

# Freezing U.S. Assets of Syrian Officials

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## ABOUT THE AUTHORS



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## Brief Analysis

On July 11, al-Seyassah, an independent Kuwaiti newspaper, reported that Syrian president Bashar al-Asad froze the assets of his country's minister of interior affairs, Ghazi Kanaan. If so, that is surely a reaction to Kanaan's June 30 designation—along with Chief of Syrian Military Intelligence for Lebanon Rustum Ghazali—by the U.S. Treasury Department as a Specially Designated National (SDN) under Executive Order (EO) 13338. The two were cited for directing “Syria’s military and security presence in Lebanon and/or contributing to Syria’s support for terrorism.”

## The Syria Accountability Act and EO 13338

On May 1, 2003, Congress passed the Syria Accountability and Lebanese Sovereignty Restoration Act, which aimed to press Syria to cease supporting terrorism; end its occupation of Lebanon; halt existing nuclear-, biological-, and chemical-weapons proliferation programs; and stop all illegal imports of Iraqi oil by Syrian forces. On May 11, 2004, the U.S. government went a step further when President George W. Bush issued EO 13338, which declared “a state of national emergency” regarding Syria. EO 13338 empowers the secretary of the treasury to freeze the financial assets of individuals who contribute to Syrian provision of safe haven for terrorists; direct the Syrian military and security presence in Lebanon; aid the Syrian pursuit of nuclear, chemical, or biological weapons; undermine U.S. efforts to stabilize Iraq; or operate on behalf of another individual designated by the Treasury Department. EO 13338 also instructs other federal agencies to impose prohibitions on certain exports to Syria.

The Treasury Department's ability to freeze the assets of any individual believed to pose a threat to U.S. national security is a result of EO 13224, issued on December 20, 2002. While designations at the outset affect only those financial accounts registered in the United States, EO 13224 also authorizes the department to impose sanctions on any individual, organization, or foreign bank that provides services to SDNs. Furthermore, SDNs and their representatives can be and often are banned from entering the United States.

## Kanaan and Ghazali: Supporting Terrorism

Secretary of the Treasury John W. Snow explained that the designations of Kanaan and Ghazali as SDNs were “intended to financially isolate bad actors supporting Syria’s efforts to destabilize its neighbors.” Indeed, the designations referred in detail to the role these individuals played in Lebanon. In August 2001, the Syrian

government feared that an alliance was forming between Lebanese prime minister Rafiq Hariri, Lebanese speaker of parliament Nabih Berri, and a Lebanese sectarian leader. To discourage the formation of an anti-Syrian alliance, Damascus sent Kanaan as its representative to impress Syrian interests on Berri. Berri was then asked to convey these interests to all members of the Lebanese parliament. Kanaan also oversaw the entire 2000 Lebanese parliamentary electoral process. In 2002, Ghazali replaced Kanaan as head of Syrian military intelligence, and Ghazali continued the policies of his predecessor by ensuring that the Lebanese political atmosphere matched the interests of the Syrian government.

The current designation statement also makes reference to support by Kanaan and Ghazali for foreign terrorist organizations, including Hizballah. According to the Treasury Department, Kanaan met with Hizballah leaders in May 2001 and obtained their agreement not to execute any military operations without first notifying Syria, but to continue their casing and reconnaissance operations. In 2002, Kanaan is alleged to have personally escorted the delivery of three rockets to Hizballah as part of a convoy that crossed over the Syria-Lebanon border. Kanaan's influence over Lebanon's military and security services was extensive as well. In 2001, for example, a commander in the Lebanese Armed Forces (LAF) reported that any weapon and security permits for LAF personnel would need to be signed by Kanaan himself to be considered valid. Ghazali maintained similar influence; U.S. authorities believe that he instructed the commanders of the LAF Directorate of Intelligence, Internal Security Forces, and Directorate of General Security to report to him on a daily basis.

#### Innovative Designation

The U.S. government's action in the case of Kanaan and Ghazali is both atypical and innovative. Although several senior Middle Eastern government officials have in the past been connected to terrorism and other illicit dealings, not one has been designated as an SDN until now. Consider these examples:

- According to U.S. intelligence, Maj. Gen. Muhammad al-Khouli and his aide, Col. Haytham Said of Syria's Air Force Security Directorate, were directly linked to the 1986 Nizar Hindawi affair. These two officials promised Jordanian national Hindawi 250,000 British pounds in exchange for placing a bag of explosives on an El Al flight to Tel Aviv and took part in the planning, financing, training, and recruiting for the operation. The case led Britain to suspend diplomatic relations with Syria. Hindawi, the bomber, was ultimately sentenced to forty-five years in prison by the British High Court.
- Ali Fallahian, then-Iranian minister of intelligence and security, played an active role in the execution of terrorist attacks in several countries, including the infamous 1994 bombing of a Jewish community center (also known as the AMIA building) in Buenos Aires.
- In April 1993, Iraqi intelligence operatives attempted to assassinate former president George H. W. Bush during his trip to Kuwait. Two suspects, Raiad Asadi and Wali Abdulhadi Ghazali, both Iraqi nationals, admitted to FBI agents that they had participated in the plot under the leadership of senior Iraqi officials. The two informed U.S. intelligence that on April 12, 1993, they met in Basra with "individuals they believed to be associated with the Iraqi Intelligence Service" and received instructions on how to carry out the assassination.
- In 1992, U.S. and UN sanctions were imposed on Libya following that country's implication in the bombing of Pan Am Flight 103 over Lockerbie, Scotland. While Libya was subject to sanctions, the accounts of specific individuals were not frozen. On September 12, 2003, the sanctions were finally lifted as the country officially accepted responsibility for the Lockerbie bombing and compensated victims' families. Two men suspected of carrying out the bombing were tried before a Scottish court. One suspect, Lamem Khalifa Fhimah, was acquitted of all charges. The other, Abdul Basset Ali al-Merahi, was convicted and sentenced to twenty years in prison. Neither man was designated on any Treasury Department list, nor were any senior-level Libyan intelligence officials who likely played

a direct role in plotting and financing the attack.

## Conclusion

Despite the fact that neither Ghazi Kanaan nor Rustum Ghazali is likely to hold a U.S. bank account, their designation is a clear shot across the bow of the Syrian government. The ratcheting up of U.S. pressure on Syria should be seen in the light of that country's continued interference in Lebanon and Iraq, as well as its sponsorship of terrorism. In June, White House spokesman Scott McClellan warned of reports that Syria had developed a "hit list targeting key Lebanese public figures of various political and religious persuasions for assassination." And, speaking at the July G-8 meeting, Secretary of State Condoleezza Rice challenged Damascus to take more action to prevent cross-border activities that contribute to insecurity in Iraq.

Focusing on individual officials is a creative measure that strongly signals Washington's continued concern with Syria's disruptive activities. But on their own, such designations are more symbolic than substantive. If Syrian behavior with regard to Lebanon, Iraq, terror, and proliferation does not change significantly, additional designations and further measures may well need to be considered.

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