

# Hizballah's Unwitting U.S. Bankers

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## ABOUT THE AUTHORS

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Avi Jorisch is an adjunct scholar of The Washington Institute and author of its new monograph and CD-ROM [Beacon of Hatred: Inside Hizballah's al-Manar Television \(templateC04.php?CID=66\)](#) (2004). As the Institute's Soref fellow from 2001 to 2003, he specialized in Arab and Islamic politics. More recently, he served as an



## Brief Analysis

**E**xecutives at some leading U.S. financial, corporate, and journalistic institutions, such as JP Morgan Chase, Wachovia, American Express Centurion Bank, Associated Press Television News (APTN), Telestar5, and Interland, should be aware that their organizations are unwitting accomplices in the terrorist activities of Hizballah, recently labeled "the A team" of terrorism by Deputy Secretary of State Richard Armitage.

## Terrorist Financing Legislation

On September 24, 2001, President George W. Bush stated, "We will starve the terrorists of funding, turn them against each other, rout them out of their safe hiding places, and bring them to justice." Since then, both the executive branch and Congress have created some impressive weapons to curb terrorist financing. On November 2, 2001, Hizballah was officially named a "specially designated global terrorist" (SDGT) entity under Executive Order 13224. This designation empowers the U.S. government to impose financial sanctions against those "that support or otherwise associate" with Hizballah. Specifically, the SDGT order, in addition to Congress's USA PATRIOT Act (sections 311 and 319), empowers the Treasury Department to take action against the financial structure of terrorist organizations, blocking their fiscal transactions and targeting the banks that support them. In other words, any foreign bank that refuses to cooperate with the United States against SDGTs is subject to having its U.S. assets frozen and its access to U.S. markets denied. Additionally, any domestic banks that continue their correspondent relationship with targeted foreign banks could be in breach of U.S. law. Enforcing these laws is a crucial linchpin in any U.S. approach to eliminating terrorist financing.

It is also illegal for individual U.S. citizens to donate money to any part of Hizballah. Executive Order 12947 and the International Emergency Economic Powers Act (50 U.S.C. 1701-1707) prohibit the provision of "financial, material, or technological support" to any SDGT, while U.S. Code makes it illegal to "knowingly provide material support or resources to a foreign terrorist organization" (Title 18, U.S.C. Section 2339B).

## Bank Accounts

In a macabre twist on the telethon format perfected by U.S. charities, al-Manar, Hizballah's official twenty-four-hour global television station, croons for cash during commercial breaks and informs viewers worldwide how to donate money to promote terrorism. Al-Manar has asked donors to make deposits into accounts in four Lebanese banks:

Beirut Riyad Bank, Ghoberry branch (account 46-01-465000-50156) and Mazraa branch (account 79131-3); Banque Libanaise Pour Le Commerce SAL, Ghoberry branch (accounts 180146111266018000 and 401830); Byblos Bank SAL, Haret Hreik branch (account 78-2-252-133521-1-5); and Fransa Bank, Cheiah branch (accounts 25010/69283021 and 78.02.251.133553.0.8).

These banks receive donations solicited for Hizballah itself (under the name "The Organization for the Support of the Islamic Resistance in Lebanon"), as well as money gathered by Hizballah funds such as "The Intifada in Occupied Palestine Fund," "The Palestine Uprising," "The Resistance Information Donation Fund," and "Support the Resistance Media al-Manar Television" -- the latter fed by two accounts under the name of Nayef Abdel Hassan Krayem, al-Manar's general manager and chairman of its board of directors.

The Lebanese government has consistently refused to freeze Hizballah's assets, claiming that it considers the organization a legitimate resistance movement rather than a terrorist group. For example, in characterizing Hizballah, President Emile Lahoud has differentiated "between terrorism, which we condemn, and peoples' right to struggle for the liberation of their occupied territories." If the Lebanese government wishes to protect Hizballah, that is its prerogative. U.S. law, however, dictates severe sanctions against Lebanese banks holding Hizballah funds and accounts.

