

The Terrorists' Treasury

How a Bank Linked to Congo's President
Enabled Hezbollah Financiers to Bust U.S. Sanctions

an investigative report by

THE SENTRY

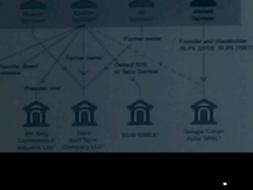
PRESIDENT JOSEPH KABILA



Francis Selemani Mtwale
-CEO of BGFI Bank DRC, -Pres. Kabila's adopted brother

La banque des chefs d'Etat africains qui émergent de la zone franc (AFD) (à l'exception de la Côte d'Ivoire), la BGFI compte 1.800 employés dans dix pays africains. La maison mère, basée à Nairobi au Kenya, est principalement axée sur les marchés de la famille du président Ali Bongo Ondimba au Gabon, mais connaît aussi un succès dans le marché. La BGFI Bank affiche de bons résultats : un bénéfice net de 1,73 milliard de dollars pour l'exercice en 2015, en progression de 24%. En République démocratique du Congo, le groupe BGFI a investi dans la filiale BGFI Bank Kinshasa, appartenant à 40% à la sœur du président.

Francis Selemani Mtwale a grandi en Tanzanie avec Joseph Kabila, qu'il considère comme son frère. Aujourd'hui, Selemani dirige la BGFI Bank de Kinshasa, appartenant à 40% à la sœur du président.



CONGO FUTUR

DRC
subsidiary
of
BGFI Bank

BGFI Bank

TRANSACTIONS PROCESSED BY BGFI

October 2017



GLOBAL & INFINITE TRADING



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Photo Credit: The Sentry



Executive Summary

The same banks used by kleptocratic governments to divert state assets can also be used by terrorist financing networks. This is what has taken place at one prominent bank in the Democratic Republic of the Congo (DRC). Individuals and entities subject to U.S. sanctions, in connection with Hezbollah, used the bank to move money through the international banking system, despite several warnings from bank employees that doing so could violate U.S. sanctions. This was not just any bank. BGFI Bank DRC, the institution that processed the transactions, is run by President Joseph Kabila's brother and has been mentioned in a recent scandal in Congo involving the alleged diversion of public funds from state-owned mining companies and the national electoral commission.¹

As set out in this report, in 2011 bank employees at BGFI Bank DRC raised the alarm with senior officials at the bank, in writing, about a series of transactions. The concern was that the transactions involved companies linked to financiers of Hezbollah, a Lebanon-based terrorist group and political party. The main entities in question were subsidiaries of Kinshasa-based business conglomerate Congo Futur, a company under U.S. Department of the Treasury sanctions. Among the recipients of the warnings was Francis Selemani Mtwale, the bank's CEO and brother of President Joseph Kabila.² But the bank's relationship with Hezbollah-linked companies continued. BGFI Bank DRC even went so far as to request that certain transactions be unblocked by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) after other banks refused to process them. And BGFI Bank DRC continued to engage in correspondence with Congo Futur-affiliated company representatives in 2016. This raises major questions about the bank's ability and willingness to fulfill its sanctions and anti-money laundering compliance obligations.

BGFI Bank DRC has been reported to have been used to divert significant public funds in Congo, including millions of dollars in withdrawals by Congo's electoral commission, and transfers of \$8 million in cash in irregular "tax advances" from Congo's largest state-owned mining company, Gécamines.³ Published reports raise serious questions about the bank's regulatory and compliance regime.

Inadequate anti-money laundering compliance and sanctions enforcement standards at banks can empower a wide range of criminal groups and corrupt actors—and ultimately undermine governance and contribute to instability in Congo and elsewhere. Members of civil society have suggested that business interests could be part of the reason Kabila, who has sparked a violent nationwide political crisis by recently overstaying his presidential term limits, has maintained an iron grip on the presidency.⁴

In the example profiled in this report, BGFI Bank DRC's approach to enforcing sanctions has allowed Kassim Tajideen—described by the U.S. government as "an important financial contributor" who "has contributed tens of millions of dollars to Hizballah"⁵—and his network to maintain access to the global financial system despite being placed under U.S. sanctions in 2009 and 2010. The documents reviewed by The Sentry also show links between Congo Futur and other firms under Kassim Tajideen's control. These documents indicate that Congo Futur subsidiaries used BGFI Bank DRC to operate accounts and make wire transfers after both Congo



Futur and Kassim were placed under U.S. sanctions, despite warnings from bank employees that the bank should not do so. This is despite repeated public assertions from both Kassim and one of his brothers who is not under U.S. sanctions, Congo Futur General Manager Ahmed Tajideen, that the Kinshasa-based conglomerate had no links to any of the Tajideens under U.S. sanctions.

Congo Futur has continued to thrive in Congo despite U.S. sanctions; it even maintains financial ties to the Congolese government and has received government contracts. These continued relations raise serious questions about the Congolese government's reliability in the fight against global terrorism, transnational crime, and illicit finance. Congo Futur has risen and remained prominent despite facing sanctions and the Kabila regime's decreasing legitimacy. BGFI Bank DRC has been used to facilitate Congo Futur's access to the U.S. financial system, despite sanctions.

While this example shows how banks can be exploited by kleptocrats and terrorist financiers alike, the continued reliance on the global financial system by these actors means that the international community has the power to address that dual threat. Until law enforcement and policymakers intervene, exploitative corporate actors and political elites will be able to act with impunity. But there is a clear way forward. Higher-level network sanctions, criminal investigations and prosecutions, anti-money laundering measures, improved banking due diligence, and transparency make for a potent combination. Applied deftly by the United States, European Union, and international banking authorities, these measures can sever the financial lifelines by which corrupt government officials, terrorist financiers, and their business networks operate. The Sentry makes the following recommendations:

1. Targeted Sanctions. The United States and European Union should urgently impose and implement three sets of targeted economic sanctions actions:

- The U.S. government should investigate and act pursuant to Executive Order 13224, which is the principal authority used for counterterrorism sanctions, to designate any officials at BGFI Bank DRC who the United States identifies as having knowingly undertaken transactions on behalf of Congo Futur, as well as to designate any other entities in the Congo Futur network that the United States identifies as engaged in unlawful activities.
- The U.S. government should investigate and act pursuant to Executive Order 13671 and the European Union should investigate and act pursuant to Regulation (EC) No. 1183 of July 18, 2005 and Regulation (EU) 2016/2230 (2), which are the principal U.S. and EU authorities used for sanctions related to the Democratic Republic of Congo, to designate the networks of senior members of the regime, including financial advisors, Kabila family members, and their companies that the United States and the European Union identify as having engaged in unlawful activities.
- The U.S. government should sanction those responsible for "acts of significant corruption" in connection with the transactions described in this report, pursuant to the Global Magnitsky Human Rights Accountability Act (Public Law 114-328).⁶



The impact of these sanctions actions would be the same: to freeze the assets of any designated individuals and entities and block them from the financial system.

2. Criminal Investigations. The U.S. Department of Justice should expand its investigation into the Tajideen network to evaluate the potential criminal liability of BGFI Bank DRC leadership for knowingly doing business with Hezbollah financiers pursuant to the U.S. Patriot Act and the U.S. International Emergency Economic Powers Act (IEEPA). Specialized human rights and transnational crimes units in the United States and Europe should investigate whether entities within their jurisdiction have ties to the Tajideen network, with a view toward any financial facilitation of terrorist activities or human rights violations, including the potential facilitation of crimes occurring in Congo.

