



OPERATIONAL ALERT

Identification of higher risk currency exchange houses in Daesh-accessible territory in Iraq

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Operational Alerts provide up-to-date indicators of suspicious financial transactions and high-risk factors related to specific methods of money laundering and terrorist activity financing that are important either because they represent new methods, re-emerging methods or long-standing methods that present a particular challenge.

Dissemination: all reporting entities providing electronic funds transfer services.

Background

The purpose of this Operational Alert is to provide Canadian reporting entities subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) with specific insights into a particular terrorist financing risk area related to the terrorist organization called Daesh.¹ The risk factors identified in this Operational Alert are primarily related to high-risk geography, and financial transaction services and delivery channels that connect with those areas.

In December 2015, FINTRAC issued an advisory² that emphasized statements by the Financial Action Task Force related to terrorist financing risks associated with Daesh. FINTRAC's advisories on Daesh terrorist financing risks highlight financial transactions (or attempted financial transactions) emanating from or destined to territories under Daesh's control, and neighbouring jurisdictions accessible, as high-risk.³

¹ Also known as Islamic State in Iraq and Sham (ISIS), Islamic State of Iraq and Syria (ISIS), Islamic State (IS), al-Dawla al-Islamiya fil Iraq wa al-Sham, and Islamic State of Iraq and the Levant (ISIL). For more information on Daesh financing, refer to the 2015 Financial Action Task Force (FATF) report on Daesh, to which FINTRAC contributed:

<http://www.fatf-gafi.org/documents/documents/financing-of-terrorist-organisation-Daesh.html>

² Canada. FINTRAC. *FINTRAC Advisory*. <http://www.fintrac.gc.ca/new-neuf/avs/2015-12-07-eng.asp>. December 7, 2015.

³ Given ongoing Coalition military actions against Daesh, and the military activities of the Government of Iraq, the exact area of "Daesh control" is evolving. In general terms, Daesh's "area of control" is within the Central and Eastern parts of Syria, and through to parts of Anbar and Karbala Governorates in Iraq, and North-East Iraq (including the major city of Mosul, though Iraqi security forces are currently attempting to retake Mosul in a military offensive). Areas of high concern that are "proximate" to Daesh's area of control include the Turkey-Syria border region (particularly between Kilis, Gaziantep, and Sanliurfa), parts of the Syria and Iraqi border with Jordan.



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Identification of higher risk Iraqi financial intermediaries

The entities in Appendix A which have been flagged as higher risk foreign financial intermediaries were identified through the actions of the Government of Iraq, as part of its ongoing counter-Daesh finance activities. In December 2015, the Central Bank of Iraq took measures to reduce risks of Daesh exploiting the Iraqi financial system. These measures helped to reduce the number of revenue generating opportunities that had been available to Daesh.⁴ The Central Bank of Iraq did this by banning over 120 Iraqi currency exchanges (that were within or proximate to areas of Daesh territorial control) from participating in “currency auctions”⁵ that are managed by the bank. This ban was intended to prevent Iraqi exchange houses that operate in areas of Daesh control from gaining access to US dollars due to concerns that Daesh imposes a transaction fee on currency exchange house transactions that take place within their areas of control. In March 2016, the Central Bank of Iraq published an English version of the list of currency exchanges that had been banned from its currency auctions (the list had previously only been available in Arabic).⁶ This list⁷ is the basis for this Operational Alert and is reproduced in Appendix A.

Operational guidance

This Operational Alert provides specific guidance to Canadian reporting entities about named foreign financial entities (noted in Appendix A) through which the Canadian financial system could be exposed to Daesh-related terrorist financing. These foreign entities should be considered high-risk by reporting entities. These businesses should file suspicious transaction reports or attempted suspicious transaction reports where entities set out in Appendix A are party to transactions that reporting entities process and where they have reasonable grounds to suspect it relates to terrorism financing.⁸

⁴ Daesh’s terrorist financing activities are currently focused on “taxing” communities in areas they control, selling oil and other commodities (e.g. wheat, phosphates and minerals), selling of looted property, kidnap ransoms, as well as suggestions of involvement in the trafficking in antiquities.