#### U.S. Companies

While foreign banks harboring terrorist accounts could face serious consequences under U.S. law, several major U.S. financial institutions may also be supporting terrorist activity through their correspondent relationship with these banks. These relationships are often established when a bank does not have a branch in a foreign country; in such cases, one or more correspondent banks in the country in question essentially act as agents for the foreign bank. U.S. institutions affiliated with the above-named Lebanese banks include Wachovia (correspondent bank for Libanaise, Beirut Riyad, and Byblos); Bank of New York and JP Morgan Chase (correspondents for Byblos, Fransa, and Beirut Riyad); Citibank (correspondent for Byblos); American Express Bank (correspondent for Byblos and Beirut Riyad); and Standard Chartered Bank (correspondent for Byblos).

Although these U.S. banks are no doubt unwitting accomplices of Hizballah, they will almost certainly be violating presidential orders and federal law if they continue to maintain ties with Hizballah's Beirut bankers. Even if they are not found to be in direct violation of these laws, their relationships with Lebanese banks raise a very serious policy issue. At the very least, such relationships violate the spirit of U.S. counterterrorism measures.

Several U.S. news organizations also appear to have business relationships with Hizballah. According to station officials, al-Manar subscribes to APTN (as well as London-based Reuters) in order to provide viewers with footage that it cannot obtain locally through its own network of correspondents. The AP's Washington bureau provides services to al-Manar's Washington correspondent as well as the satellite link-up necessary to contribute to live broadcasts from al-Manar's Beirut studios. In addition, Telestar5, a California-based company, broadcasts al-Manar's signal to subscribers in North America. Finally, al-Manar's website ([www.manartv.com](http://www.manartv.com)) is hosted by a U.S.-based server maintained by Interland ([www.interland.net](http://www.interland.net)). Providing al-Manar with such services does not support freedom of the press; rather, it aids a terrorist propaganda arm in return for cash provided by terrorists.

#### U.S. Policy Implications

The Treasury Department should add al-Manar to its terrorism sanctions list. That al-Manar is a wholly owned subsidiary of Hizballah is beyond dispute; the station is owned by members of Hizballah's political arm, run by former Hizballah guerrillas, and takes its marching orders from Hizballah's propaganda arm. That various funds channel money through al-Manar for Hizballah's use (in part for humanitarian purposes, but also for propaganda

and terrorist activities) is also beyond dispute. In fact, Hizballah openly acknowledges its control of the station.

In addition, the Foreign Terrorist Asset Tracking Center (FTATC), the multi-agency U.S. government task force responsible for monitoring terrorist financing, should begin watching al-Manar for advertised bank accounts. Indeed, FTATC and other U.S. government agencies should monitor all terrorist-funded and terrorist-supporting media for possible financing schemes; examples include Hamas websites, the al-Quds radio station run by the Popular Front for the Liberation of Palestine-General Command, and Hizballah's al-Nur radio, al-Intiqad newspaper, and al-Manar website.

Washington should also begin a dialogue with European Union officials regarding European companies that have advertised on al-Manar television. Companies and products of note include Milka chocolate company (German); Nestle's Nido milk (Swiss); Maggie Cubes (German), Smeds cheese and butter (Finnish); Picon cheese (French); Red Bull (Austrian); Gauloises cigarette company (French); and Henkel's Der general detergent (German).

More generally, federal authorities need to clamp down on Hizballah banking and fundraising activities. The Treasury Department's Office of Foreign Assets Control should designate the four previously mentioned Lebanese banks (and any other banks with which Hizballah does business) as institutions harboring accounts of terrorist organizations. Correspondent banks could then seize the U.S.-based assets of these targeted foreign banks.

Moreover, although U.S. organizations such as APTN, Telestar5, the AP's Washington Bureau, and Interland must be permitted to address freedom of speech concerns, they must also understand that accepting money from, or providing support to, Hizballah's television mouthpiece has serious policy consequences. Finally, U.S. banks must exhibit greater vigilance and self-policing when doing business in the often shadowy byways of the Middle East. This is not just their responsibility; it's the law.

Avi Jorisch is a Soref fellow at The Washington Institute and author of its forthcoming study *Beacon of Hatred: Inside al-Manar Television*.

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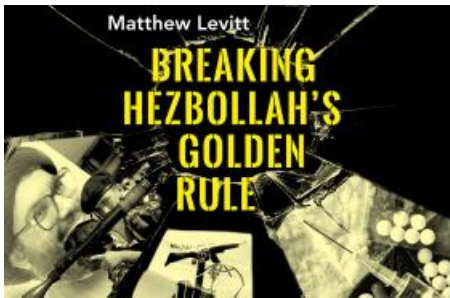
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