3. Anti-Money Laundering/Counter-Threat Finance Actions. The U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) and financial intelligence units (FIUs) in Europe should immediately investigate the transactions described in this report and, if warranted, issue advisories to banks and other financial institutions. FinCEN should issue an investigative request, pursuant to its authority under Section 314(a) of the Patriot Act, to request that banks search for records related to the individuals and companies involved. If FinCEN identifies specific patterns of money laundering or threat finance, the advisories should state the risk that banks conducting business with BGFI Bank DRC may incur by processing transactions on behalf of Hezbollah-linked entities. If warranted, FinCEN should also warn of the broader risks evident in the Congolese banking system, specifically the money laundering and threat finance risks related to the corruption of the Kabila regime and business network. This critical step would lead banks to conduct greater vigilance and reporting and could lead to further FIU actions.

4. Bank Due Diligence/De-Risking. Global banks with commercial relationships in Congo should immediately undertake enhanced due diligence on those relationships with banks in Congo, including provision of correspondent banking, trade finance, and other services, while at the same time being cognizant of and avoiding over-compliance and de-risking.

5. Public Corporate Registry. The Congolese government, led by the Ministry of the National Economy and the Ministry of Foreign Commerce, should create a searchable online public registry of all corporate entities formed in the country to improve corporate transparency, public oversight, and accountability.



The Warning

In the heart of the central district of the Democratic Republic of Congo's capital city of Kinshasa, a tower covered in reflective windows dominates the skyline. This is the listed headquarters of Congo Futur, a company that has remained one of the major business conglomerates in Congo even after U.S. sanctions were placed on it. Its operations include mining, real estate, construction, and trade companies. In 2010, the U.S. Department of the Treasury listed the company for sanctions as part of "the network of businesses" that the three Tajideen brothers—Ali, Husayn, and Kassim—"owned or controlled"; some of these businesses were used to provide financial support to Hezbollah.⁷ At the time of the designations, the U.S. Treasury Department said Hezbollah was "among the most dangerous terrorist groups in the world," and noted that a 61-year-old Lebanese tycoon named Kassim Tajideen was known to the U.S. government as "an important financial contributor."⁸ Mr. Tajideen was arrested in an airport in Morocco and extradited to the United States in March 2017 to face indictment for conducting transactions with Specially Designated Global Terrorists and conspiracy to commit money laundering, among other crimes.⁹ Congo Futur, which the U.S. Treasury Department says was owned by Kassim Tajideen as recently as 2010,¹⁰ has since expanded its operations in Congo. Its subsidiaries have received natural resource concessions and government contracts.

Just over a mile down one of Kinshasa's main roads from Congo Futur's tower, in the luxe neighborhood of Gombe, is BGFIbank DRC, the Congolese subsidiary of BGFIbank Group S.A. This subsidiary is tied to family members of President Joseph Kabilा.¹¹

In June 2011, an employee at BGFIbank DRC wrote to several colleagues flagging numerous large, dollar-denominated transactions involving a series of corporate customers. Within several weeks, the same employee wrote again to BGFIbank DRC colleagues, informing them that the companies were linked to Congo Futur—a key component of a network of firms that the U.S. Treasury Department says is owned by Kassim Tajideen—and recommended that the bank discontinue any transactions with the firms that were identified. According to documents reviewed by The Sentry, as early as February 2011, BGFIbank DRC employees were aware of the bank's client relationships with Congo Futur subsidiaries—and they discussed their concerns about processing certain transactions for these companies in writing.

Despite the warnings, the bank continued to process U.S. dollar-denominated transactions for the newly-identified Congo Futur-linked companies—and even went as far as requesting that the U.S. Department of the Treasury unblock a transaction involving one of Tajideen's companies that had been halted for compliance reasons by another bank. According to documents reviewed by The Sentry, BGFIbank DRC has communicated with at least one other Congo Futur subsidiary as recently as March 2016. The Sentry wrote to BGFIbank DRC to ask questions about the transactions, relationships, and events described in this report. The bank declined to disclose any information pertaining to its client relationships or the events described in the report, citing banking regulations and consumer protection policies. However, in a letter to The Sentry, representatives from the bank did note that, "We are confident, all banking regulations have been comprehensively respected to make sure the bank complies with international banking standards." (See "Figure A. BGFIbank DRC Response to The Sentry.")



Figure A. BGFI Bank DRC Response to The Sentry



To the attention of
The Sentry Research

To whom it may concern,

This message comes as a response to the electronic mail you have sent us in request of information on our financial institution.

BGFI Bank DRC is a subsidiary of one of central Africa's biggest and strongest financial group based in Libreville since 1970. Over the years, the Group has developed its financial activities through the extension of its commercial banking arm that currently counts over 12 subsidiaries across many countries including Madagascar, Senegal, Cote d'Ivoire and France.

Within that framework, the Group extended its activities in the Democratic Republic of Congo as of October 2010 with the aim to offer banking and financial services to its clientele constituted of Non-Profit Organizations, Private and Public Institutions, Corporate, Small and medium enterprises as well as private individuals.

Being part of a respected and reputable banking group that has been amongst the first financial African institutions to sign and commit to the UN's Global Compact, BGFI group is licensed and regulated by the Commission Bancaire des Etats d'Afrique Centrale (CoBaC). As required by the regulatory body, BGFI Bank's appointed auditors are PricewaterhouseCoopers and Deloitte both world renowned and respected counseling firms.

In this unique context, the bank legally and lawfully conducts banking activities with its targeted clientele, best described above, in compliance to international banking regulations and procedures. All existing and new relationships are subject to strict account opening procedures and regular reviews carefully conducted by the dedicated compliance team, ensuring the bank fulfills and meets the satisfactory banking regulatory identification obligations. These meticulous measures are systematically monitored on a regular basis by both the regulatory body as well as our appointed auditors. All employees, especially those with client face role positions, are regularly trained and fully educated on those best practices.

Our compliance procedures have also been reinforced with the constant technological support of our reach of correspondent bankers based in the United States of America as well as Europe.

In that respect we regret to inform you that in compliance to banking regulations related to consumers' protection policy we are not able to disclose any information in regards to the names of the client that we conduct banking relations with. Although we are confident, all banking regulations have been comprehensively respected to make sure the bank complies with international banking standards.

Marketing and Communication

Société Anonyme avec Conseil d'Administration - RCOM : CDVKIN RCOM/14-B-4051 - Id Nat : 01 - 610 N57763N - Numéro d'impôt : A1006684T
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Draining the Financial Lifeblood of Criminal Networks

According to the U.S. Department of Justice, Kassim Tajideen's March 2017 arrest was the result of years of pursuit by law enforcement, intelligence agencies, and financial investigators around the world.¹² But prior to his arrest and extradition, U.S. authorities reported that they had devoted significant time and resources to isolating him and his network by denying them access to the U.S. financial system.¹³

And Kassim Tajideen's network was robust. At the time of his arrest, Tajideen was a key figure in a corporate empire active in shipping, timber, mining, wholesale, and retail sectors stretching across at least four continents.¹⁴ The U.S. government has concluded that millions of dollars in profits from Kassim Tajideen's businesses were provided to Hezbollah, a Lebanon-based violent extremist organization.¹⁵ According to the U.S. Treasury Department, Hezbollah is believed responsible for several terrorist attacks over the past several decades, including the bombing of

the U.S. embassy facilities in Beirut in 1983 and 1984, and the 1985 hijacking of TWA Flight 847.¹⁶ As a result of his financial contributions to Hezbollah, in May 2009 Kassim Tajideen was designated by U.S. Treasury authorities as a "Specially Designated Global Terrorist (SDGT)."¹⁷ The following year, Treasury officials also placed sanctions on two of Kassim Tajideen's brothers—Ali Tajideen and Husayn Tajideen—as well as "a network of businesses that are owned or controlled by the Tajideen brothers operating in The Gambia, Lebanon, Sierra Leone, the Democratic Republic of Congo, Angola, and the British Virgin Islands"¹⁸ for their involvement in financial networks used to support Hezbollah.¹⁹