⁵ These currency auctions are used by the Central Bank of Iraq as a mechanism for the controlled release of US dollars (USD) into the Iraqi economy, which is primarily cash-based.

⁶ Iraq. Central Bank of Iraq. *News & Announcements*. <http://www.cbi.iq/index.php?pid=NewsAnnoucements>. December 16, 2015.

⁷ The translation was not undertaken by FINTRAC. FINTRAC is not responsible for any errors or omissions that may have resulted from the translation from the original Arabic.

⁸ While Iraq is not currently listed by the Financial Action Task Force as a “high-risk and non-cooperative jurisdiction”, it is noted as a “monitored jurisdiction” with strategic deficiencies in its anti-money laundering/counter-terrorist financing programs.



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In addition to public advisory information from FINTRAC⁹ and the Office of the Superintendent of Financial Institutions¹⁰ about risks associated with financial transactions or attempted financial transactions emanating from, or destined to, the jurisdictions under Daesh control and the surrounding jurisdictions, FINTRAC has also provided information to reporting entities that they should consider when attempting to identify terrorist financing-related suspicious transactions or terrorist property.

FINTRAC is reiterating this guidance with respect to the entities noted in Appendix A for transactions that have taken place since Daesh's territorial expansion in June 2014. Reporting entities are to undertake enhanced customer due diligence with respect to clients involved in financial transactions or attempted financial transactions involving any entity noted in Appendix A.

FINTRAC is reminding all reporting entities subject to the PCMLTFA and its associated Regulations, of their obligations¹¹ to submit a suspicious transaction report or attempted suspicious transaction report if there are reasonable grounds to suspect that a transaction or attempted transaction is related to a terrorist activity financing (or a money laundering) offence¹².

Under the Canadian *Criminal Code*, Daesh is a listed terrorist entity.¹³ In this context, FINTRAC is also reminding all reporting entities subject to the PCMLTFA and its associated Regulations, of their obligations¹⁴ to submit a terrorist property report to FINTRAC, without delay, if:

- they know of the existence of property¹⁵ in their possession or control that is owned or controlled by or on behalf of a terrorist or terrorist group; and,
- they have information about a transaction or proposed transaction in respect of property referred to above.

⁹ Canada. FINTRAC. *FINTRAC Advisory*. <http://www.fintrac.gc.ca/new-neuf/avs/2015-12-07-eng.asp>. December 7, 2015.

¹⁰ The Office of the Superintendent of Financial Institutions (OSFI) has echoed FINTRAC's advisory and directed Federally Regulated Financial Institutions (FRFIs) to consider transactions emanating from or destined to areas under Daesh's control, and surrounding jurisdictions, as high-risk and to apply enhanced customer due diligence with respect to clients and beneficiaries involved in such transactions or proposed transactions. Canada. OSFI. *OSFI Notice*. <http://www.osfi-bsif.gc.ca/Eng/Docs/2014-11-12-FATFGAFI-IR.pdf>. November 12, 2014.

¹¹ Under section 7 of the PCMLTFA.

¹² Canada. FINTRAC. *Guideline 2: Suspicious Transactions*. <http://www.fintrac-canafe.gc.ca/publications/guide/Guide2/2-eng.asp#s3-1>. December 2008.

¹³ Canada. Public Safety Canada. *Currently listed entities*. <http://www.publicsafety.gc.ca/cnt/ntnl-scrtr/cntr-trrrsm/lstd-ntts-crrnt-lstd-ntts-eng.aspx>. December 2, 2015.

¹⁴ Under subsection 7.1 (1) of the PCMLTFA.

¹⁵ Property includes any type of real or personal property, including money. This also includes any deed or instrument giving title or right to property, or giving right to money or goods. A terrorist property report includes information about the property as well as any transaction or proposed transaction relating to that property.



