terrorists. However, the Rand Corporation warns that this type of activity is likely to grow.²⁴

COUNTRY-BASED:

In **Canada**, Momin Khawaja is the first person to be successfully tried and sentenced under the new *Criminal Code* provisions of the **Anti-Terrorism Act**. On October 29, 2008, Khawaja, 29, was convicted on five counts of financing and facilitating terrorism under the *Anti-Terrorism Act*, and two counts of building a remote-controlled device to set off explosions. He was also accused of attending a paramilitary camp in Pakistan. Based on these charges, Khawaja was facing a minimum 10 year jail term and a maximum sentence of two life terms plus 58 years. On March 13, 2009, the Ontario Superior Court sentenced Khawaja to 10 ½ years in prison with possibility of parole in 5 years. The Khawaja case is being reported by some legal experts as an example of how the Canadian legal system can responsibly and effectively deal with terrorism.²⁵

In an effort to stop the flow of proceeds derived from the Afghan opium trade, which provides the Taliban with more than CAN\$100

million in revenue, **Canadian Forces** will begin targeting opium-processing laboratories and “high-level drug barons”. Funding to the Taliban is, in part, derived from the tax levied on the production and transportation of opium, as well as from the protection payments made by drug lords. In order to avoid Afghani attacks on troops and security contractors, NATO troops including the **Canadian Forces** will not destroy the poppy fields, but will specifically target drug dealers who financially support insurgents, and will act only if their own governments authorize them to target drug networks.²⁶

It is estimated that over AUD\$500 million (CAN\$404 million) has been lost through credit card fraud in **Australia** in 2007 alone. According to the country’s Bureau of Statistics: 383,300 people lost an average of AUD\$1600 to credit card fraud; 124,000 people were victims of identity theft; and 57,800 fell prey to “phishing” scams that collect personal information online. Data from the Australian Payments Clearing Associations showed an increase of 30% in the value of credit card fraud between 2006 and 2007, confirming that this is the fastest growing type of fraud in **Australia**. The growth in Australian credit card fraud is due to the fact that it is easy to implement, difficult to track, and adapts quickly to new security measures. While perpetrators of this type of fraud are often individuals working on a smaller scale, the concern raised by security experts is that these small-scale criminals can sell their collected information to organized crime groups, terrorists, arms dealers and others. As mentioned on page 6, there is evidence Hamas obtains a portion of its financing through credit card fraud. Although financial institutions may introduce various measures such as encrypted computer chips to make credit cards more secure, research from various institutions, such as Cambridge

University, shows that even those measures can successfully be compromised.²⁷

The United States wants **India** to control its underground *hawala* money remittance system since, according to a report by the International Narcotics Control Strategy, it is directly linked to terrorist financing. According to the report, New Delhi should prioritize cooperation with international initiatives that provide increased transparency in alternative remittance systems. The concerns over terrorist financing in **India** intensified after the Mumbai attacks last November, which were shown to be financed through *hawala* networks. In the 2008-2009 fiscal year, the Financial Intelligence Unit (FIU) of India detected Rs2,000 crore (20 billion Rupees) in over 200 banks which were used to sponsor terror networks throughout the country. The money was disguised as investment in **India**; however, it was routed through various tax havens such as the Bahamas, Mauritius, Cook Islands and the Persian Gulf.²⁸

A fifth bank in **Iran** has been blacklisted by the American government on grounds that it was allegedly assisting the country in developing nuclear weapons. According to the U.S. Treasury Department, the Export and Development Bank of Iran aided the Ministry of Defense in evading sanctions imposed by the United Nations. Other Iranian banks that have been blacklisted by the American government include Bank Sepah, Bank Mellat, Bank Melli and Future Bank. In addition, the American government is revoking its “U-turn” license with **Iran**. Previously, U.S. financial institutions were authorized to process certain funds transfers for the direct or indirect benefit of Iranian banks, other persons in **Iran** or the Government of Iran, provided that:

1) Such payments were initiated offshore by a non-Iranian, non-U.S. financial institution and,

2) Only passed through the U.S. financial system en route to another offshore, non-Iranian, non-U.S. financial institution.

By revoking the “U-turn” license, the American government further restricts Iran’s access to the U.S. financial system. In order to make sure that legitimate activities can still take place, remittance to family members (but not family-businesses), travel-related remittance, shipments of food, medicine or informational materials such as intellectual property protection and legal services will not be subject to the restrictions. The Financial Action Task Force also expressed concern over **Iran’s** lack of efforts to combat terrorist financing, saying that the country’s inaction poses “a serious threat to the integrity of the international financial system.” According to the Under Secretary for Terrorism and Financial Intelligence in the United States, the

government’s decision will eliminate “the last general entry point for Iranian banks – both state-owned and private – to the U.S. financial system.”²⁹

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