The purpose of placing a person, entity, or network under U.S. sanctions is to advance foreign policy goals by isolating the sanctioned party from the U.S. financial system, if the U.S. government deems them to be using financial systems to amass ill-gotten gains through actions contrary to specific criteria.²⁰ Sanctions and anti-money laundering measures can be extremely effective tools to counter terrorism and a wide range of other foreign policy threats, including transnational organized crime, nuclear proliferation, and violent kleptocracy. The preponderance of the U.S. dollar in international commerce, vast networks of foreign correspondent financial institutions among major U.S. banks, and the utility of that international financial system makes denial of access to U.S. banks a steep consequence for most major businesses. This is because virtually all

transactions denominated in U.S. dollars must pass through the U.S. financial system, even if only for a split second. Being placed under sanctions, therefore, blocks those designated from doing business with U.S. persons and entities and also denies them access to U.S. dollars and banks with correspondent relationships with U.S. banks. Chibli Mallat, a lawyer for Kassim Tajideen,



The U.S. Department of the Treasury has called Kassim Tajideen, "an important financial contributor to Hizballah." He was designated by the United States for sanctions in 2009, and arrested on conspiracy and sanctions evasions charges in March 2017.



once likened placement under sanctions to “*la mort civile*,” or “civil death,” a long-abolished French legal status that effectively barred individuals from participation in society. “You suddenly see yourself completely shut out from basic amenities like having a cheque book, transferring money, or using a credit card,” Mallat told *The Guardian* in 2016.²¹

To help give sanctions the teeth they need to furnish their intended benefits and drain the financial lifeblood of sanctioned networks, banks face important requirements. They are expected to institute robust, risk-based compliance regimes, thoroughly research their customers’ backgrounds, and cease to process transactions for individuals or entities designated for sanctions by the U. S. Treasury Department’s Office of Foreign Assets Control (OFAC).²² If banks do not cooperate and comply, the system does not work—and the impact of sanctions is dulled significantly. Cooperation with terrorist and otherwise sanctioned entities could make companies or banks criminally or civilly liable, including for aiding and abetting terrorism or violent crimes or torts against civilians.²³

Kassim Tajideen, along with listed companies affiliated with him and other sanctioned members of his family, continued to gain access to the international financial system, including to the U.S. banking system.²⁴ The example of Kassim Tajideen and BGFI Bank DRC raises serious questions about the degree to which the bank implemented sanctions compliance. Although BGFI Bank DRC is not subject to U.S. law, it does maintain relationships with U.S. banks. As a result, any failure by BGFI Bank DRC to implement sanctions compliance could put U.S. banks at risk for processing transactions that violate U.S. sanctions. An investigation by The Sentry has found that sanctioned entities under the Tajideen family’s control appear to have been able to continue to process transactions in U.S. dollars after designations for sanctions.



BGFI Bank DRC is in Kinshasa’s luxe neighborhood of Gombe. The bank has been accused of involvement in corrupt transactions related to Congo’s national electoral commission and the state-owned mining giant, Gécamines. Its CEO is Francis Selemani Mtwale, brother to the Congolese president, Joseph Kabil. Photo: BGFI



“Tens of millions of dollars to Hezbollah”

Kassim Tajideen first emigrated from Lebanon to Africa in 1976. Initially, he settled in Sierra Leone before setting up shop in Cote d'Ivoire, Angola, and Congo over the next two decades.²⁵ He also became active in Europe, including Belgium, where he had a protracted run-in with the law. In May 2003, Belgian authorities raided the offices of Kassim Tajideen's Antwerp-based company and arrested him for alleged involvement in fraud, money laundering, and diamond smuggling.²⁶ According to reporting by *The Guardian*, many of the charges against him were dropped over the course of six years, and Kassim Tajideen was ultimately convicted of receiving “illegal capital gains, created by a system of underinvoicing” entirely related to his (unspecified) African customers.²⁷

When U.S. authorities classified Kassim Tajideen as a Specially Designated Global Terrorist (SDGT), the designation was meant to curtail his activities by barring him from traveling to the United States, doing business with U.S. persons, and, in effect, from transacting in U.S. dollars.²⁸ “Kassim Tajideen is an important financial contributor to Hezbollah who operates a network of businesses in Lebanon and Africa,” the Treasury Department stated in a press release announcing the sanctions. “He has contributed tens of millions of dollars to Hizballah and has sent funds to Hizballah through his brother, a Hizballah commander in Lebanon. In addition, Kassim Tajideen and his brothers run cover companies for Hizballah in Africa.”²⁹

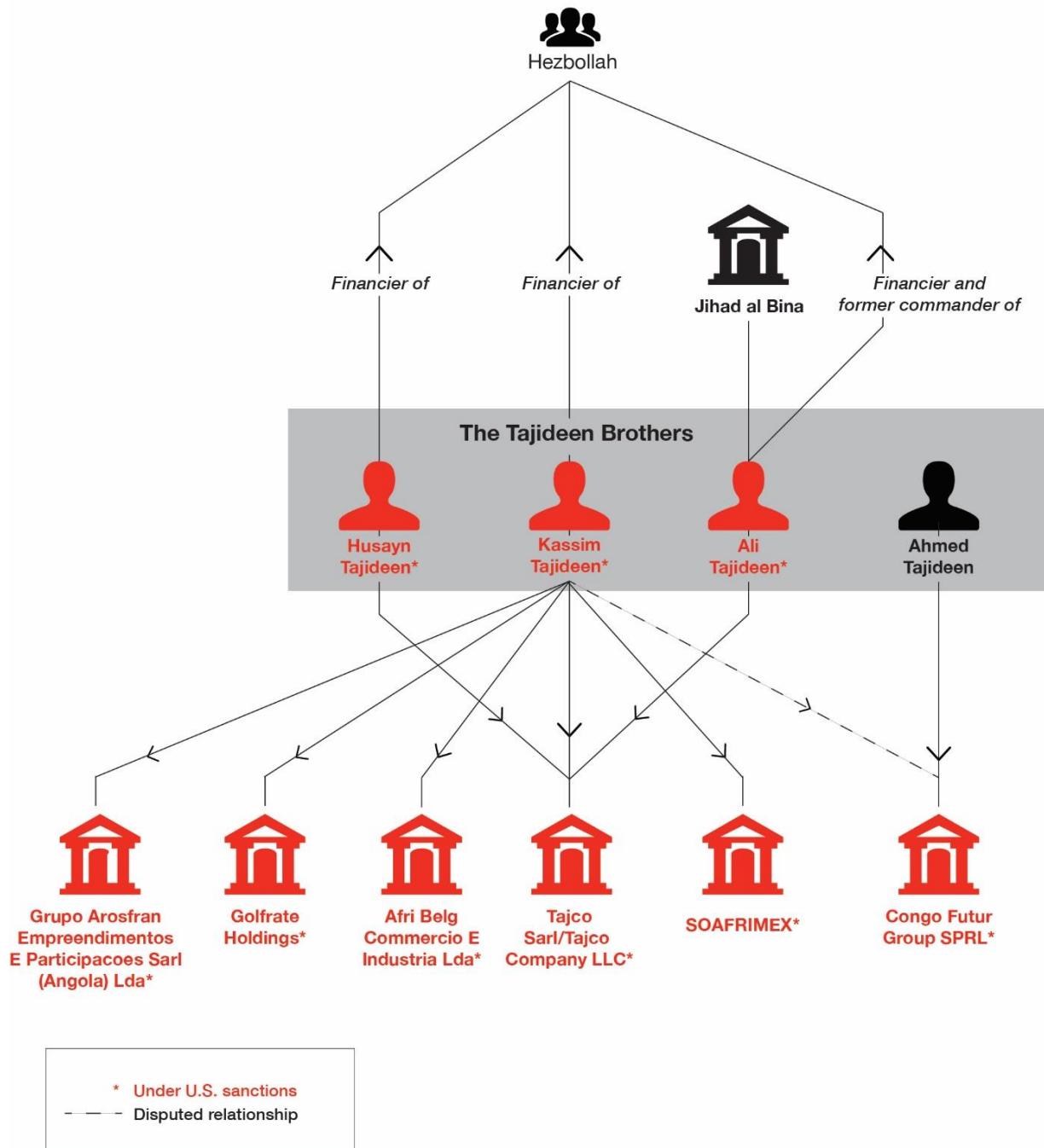
In fact, according to U.S. authorities, two of Kassim Tajideen’s brothers, Husayn and Ali, also played a significant role financing Hezbollah.³⁰ The then-Treasury under secretary for terrorism and financial intelligence, Stuart A. Levey, described Ali and Husayn Tajideen as “two of Hizballah’s top financiers in Africa.”³¹ He elaborated, “[their] multinational network generates millions of dollars in funding and secures strategic geographical strongholds for Hizballah.”³² Of the family members, Ali Tajideen’s reported links to Hezbollah have been perhaps the most direct. The U.S. government has stated that he was a Hezbollah commander in Tyre, a coastal city in southern Lebanon.³³ According to the Treasury Department, Ali Tajideen “has provided cash to Hizballah, in tranches as large as \$1 million.”³⁴ He also allegedly was a major player in a Lebanon-based construction company run by Hezbollah that was placed under U.S. sanctions in February 2007.³⁵