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CONTACT US

Please use “**Operational Alert**” with the **reference number** in the subject heading of your communications with FINTRAC, and in any related STR/TPR reporting to FINTRAC:

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- **Telephone:** 1-866-346-8722 (toll free)



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Appendix A

Iraqi currency exchanges banned by the Central Bank of Iraq from its US dollars currency auctions

(organized alphabetically by name)

Iraqi Exchange Company Name (English)	Iraqi Province ¹⁶	Iraqi City	Iraqi Address in English
Afaq Al Moelam	Anbar	Al Qa'im	Anbar / Al Qa'im / near Al Qa'im Al Kabir Mosque
Afaq Al-Mustaqbal	Nineveh	Mosul	Nineveh / Mosul / Mosul University / near Ahmed Ismaeel mosque
Al Ahram	Nineveh	Mosul	Nineveh / Mosul/ Bab Al Saray / near Al Basha mosque
Al Aimen	Anbar	Heet	Anbar / Heet / Al Qadeem market / near Al Sharqi mousqe
Al Akhyar	Nineveh	Mosul	Nineveh / Mosul / Al Nabi Younis market
Al Alwan	Nineveh	Mosul	Nineveh / Mosul / Bab Sinjar / Al Borsa market
Al Amel	Nineveh	Mosul	Nineveh / Mosul / Bab Al Toob / Shireen Asal building
Al Anbar	Anbar	Ramadi	Anbar / Ramadi / main road / near Rasheed Bank
Al Arabia	Anbar	Al Waleed	Anbar / Tanaf border port (Al-Waleed Port)
Al Ardh Al Jadida	Anbar	Al Qa'im	Anbar / Al Qa'im / Al-Anduls neighbourhood / section 41 / Al Nheira building/ Apartment No.4
Al Asdiqa'	Baghdad	Al Baiyaa	Baghdad / Al Baiyaa / opposite to street 20
Al Badya	Anbar	Ar-Rutbah	Anbar / Ar-Rutbah / main St. / Al Shawwaf building

¹⁶ In Iraq, "states" / "provinces" are referred to as "Governorates". For ease of use by Canadian reporting entities, the table uses the commonly understood geographic term.



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Al Baidha'	Nineveh	Mosul	Nineveh / Mosul / Derkazliah area / main street
Al Ba'n	Baghdad	Al Mansour	Baghdad / Al Mansour / section 603 / 14 Street / shop number 20 / building number 5 / door number 20/1
Al Bareh	Nineveh	Mosul	Nineveh / Mosul / Al Thaqafiya group 11/238/305 / shop number 1
Al Belal	Nineveh	Mosul	Nineveh / Mosul / Al Corniche / Shireen Asal building
Al Bera'	Anbar	Fallujah	Anbar / Fallujah / main street
Al Darej	Anbar	Heet	Anbar / Rawa / plot number 7/1320 / section or district 44
Al Dhabiya	Nineveh	Mosul	Nineveh / Mosul / left side / Al Jaza'ir neighbourhood / opposite to gas station
Al Dhuha	Anbar	Al Qa'im	Anbar / Al Qa'im District / main road / opposite to Al Kabir Mosque / shop 122/33/31
Al Doea'	Nineveh	Mosul	Nineveh / Mosul / left side / Al Derkazliah street
Al Donia	Nineveh	Mosul	Nineveh / Mosul / Al Thaqafiya group / section 41 / Kurat Quz / property sequence 302/526
Al Eftekhar	Anbar	Heet	Anbar/ Heet / Al Baghdady / near Al Baghdady Police Station / property number 148/136 / section 47
Al Erubah	Nineveh	Mosul	Nineveh / Mosul / Bab Sinjar / Al Borsa area
Al Fajr	Anbar	Heet	Anbar / Heet / Al Qadeem market
Al Fateh	Nineveh	Mosul	Nineveh / Mosul / Al Corniche street
Al Ghaith	Anbar	Fallujah	Anbar / Fallujah / Al A'amiriyah / Al Ikha' Housing Complex / city center market / near Rasheed Bank
Al Ghanim	Nineveh	Mosul	Nineveh / Bab Al Saray / Khan Maqsous
Al Haq Al Yaqin	Nineveh	Mosul	Nineveh / Mosul / Al Corniche / near Kaisariyat Sabahi Bzar
Al Hassan	Nineveh	Mosul	Nineveh / Mosul / Al Sheikh Omar section
Al Hedba'	Nineveh	Mosul	Nineveh / Mosul / Al Thaqafiya group / Al Muhandiseen neighbourhood
Al Hjoood	Anbar	Heet	Anbar/ Heet / Al Jary St. / property number 50/2 / section 61



