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## FinCEN Updates: Treasury Identifies Kassem Rmeiti & Co. For Exchange and Halawi Exchange Co. as Financial Institutions of “Primary Money Laundering Concern”

2013-04-24

In an unprecedented use of its USA PATRIOT Act Section 311 authority, Treasury's Financial Crimes Enforcement Network (FinCEN) yesterday issued orders effective immediately, accompanied by formal findings, identifying two Lebanon-based exchange houses as “primary money laundering concerns.” The orders mark the first time FinCEN has applied its Section 311 authority to non-bank financial institutions, and the first time it has used this authority to issue orders that are immediately effective.

Upon issuance of the orders, US financial institutions must obtain information on new or attempted transactions by the two exchange houses, [Rmeiti Exchange](#) and [Halawi Exchange](#). The orders will last for 120 days, after which FinCEN may finalize the proposed rules also issued yesterday, which would continue the reporting requirement in the orders.

FinCEN's Section 311 authority is a powerful tool to protect the US financial system. FinCEN has only sporadically used its “primary money laundering concern” authority in the past, having done so only once in 2012, twice in 2011, and not at all in 2008-2010. We anticipate new and creative uses of Section 311 in the near future.

Yesterday's actions, taken in coordination with the Drug Enforcement Administration, are part of the US government's multi-prong strategy to combat a global narcotics trafficking and money laundering network that benefits the designated terrorist group Hizballah. They follow FinCEN's 2011 identification of the Lebanese Canadian Bank under Section 311, as well as related actions by the Department of Justice against the network.

Earlier this year, Treasury's Office of Foreign Assets Control (OFAC) also issued an alert regarding the use of exchange houses for sanctions evasion.

[Read FinCEN's full press release.](#)