On December 9, 2010, OFAC placed Husayn and Ali Tajideen under sanctions.³⁶ OFAC’s announcement that day also named a list of companies under the brothers’ control. These companies included a Lebanese conglomerate, a supermarket in Gambia, a group of trading companies operating in Angola, and a Congo-based trading company with a high-rise overlooking Kinshasa called Congo Futur.³⁷



Terrorist Financiers

Three members of the Tajideen family—Kassim, Husayn, and Ali—have been accused of providing financing to Hezbollah. Their brother, Ahmed Tajideen, has not been accused of terrorist financing and has not been subject to U.S. sanctions.



The Corporate Conglomerate: Congo Futur

Formed two decades ago in Kinshasa, Congo Futur has grown rapidly from a relatively modest import-export operation in a highly competitive business sector to a large, multi-industry conglomerate. Within just a few years of its formation in 1997, Congo Futur had become one of the most successful commodities importers in Congo. By some accounts, Congo Futur had even become the country's largest importer of dry staples by 2000.³⁸ The U.S. Embassy in Kinshasa estimated that in less than three years, Congo Futur increased its trade volume from less than 4,000 tons to over 90,000 tons.³⁹ While not as large as copper and cobalt mining companies in Congo, Congo Futur is nonetheless prominent and diverse in its operations. A 2017 Global Witness report called it "one of the biggest conglomerates currently active in [Democratic Republic of Congo]," noting that it is a "major player in Kinshasa's staple foodstuffs market," and boasts "many of the most modern business and residential complexes on Kinshasa's skyline."⁴⁰

But its rise has been accompanied by ties to the Congolese government. Its subsidiary company, Congolese Company of Modern Construction (SCCM in French), has received several contracts from the Congolese Ministry of Finance totaling \$12.9 million to do work on buildings in Kinshasa.⁴¹ Congo Futur's growth has also come with allegations of misconduct from competitors, as well as speculation about the company's links with senior political officials in Congo.⁴² A 2013 report by the Congolese Ministry of Trade alleged that, as reported by Global Witness, "Congo Futur and other companies belonging to the Lebanese group Ovlas Trading controlled a significant proportion of Congo's foodstuffs market through a set of offshore companies in Lebanon – a setup that held significant fiscal advantages."⁴³ U.S. and Belgian embassy officials, as well as an audit commissioned by the Congolese Ministry of Trade, have alleged that Congo Futur has benefited from preferential financial relationships.⁴⁴

Congo Futur's growth has also come with allegations of misconduct from competitors, as well as speculation about the company's links with senior political officials in Congo.

According to a cable from the U.S. Embassy in Kinshasa dated December 16, 2000, many of Congo Futur's competitors suggested the company's success could have been the result of involvement in criminal activities, such as money laundering or diamond smuggling, though no conclusive evidence was offered at the time. After interviewing Congo Futur General Manager Ahmed Tajideen, an economics officer wrote of him in the cable, "It is hard, however, to dismiss the certainty of his competitors that his prices are patently below cost." A key takeaway from the cable was unequivocal: "All assume that Congo Futur has corrupted tax and customs authority."⁴⁵

Days before sending the cable, the economics officer received an apparently unsolicited meeting request from the director general of the Congolese customs agency. The customs official was described as "an Embassy contact who is generally considered a competent professional." His message was clear: despite rumors, he had not been compromised by Congo Futur. "He did not rule out the possibility that some of his subordinates were giving the company favorable treatment, and said he had initiated a discreet inquiry," the American diplomat recalled of the encounter with the Congolese customs official. "He implied that the subject required careful handling because of the possibility that powerful political figures were somehow behind the company's success."⁴⁶



At the time the U.S. embassy began looking into Congo Futur, Ahmed Tajideen oversaw the company's day-to-day operations.⁴⁷ A brother of Kassim Tajideen, Ahmed Tajideen has not been designated for sanctions by the U.S. Department of the Treasury. The Sentry is not aware of any formal accusations that Ahmed Tajideen is linked to Hezbollah or that he personally has been involved in any financial crimes or misconduct. Published reports indicate that Ahmed Tajideen has played a significant role in Congo Futur's operations since the company's inception.⁴⁸ He is listed on corporate records as one of the company's original owners and as an owner of several of its subsidiaries, including Trans M, Modern Construction, and Panikin.⁴⁹ And for his part, when questioned directly by U.S. diplomats in late 2000, Ahmed Tajideen said the company's comparative advantage resulted from an aggressive pursuit of cost savings, according to the embassy cable.⁵⁰

A 2010 report by Greenpeace describes the activities of Congo Futur and another Kassim Tajideen-run company in Congo's natural resources sector. The Greenpeace report indicates that Trans-M, a subsidiary of Congo Futur that later changed its name to Cotrefor "appears to have benefited from weak governance" and has received "preferential financial treatment" from the Congolese government in the form of "special tax and customs exemptions...by the Congolese National Investment Promotion Agency." Meanwhile, in the same report, Greenpeace contends that a separate company managed by Kassim Tajideen, Soafrimex, was engaged in illicit activity in Congo. "In December 2003, Belgian authorities informed the Congolese embassy in Brussels that investigations undertaken in DRC had shown that the company systematically undervalued its imports, shipping and insurance costs and that it filed false customs declarations."⁵¹



Thriving Under Scrutiny

Ten years after those accusations, and three years after U.S. authorities designated it for sanctions, Congo Futur was still operating and still under scrutiny. Despite the U.S. sanctions and adverse public exposure, Congo Futur continued to make gains in Congo. A Congo Futur subsidiary established by Ahmed Tajideen,⁵² Trans-M, reportedly received logging titles covering 750,000 hectares of Congo Basin rainforest in 2005.⁵³ Trans-M changed its name to Cotrefor in 2012 after Congo Futur was sanctioned, and it maintains the same address as Trans-M, inside the Congo Futur tower.⁵⁴ According to a 2017 Global Witness report, Cotrefor was the biggest single exporter of Congolese timber to international markets in 2016, and it has trading customers in the United States.⁵⁵

Environmentalist watchdog groups, including Greenpeace and Global Witness, have investigated and reported corrupt practices in Congo's logging sector, including the illegal distribution of concession titles, tax evasion, logging irregularities, and failure to honor agreements with

communities adjacent to the logging concessions.⁵⁶ A 2015 Global Witness report said Cotrefor was responsible for "exploitation of timber in excess of authorised volumes," "underpayment of forest taxes," and "failure to comply with their social obligations in affected communities."⁵⁷ A 2017 report by Global Witness concluded that Cotrefor has continued to export timber, and that "there are compelling grounds to believe that the logging company is still controlled by Congo Futur and the Tajideen family."⁵⁸

Despite the U.S. sanctions and adverse public exposure, Congo Futur continued to make gains in Congo.