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Al Hurroot	Nineveh	Mosul	Nineveh / Mosul / District 42 West Nineveh / plot number 13/16 / door number 16/4/252
Al Jamiea	Nineveh	Mosul	Nineveh / Mosul / Fleifel / Free Zone
Al Joraan	Anbar	Ramadi	Anbar / Ramadi / section 102 / lane 28 / Cinema St. / Hamid Swaid building / plot number 182 / district number 89
Al Kawthar	Anbar	Al Qa'im	Anbar / Al Qa'im District / Al-Jamaheer section
Al Khaima	Nineveh	Mosul	Nineveh / Mosul / Al Corniche street / Al Khaymeh market
Al Khalid	Nineveh	Mosul	Nineveh / Mosul / Al Jumhoria street / opposite to Samir Amis / Al Abadi building
Al Khauatem	Nineveh	Mosul	Nineveh / Mosul / Souq Al Sarafeen / Al Habaleen branch / shop number 1/151
Al Khdra'	Nineveh	Mosul	Nineveh / Mosul / Al Thaqafiya group / opposite to Al Iyada Al Istisharyeh
Al Khiat	Nineveh	Mosul	Nineveh / Mosul / Khan Al Maqsous
Al Laith	Nineveh	Mosul	Nineveh / Mosul / left side / Nineveh street
Al Maeruf	Anbar	Trebil	Al Anbar / Border Park in Trebil
Al Mamlaka	Salah Al Din	Tikrit	Salah Al Din / Tikrit / street 40 / opposite to Al Tura high school
Al Masad	Anbar	Ramadi	Anbar / Ramadi / 5 kilo/ near Directorate of Anbar Traffic
Al Mashhur	Anbar	Ramadi	Anbar / Ramadi / Cinema St. / near Al Ma'moon School / near Rasheed Bank - Ramadi Branch
Al Mazin	Nineveh	Mosul	Nineveh / Mosul / Bab Al Saray / Khan Maqsous
Al Mehrab	Nineveh	Mosul	Nineveh / Mosul / Al Najafy street
Al Merbed	Nineveh	Mosul	Nineveh / Mosul / Mosul Al Jadida / Al Saylo street
Al Messdar	Nineveh	Mosul	Nineveh / Mosul / Al Corniche street
Al Mitha'	Anbar	Ramadi	Anbar / Ramadi / section 101 / lane 21 / Cinema St.
Al Mobde	Anbar	Ramadi	Anbar / Ramadi / Cinema St.
Al Momtaz	Kirkuk	Atlas St (suburb)	Kirkuk / Atlas street