In response to questions from The Sentry, a Cotrefor representative confirmed that it has a longstanding relationship with BGFI Bank DRC. However, the representative denied that Cotrefor had any relationship with Ahmed Tajideen and stated that "Cotrefor is [an] absolutely independent company not linked to Congo Futur and Kin Trading or any other company." Cotrefor's denials are consistent with previous statements made by the company in response to other organizations' reports about the company's activities in Congo's logging sector and its links to Congo Futur. However, those reports identified credible reasons to believe Cotrefor is likely a successor entity to Trans-M and continues to operate much as Trans-M did prior to being designated under sanctions in December 2010. According to a 2017 report by Global Witness:

"After the change of name, Cotrefor continued to work in the same logging concessions using the same permits and contracts that were issued to Trans-M by the Congolese government. The company has remained in the same offices that were occupied by Trans-M — on the third floor of the Congo Futur building on the Boulevard 30 Juin in Kinshasa. Cotrefor has continued to use the same company registration number as that used by Trans-M. In this light, there are compelling grounds to believe that Congo Futur, to all intents and purposes, continues to control Cotrefor just as it did Trans-M before it."⁵⁹

Additionally, Greenpeace reported in 2013 that "Cotrefor is referred to by DRC tax authorities, as well as the Fédération des Industriels du Bois (FIB), as 'ex-TRANS-M'.⁶⁰



Cotrefor's timber concessions in the Congo Basin make up part of what the World Wildlife Fund calls "one of the most important wilderness areas left on Earth."⁶¹ Global Witness likens it to the world's second forest "lung," paired with South America's Amazon rainforest.⁶² Logging concessions in Congo's rainforests pose serious threats, including to the environment and wildlife, by increasing infrastructure and potential for trafficking of wildlife and other commodities like charcoal.⁶³ The National Aeronautics and Space Administration (NASA) has linked deforestation in tropical regions like the Congo Basin with potential threats to climate security.⁶⁴ According to Global Witness, Cotrefor's concessions and logging roads have reportedly increased threats to rare species, but Cotrefor refutes those allegations.⁶⁵ Since 2010, U.S. traders have purchased \$5.5 million worth of timber from the company.⁶⁶



| A Corporate Maze

Ovlas Trading, a company owned by Kassim Tajideen, continued to transact business in U.S. dollars after the U.S. Treasury Department designated it in 2010.⁶⁷ From June to November 2015, the U.S. government seized from Ovlas Trading \$1.1 million that was being routed through two U.S. banks.⁶⁸ Kassim Tajideen, while noting that he is the owner of Ovlas Trading, appealed to the U.S. government for the funds' release on the grounds that "he is not a supporter of Hezbollah" and that "he and his companies should not have been designated SDGTs."⁶⁹

In a March 7, 2016, sworn statement submitted in court as part of his appeal, Kassim Tajideen stated that he did not own or control Congo Futur.⁷⁰ "Congo Futur is controlled by Mr. Tajideen's brother, Ahmed Tajideen. Mr. (Kassim) Tajideen has no interest in that company," the statement says. "Indeed, OFAC's erroneous conflation of the Tajideen brothers—Kassim, Ahmed, and Husayn—and the companies that they own is a source of OFAC's improper designation of Mr. Tajideen as a SDGT."⁷¹ Furthermore, Ahmed Tajideen, a brother who is not under U.S. sanctions, has claimed that Congo Futur has nothing to do with Kassim, Ali, or Husayn Tajideen. "I am the majority shareholder of both companies," Ahmed told Reuters in 2012 in reference to Congo Futur and Trans-M, the logging company now known as Cotrefor. "I created both companies independently of each other. ... My brothers have nothing to do with the companies."⁷² However, in his sworn statement and in a notice filed by his lawyers the same day in the U.S. District Court for the District of Columbia, Kassim Tajideen asserted that he is the owner of Ovlas Trading S.A.⁷³ An analysis of the corporate structures of Ovlas Trading and Congo Futur indicates that, while the corporate structure is difficult to map with certainty, there appear to be linkages between the two brothers' corporate interests.

Ovlas Trading, a company owned by Kassim Tajideen, continued to transact business in U.S. dollars after the U.S. Treasury Department designated it in 2010.

There is more than one entity with the name "Ovlas Trading" linked to the Tajideen family, one registered in Lebanon and the other registered in the British Virgin Islands.⁷⁴ Kassim Tajideen's name does not appear in the latest publicly available corporate records for the Lebanese "Ovlas Trading" entity that have been obtained by The Sentry. What appears to be the ownership records for the B.V.I.-registered "Ovlas Trading," meanwhile, came to light as a result of the April 2016 release of Mossack Fonseca documents, known as the "Panama Papers."⁷⁵ Once again, the name Kassim Tajideen is nowhere to be found, though at least four other members of the Tajideen family appear to have been recorded as owners of the company at various points since its formation.⁷⁶ Discerning the ownership and corporate structure of Ovlas Trading is further complicated by the fact that Ovlas Trading, in turn, has additional subsidiaries in other African countries, including Angola and Congo.⁷⁷

Not even the Panama Papers fully revealed Ovlas Trading's ownership structure. According to a database of Mossack Fonseca records published by the International Consortium of Investigative Journalists, a portion of Ovlas Trading has been held in what are called "bearer shares."⁷⁸ Bearer shares have been criticized for their role in obscuring corporate ownership. "Unlike the registered shares most people are familiar with, which are logged in an electronic company register along with the name of the person who owns them, bearer shares are paper certificates that belong to



whoever is holding them at the time—literally,” according to a report by the Canadian Broadcasting Corporation. “That makes it easy to conceal who exactly owns a corporation and to transfer ownership.”⁷⁹ In fact, as far back as 2001, the Organization for Economic Cooperation and Development (OECD) highlighted the potential for abuse of bearer share accounts, stating that “in certain jurisdictions and in certain commercial contexts, the high level of anonymity that bearer shares provide make them attractive for nefarious purposes, such as money laundering, tax evasion and other illicit conduct, especially when they are issued by private limited companies.”⁸⁰

U.S. authorities have alleged that the opaque corporate structure of entities linked to Kassim Tajideen is intentional.⁸¹ According to the U.S. Department of Justice, there have been deliberate attempts by Kassim Tajideen to obfuscate his involvement in certain businesses to circumvent U.S. sanctions.⁸² “Those sanctions are a powerful tool in our efforts to combat terrorists and those who would support them,” said Acting U.S. Justice Department Assistant Attorney General Kenneth A. Blanco. “Indeed, the sanctions posed such a significant threat to Tajideen’s extensive business interests that he allegedly went to great lengths to evade them by hiding his identity from the U.S. entities he did business with, and from the government agencies responsible for enforcing the sanctions.”⁸³

U.S. authorities have alleged that the opaque corporate structure of entities linked to Kassim Tajideen is intentional.

Although there is uncertainty regarding the corporate structure and control of entities linked to the Tajideens, transactions undertaken by several Ovlas Trading subsidiaries cast doubt on Ahmed Tajideen’s suggestion that his brother, Kassim, has “nothing to do with” Congo Futur. An audit report conducted in 2013 on behalf of the Congolese Ministry of Trade found that Atlantic Trading, a trading firm reported to be a subsidiary of Congo Futur that operates out of the same Kinshasa address,⁸⁴ has extensive linkages with several Ovlas Trading subsidiaries. According to the 173-page audit:

“[W]e confirmed the existence of horizontal links with the suppliers of ATCOM (CONGO FUTUR Group) in Lebanon where three companies supply 85% of the Group's supplies: Leaders of Supply and Products, Global & Infinite Traders, Galaxy Flame Trading. These three companies, registered in the Lebanese commercial register under the offshore companies, belong to the same group (Ovlas) ... These companies mainly supply the Congo-Futur group through its subsidiary Atlantic Trade Company (ATCOM).”⁸⁵

Despite U.S. sanctions on their parent companies, these firms conducted business with one another in U.S. dollars. Correspondence reviewed by The Sentry shows that several subsidiaries of Ovlas Trading have engaged in large transactions with subsidiaries of Congo Futur that were denominated in U.S. dollars. Given that both Ovlas and Congo Futur are barred from using the U.S. financial system, these transactions may have resulted in the violations of sanctions imposed on Kassim, Ali, and Husayn Tajideen and their businesses in 2009 and 2010.

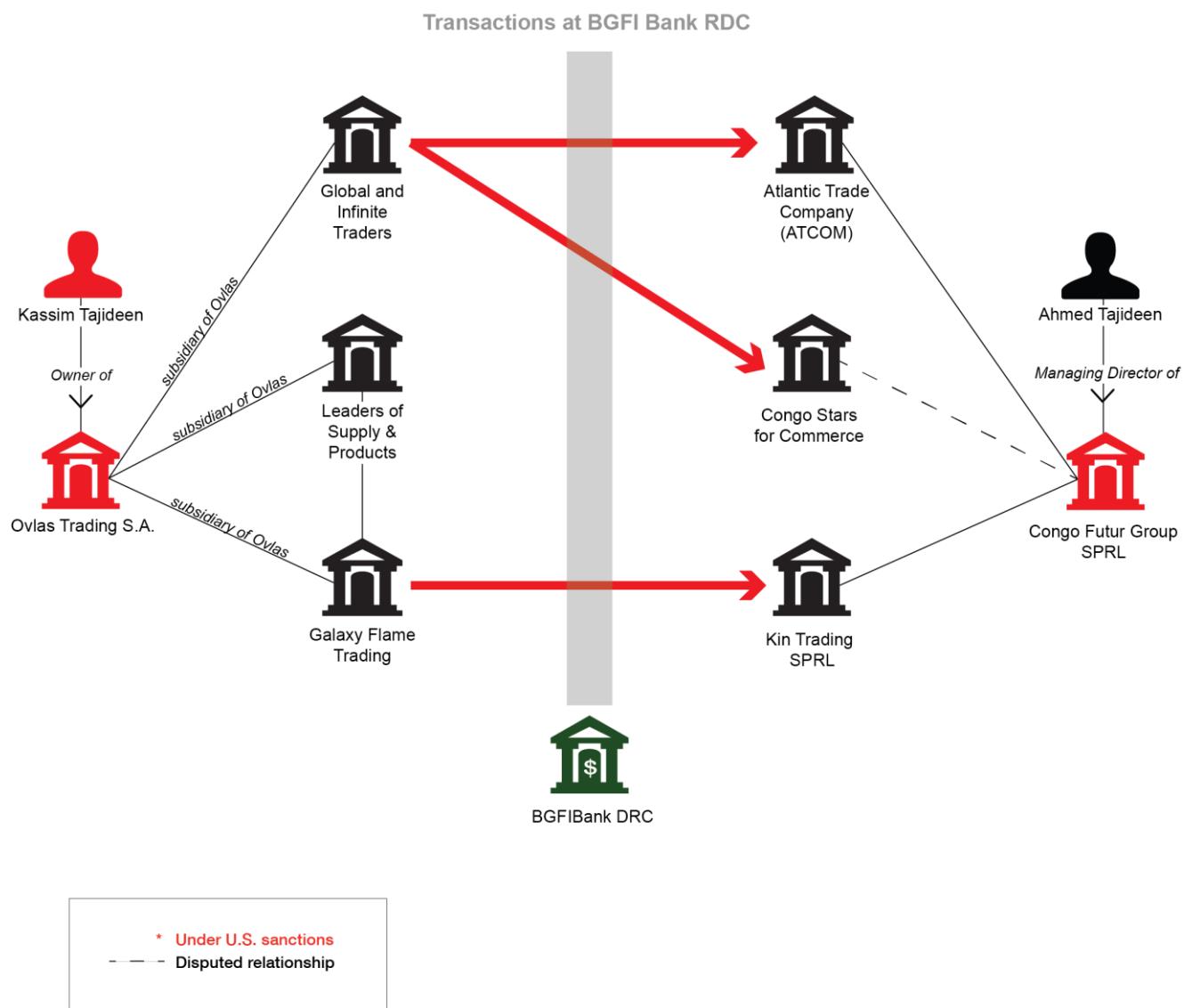
Although it is not illegal under U.S. law for the Congolese government to do business with an entity under U.S. sanctions per se,⁸⁶ it is illegal under U.S. law for banks to cover up their transactions with sanctioned entities, such as by removing their names as beneficiaries when sending bank transactions through to a U.S. bank, or providing non-sanctioned entities access to the U.S. financial system to operationalize their support to sanctioned entities.⁸⁷ Therefore, processing U.S. dollar-denominated transactions for sanctioned entities will generally involve prohibited conduct



under U.S. law because these transactions virtually always pass through the U.S. financial system, albeit momentarily, through a system called correspondent banking.⁸⁸ In at least one transaction identified by The Sentry, Congo Futur hit a few early snags when trying to move money. A \$12,900 wire transfer bound for a Congo Futur bank account at Banque Internationale Pour l'Afrique au Congo (BIAC) was seized by U.S. authorities on November 3, 2010.⁸⁹ Despite several additional high-profile seizures of money from companies under sanctions due to links to Kassim Tajideen, some such companies have been able to continue transacting in U.S. dollars for several years after the designation.

Moving Money

Subsidiaries of Kassim Tajideen's Ovlas Trading used BGFI Bank DRC to conduct transactions with several Congo Futur subsidiaries. Both Ovlas and Congo Futur are under U.S. sanctions.



In June 2011, for example, an employee at BGFI Bank DRC wrote to several colleagues flagging numerous large, dollar-denominated transactions involving a series of the bank's corporate customers. The bank had already received written confirmation several months prior that the companies (namely Kin Trading, Congo Stars for Commerce, and Atlantic Trading Company) were linked to Congo Futur—a key component of a network of firms that the U.S. Treasury Department has said is owned or controlled by Kassim, Ali, and Husayn Tajideen. After these transactions were flagged, a bank employee recommended in writing that the bank discontinue any transactions with Kin Trading. The employee also stated that the bank should not process transactions related to Ovlas subsidiary Galaxy Flame Trading and that the bank would not process transactions for Global and Infinite Traders (another Ovlas subsidiary) until more information was supplied. The banker also requested additional information on Atlantic Trading. However, despite having this information, the bank continued to process dollar-denominated transactions for these companies—and even went as far as requesting that the U.S. Department of the Treasury unblock a transaction involving a company that had been halted for compliance reasons by another bank.

According to documents reviewed by The Sentry, senior BGFI Bank DRC management was warned of the relationship between Kin Trading and Congo Futur, knew that Congo Futur was a sanctioned company, and was cautioned against continuing to do business with certain companies (Kin Trading, Congo Stars for Commerce, and Atlantic Trading Company) due to their relationship with Congo Futur.