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Al Montada	Anbar	Heet	Anbar / Heet / Al Qadeem market / near Al Sharqi mosque
Al Mosul	Nineveh	Mosul	Nineveh / Mosul / left side / Sanaat Al Maeard
Al Murshed	Anbar	Haditha	Anbar / Hadithah / main street / near Abdul Rahim mosque
Al Nawaeir	Anbar	Al Qa'im	Anbar / Al Qa'im District
Al Nehaya	Nineveh	Rabe'a	Nineveh / Rabe'a / near Rabe'ea Al Kabir mosque
Al Nejud	Nineveh	Mosul	Nineveh / Mosul / Mosul Al Jadida / Saylo street
Al Nemoor	Nineveh	Mosul	Nineveh / Mosul / left side / opposite to Al Jamia'a stadium / Al Thaqafiya group
Al Nessor	Nineveh	Mosul	Nineveh / Mosul / Khan Al Maqsous / near Al Mazen company
Al Nibal Al Arabia	Baghdad	Karrada	Baghdad / Al Arasat / section 929 / lane 25/ building 101
Al Qalea	Kirkuk	Kirkuk	Kirkuk/ opposite Al Shuhdaa Bridge
Al Qarorah	Nineveh	Mosul	Nineveh / Mosul / right side shore / Al Corniche
Al Qazah	Nineveh	Mosul	Nineveh / Mosul / Al Dawasa / near Al Rasheed Bank / mosul 3
Al Qirsh Al Mutehidah	Nineveh	Mosul	Nineveh / Mosul / Al Zohoor street / Al Jaza'ir neighbourhood
Al Qirwan	Anbar	Fallujah	Anbar / Fallujah / Al Qadeem St.
Al Rawajeeb	Salah Al Din	Tikrit	Salah Al Din / Tikrit / Al Atiba' street / Al Baraka Building / property sequence 10/6007
Al Rehma	Nineveh	Mosul	Nineveh / Mosul / Bab Al Toob / Al Sga'er market
Al Retaj	Anbar	Ramadi	Anbar / Ramadi / Ar-Rutbah / plot number 48
Al Rimah	Nineveh	Mosul	Nineveh / Mosul / Mosul Al Jadida / opposite to The General Company for Automotive (previously)
Al Sa'agh Al-Mutehidah	Nineveh	Mosul	Nineveh / Mosul / Right side / Nineveh street / Al Sagha market
Al Sahra'	Nineveh	Mosul	Nineveh / Mosul / Al Thaqafiya group / opposite to Al Iyada Al Istisharyeh
Al Samir	Nineveh	Mosul	Nineveh / Mosul / Bab Al Saray / Al Corniche street / Al Habaleen market



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Al Shahba'	Nineveh	Mosul	Nineveh / Mosul / left side shore / Al Thaqafiya group
Al Shahed Al Asfar	Nineveh	Mosul	Nineveh / Mosul / Nineveh street
Al Sharq Al Adna	Anbar	Ar-Rutbah	Anbar / Ar-Rutbah
Al Shye	Anbar	Fallujah	Anbar / Fallujah / main street
Al Taraqod	Nineveh	Mosul	Nineveh / Mosul / Bab Al Saray / Al Corniche street / plot number 139
Al Taslim	Anbar	Heet	Anbar / Heet / plot number 25/2214 / district number 4 / Al Maamurah Wa Jarorah
Al Tejedud	Anbar	Ramadi	Anbar / Ramadi / Cinema St. / opposite to Rasheed Bank - Ramadi Branch
Al Thakerin	Nineveh	Mosul	Nineveh / Mosul / plot number 472/200 / Nineveh district / property number 150/3/525
Al Thera'	Nineveh	Mosul	Nineveh / Mosul / Prophet Heet street
Al Ttawaf	Anbar	Fallujah	Anbar / Fallujah / main street / Al Rosafy neighbourhood / section 311 / lane 33 / building 9
Al Wareq	Nineveh	Mosul	Nineveh / Mosul / Al Corniche street
Al Wesat	Nineveh	Mosul	Nineveh / Mosul / Al Dewasah / Al Ahram building
Al Yaqoot Al Ahmar	Anbar	Ramadi	Anbar / Ramadi / Cinema St. / opposite to Rasheed Bank - Ramadi Branch
Al Yusser Al Mutehidah	Nineveh	Mosul	Nineveh / Mosul / Souq Al Mosul / Bab Al Saray
Al-Nawfal	Anbar	Al Qa'im	Anbar / Al Qa'im District / Al-Jamaheer neighbourhood
Ar Rutbah	Anbar	Ar-Rutbah	Anbar / Ar-Rutbah / main St.
Ardh Al Firdoos (Al-Yassemin previously)	Nineveh	Mosul	Nineveh / Mosul / Al Corniche street
Aredh Al Sameer	Nineveh	Mosul	Nineveh / Mosul / Souq Al Noamanya / property number 133 / district number 6 / shop number 315/4/923
Baba Gurgur	Kirkuk	Kirkuk	Kirkuk / Baghdad road / next to Al Noor Al Kabir Mosque
Baider Al Khair	Anbar	Fallujah	Anbar / Fallujah / main street / Al-Nezal neighbourhood
Blwdan	Salah Al Din	Baiji	Salah Al Din / Baiji / main street / opposite Baiji court