I Risky Money

BGFIBank DRC is not just any bank. It is run by Francis Selemani Mtwale, the brother of President Kabila, and their sister, Gloria Mteyu, who has owned a 40-percent stake.⁹⁰ The bank made headlines in late 2016 for other controversial transfers. In October 2016, *Le Soir*, a Belgian newspaper, revealed that bank accounts for Congo's independent election commission were routinely drained under questionable circumstances. That report, citing a former BGFIBank DRC employee, claimed that the bank charged Congo's electoral commission millions in fees for securing an overdraft, between double and quadruple a typical overdraft fee, without explanation.⁹¹ The same report told of \$43 million winding up in a BGFIBank DRC account held by Albert Yuma, the chairman of Congolese state-owned copper giant Gécamines, who, the article reported, also happens to be "like a brother" to President Kabila.⁹² In December 2016, *The New York Times* reported on The Sentry's findings that when Gécamines transferred \$95.7 million in apparent tax payments to Congo's central bank, "the central bank's foreign reserves actually dropped...pushing up inflation and causing issues for Congo's economy."⁹³ BGFIBank DRC processed \$8 million of the transfer, which was withdrawn in cash.⁹⁴

Documents reviewed by The Sentry indicate that on June 1, 2011, multiple BGFIBank DRC employees received an urgent request for information about two sets of transactions—both involving transfers between companies reported to be Congo Futur and Ovlas Trading subsidiaries—as well as information about the companies involved in the transfers. The first transaction was a May 5, 2011, transfer of \$329,190 from Kin Trading (one of the companies identified several months earlier by BGFIBank DRC employees as a Congo Futur sister company) and Galaxy Flame Trading (a Lebanese export company that reportedly belongs to Kassim Tajideen's Ovlas Trading). The second set of transactions reportedly occurred on May 26, 2011, between Congo Stars for Commerce (another company identified by a BGFIBank DRC employee in February 2011 as a Congo Futur affiliate) and Global and Infinite Traders (another company reportedly belonging to Kassim Tajideen's Ovlas Trading) for a total of \$334,818.⁹⁵

Those same documents indicate that, on June 6, 2011, following the February emails, a Paris-based representative of BGFI International wrote to several employees of the Congo subsidiary and warned against continuing to do business with Kin Trading, noting that the company was linked to Ahmed Tajideen. The representative stated that the bank "could not conduct operations with any firm directed by someone the United States considered a terrorist financier." The message said that BGFI International would no longer process transactions for Galaxy Flame (reportedly an Ovlas Trading subsidiary) and, unless clear documentation proving that the company was not linked to the Tajideen family was provided, the bank would no longer process transactions with another Ovlas derivative, Global and Infinite Traders. Finally, the employee noted that more information would be needed about Atlantic Trading. "We absolutely need all the elements on that company," the employee wrote.

Yet, according to documents reviewed by The Sentry, transfers involving Global and Infinite Traders and Atlantic Trading persisted. Two days after the Paris-based BGFI International employee expressed concerns, documents indicate that a transaction was flagged at BGFIBank DRC involving Atlantic Trading Company, reportedly a Congo Futur subsidiary. On June 8, 2011, Atlantic Trading attempted to transfer \$249,740.45 from an account at BGFIBank DRC to an



account held by Global and Infinite Traders, according to documents. On June 13, 2011, those documents indicate that the same parties attempted to transfer another \$234,814.06. Both orders were reportedly placed with BGFI Bank DRC in Kinshasa but processed through Commerzbank in Frankfurt and credited at two other banks. The documents indicate that the funds were intended to be transferred to the Switzerland-based Ovlas Trading affiliate, Global and Infinite Traders.



Continuing the Relationship

Other records reviewed by The Sentry show that BGFI Bank DRC continued to attempt to process transactions for Kin Trading even after its transactions had been flagged again. On July 25, 2011, according to those records, BGFI Bank DRC attempted to process a transfer of \$8,064.37 from Kin Trading to an account held by Yancheng Tuopu Tyre Company Limited at Bank of Communications in China. Once again, the documents indicate these transactions were blocked by Commerzbank, the correspondent bank processing the transaction.

On August 24, 2011, following Commerzbank's decision to stop processing transactions for BGFI Bank DRC's Congo Futur-linked customers, Gabriel Lopes, the director general of BGFI Bank DRC, sent a message to several bank employees ordering them to cease the operations in question:

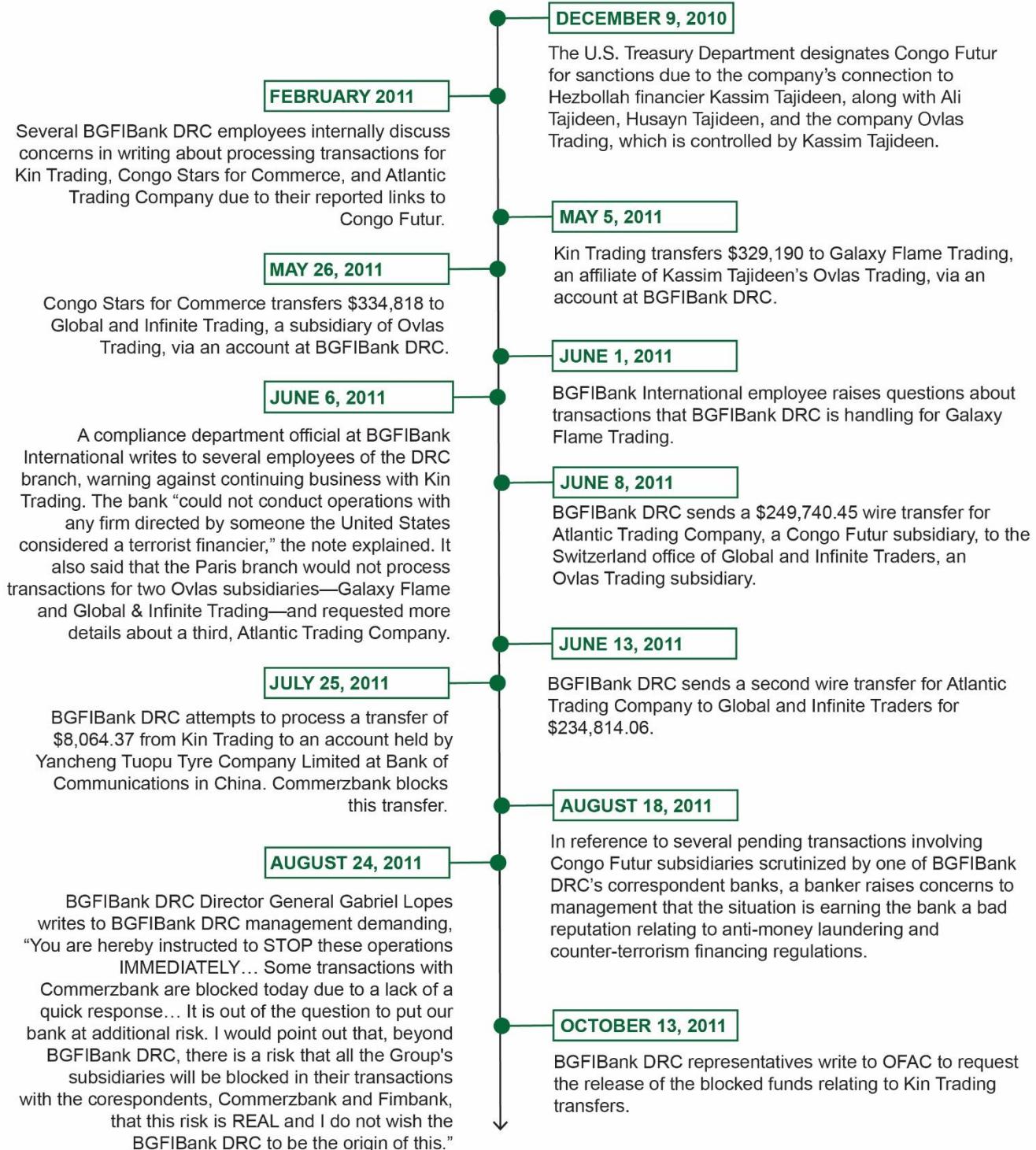
"You are hereby instructed to STOP these operations IMMEDIATELY, in order to be in full compliance with the provisions governing the operation of BGFI GROUP, except to provide clear and precise explanations in the shortest possible time. (see lists of relevant customers sent by FIMBANK, at the bottom of the page). Some transactions with Commerzbank are blocked today due to a lack of a quick response from Moustapha upon various additional requests for information. IT IS CLEAR THAT the phenomenon of contagion between correspondents spreads because they share the information. It is out of the question to put our bank at additional risk. I would point out that, beyond BGFI Bank DRC, there is a risk that all the Group's subsidiaries will be blocked in their transactions with the correspondents, Commerzbank and Fimbank, that this risk is REAL and I do not wish the BGFI Bank DRC to be the origin of this."