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Burj Al Fanar	Nineveh	Mosul	Nineveh / Mosul / Rebia'a / Al Faisalyeh / Al Komrok
Diar Mecca	Nineveh	Mosul	Nineveh / Mosul / Bab Sinjar / Al Borsa
Dubai Al Dualiya (Sinjar previously)	Nineveh	Mosul	Nineveh / Mosul / Al Sha'areen market
Euyun Al Meha	Nineveh	Mosul	Nineveh / Mosul / Al Jaza'ir neighbourhood / Al Tal street / near Um Al Rabain gas station
Halab	Nineveh	Mosul	Nineveh / Mosul / Bab Al Saray / Al Corniche / near Al Basha mosque
Hilal Al Mosul	Nineveh	Mosul	Nineveh / Mosul / Al Jaza'ir street / near Al Jaza'ir gas station
Hilal Al-Jazira	Anbar	Fallujah	Anbar / Fallujah / main street / Mawlood Salman building
Ibn Al Furat	Nineveh	Mosul	Nineveh / Mosul / Al Jaza'ir neighbourhood / opposite to Quraish for meat / plot number 86/16 / North Neneveh section
Janat Al Andouls	Nineveh	Mosul	Nineveh / Mosul / Al Thaqafiya group / opposite to Atiaf for mobile phones
Kirkuk	Kirkuk	Souq Al Kabir	Kirkuk / Al Souq Al Kabir
Majmuaet Dimashq	Nineveh	Mosul	Nineveh / Mosul / Al Faysalya / near Al Sadriyah hospital
Majmuet Al Sahel	Salah Al Din	Tikrit	Salah Al Din / Tikrit / Al Jessir street
Makhool	Salah Al Din	Baiji	Salah Al Din/ Baiji / opposite to Al Rafidain bank
Nainawa	Nineveh	Mosul	Nineveh / Mosul / Souq Al Sarafeen / Khan Maqsous
Nibal Tikrit	Salah Al Din	Tikrit	Salah Al Din / Al Borsa market / behind the court
Rauet Al Beaj	Nineveh	Mosul	Nineveh / Mosul / Al Ba'aj / district number 51 / Sinjar / plot number 2669/1 / near Al Ba'aj police station
Rauet Al Mina'	Nineveh	Mosul	Nineveh / Mosul / plot number 248/114 / Al Qadhiya district number 40 / door number 114/248/9/305
Sama Al Iraq	Nineveh	Mosul	Nineveh / Mosul / Bab Sinjar / Al Borsa area / opposite to Al Rahmeh mosque
Shanashil Dubai	Nineveh	Mosul	Nineveh / Mosul / Al Muthanna neighbourhood / plot number 2/701 / section 43 / Al Jeelah Bab Tabah



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Shawa	Nineveh	Mosul	Nineveh/ Mosul / Free Zone
Ssakhra Al Iraq	Anbar	Fallujah	Anbar / Fallujah / street number 40 / plot number 15446/9
Tadmur	Kirkuk	Atlas St (suburb)	Kirkuk / Atlas street
Tariq Al Baiarq	Nineveh	Mosul	Nineveh / Mosul / Al Mosul market / property sequence 794
Tebah	Nineveh	Mosul	Nineveh / Mosul / north Garage
Um Al Rabiean	Nineveh	Mosul	Nineveh / Mosul / Bab Al Saray / Khan Al Maqsous / Bab Al Jisr Al Qadeem
Wahej Al Shams	Anbar	Ramadi	Anbar / Ramadi / Cinema St. / opposite to Rasheed Bank - Ramadi Branch
Zahrat Al Rabie	Nineveh	Mosul	Nineveh / Mosul / right side / Bab Al Saray market