In response to questions from The Sentry, Mr. Lopes confirmed that he was the director general of BGFI Bank DRC from July 2011 to December 2011. Mr. Lopes retired in 2017. Mr. Lopes also confirmed that the email message quoted above dealt with matters that would have fallen within his responsibilities, specifically with respect to "the rules and compliance requirements set forth by the regulators and/or correspondent banks." However, he did not recall the specific transaction addressed in the email and denied that he was aware of concerns related to BGFI's relationships with Congo Futur, Kin Trading, Congo Stars for Commerce, Atlantic Trading, or other entities connected to Ovlas Trading or the Tajideen family.

However, on October 13, 2011, BGFI Bank DRC representatives wrote to the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) to request the blocked funds' release. On April 24, 2012, OFAC responded to BGFI Bank DRC's inquiry, stating that "Commerzbank properly blocked this transfer pursuant to U.S. sanctions administered by OFAC." According to documents reviewed by The Sentry, attempts to release the funds blocked by OFAC were visible to several of BGFI Bank DRC's most senior officials, including Francis Selemani Mtwale (Kabila's brother and BGFI Bank DRC's CEO), who was included on several of the email discussions concerning the transactions.⁹⁶



A bank's role in facilitating business by sanctioned entities



OFAC sends a letter to BGFIbank DRC in response to BGFIbank DRC's request that a wire for Kin Trading be released. "The blocked funds transfer in question involves an interest of a sanctions target described in the Global Terrorism Sanctions Regulations...specifically, Congo Futur," the letter reads. "Accordingly, licensing the release of the blocked funds would be inconsistent with OFAC policy, and your request is denied..." The contents of the letter were forwarded to the most senior officials at BGFIbank DRC, including CEO Selemani Francis Mtwale, who was included on several emails about the matter.

JANUARY 23, 2012

A senior FIMBank official writes to several BGFIbank DRC employees to alert them that FIMBank will no longer process transactions relating to Kin Trading: "Kindly note that with immediate effect FIMBank will not be in a position for COMPLIANCE REASON to execute any transfer from your good bank with the applicant reading KIN TRADING."

FEBRUARY 1, 2012

MARCH 2016

A series of emails between BGFIbank DRC and a reported subsidiary of Congo Futur called Société Congolaise de Construction Moderne (SCCM) are exchanged, with the main SCCM point of contact using the address, youssef@kintrading.com.

Meanwhile, documents reviewed by The Sentry indicate that, in the interim period, another bank had informed BGFIbank DRC that it would no longer process transactions for Kin Trading, the reported Congo Futur subsidiary. On January 23, 2012, a senior executive from FIMBank wrote to several counterparts at BGFIbank DRC to inform them that FIMBank would no longer process transactions relating to Kin Trading. "Kindly note that with immediate effect will not be in a position for COMPLIANCE REASON to execute any transfer from your good bank with the applicant reading KIN TRADING," the executive wrote in the email, emphasizing the reason for halting the transaction and the company in question, in both English and French.

Although BGFIbank DRC's correspondent banks appear to have identified the compliance risks posed by several Congo Futur subsidiaries, documents reviewed by The Sentry indicate that the bank continued to maintain relationships or correspondence with them, including Cotrefor and Kin Trading—although The Sentry has seen no evidence that the bank processed any transactions for any Congo Futur subsidiaries after 2011.

However, BGFIbank DRC continued to communicate with employees of Kin Trading, the sanctioned Congo Futur subsidiary, according to correspondence obtained by The Sentry. In March 2016, a BGFIbank DRC employee received a request from a man named Youssef, who described himself as a representative of Congolese Company of Modern Construction (Société Congolaise de Construction Moderne), or SCCM. According to statements by SCCM's former business partners, the company is a subsidiary of Congo Futur that has apparently worked alongside Kin Trading on construction projects in Kinshasa.⁹⁷

And although the Tajideen network's use of byzantine corporate structures can make it difficult to identify this sort of linkage, the representative's affiliation with another Congo Futur subsidiary was hardly hidden, as the sender's email address ended in "@kintrading.com." Other SCCM employees were copied on the email, but Youssef of Kin Trading was the spokesperson for the SCCM. Documents reviewed by The Sentry indicate that BGFIbank DRC continued to communicate with SCCM despite being in a position to know about its relationships with Congo Futur and Kin Trading. Two months later in May 2016, SCCM representatives wrote to BGFIbank



DRC regarding other business relating to the company's accounts, suggesting a continued banking relationship.

The Sentry contacted the Kin Trading email address listed in earlier correspondence with BGFI and received a response from a person identifying himself as "Youssef." Youssef confirmed having worked for Kin Trading from 2010 to 2012 and stated that the company had been a client of BGFI Bank. However, he said that Kin Trading no longer existed, and denied that Kin Trading previously had any relationship with Ovlas Trading, Congo Futur, or Atlantic Trading. He also denied knowing of Kassim or Ahmed Tajideen. (See "Figure B. Email Response from Youssef.") In response to questions from The Sentry, another representative from SCCM similarly denied that the company had any links with Congo Futur, Kin Trading, Ahmed Tajideen, or Kassim Tajideen. However, given the admitted use of the Kin Trading email address, a report by a former business partner that they are affiliated,⁹⁸ and SCCM's past use of the same office address as Congo Futur (Future Tower, 3462 Boulevard du 30 Juin, Gombe, Kinshasa, Democratic Republic of the Congo),⁹⁹ The Sentry believes there are credible grounds to question whether these companies are linked.

Figure B. Email Response from "Youssef"

From: [REDACTED]@kintrading.com>
Date: Mon, Oct 9, 2017 at 12:13 PM
Subject: RE: Request for comment -- Kin Trading
To: Sentry Research [REDACTED]@thesentry.org>

Dear Sir,

I am writing to you with regard to the questions related to Kin Trading, and as i worked for 2 years in this company between 2010 and 2012, so i can reply to your questions.

There is no current ownership or management for this company as it is not exist anymore and closed in 2012.
By the way I am still using this domain @kintrading only for personal messages and not for business or company work.

The ownership and the manager of this company was called Nader Kerdi, and there weren't such names called Ahmed or Kassim Tajideen and even i don't know who are these !!

No relation with Ovlas Trading, Congo Futur or ATCOM at all.

No relations to Kin Trading with DR Congo Government or any other entities owned or controlled by DR Congo government.

Yes, Kin Trading was a client of BGFI Bank and also was a client of many other banks.

I don't have any idea about it.

I don't have any idea about it but what I remember is that the company closed in 2012 and thus her account with BGFI Bank has been closed.

Best Regards

The referenced documents reveal what appear to be deficiencies in BGFI Bank DRC's compliance regime. The issues raised by the transactions flagged by BGFI Bank DRC employees in 2011 go beyond the fact that, according to the records reviewed by The Sentry, they were processed. Additional correspondence appears to indicate that the bank continued to attempt to process transactions for these companies even after they had been flagged as problematic, with the bank even going so far as to request that U.S. authorities unblock a transaction that had been intercepted and halted by one of BGFI Bank DRC's correspondent banks.



I An Increasingly Violent and Repressive Regime

The financial arrangements between BGFI Bank DRC and corporate entities linked to Hezbollah financiers not only potentially undermine counterterrorism efforts but could also take a toll on security and human rights in Congo. BGFI Bank DRC is managed and partly controlled by Kabila family members.¹⁰⁰ The bank has been involved in irregular transactions involving senior politicians and businessmen close to President Kabila.¹⁰¹ Meanwhile, Kabila is being sharply criticized by Congolese pro-democracy movements,¹⁰² international human rights groups,¹⁰³ and U.S. diplomats¹⁰⁴ for overstaying his presidential term limits and overseeing repression against civilians.

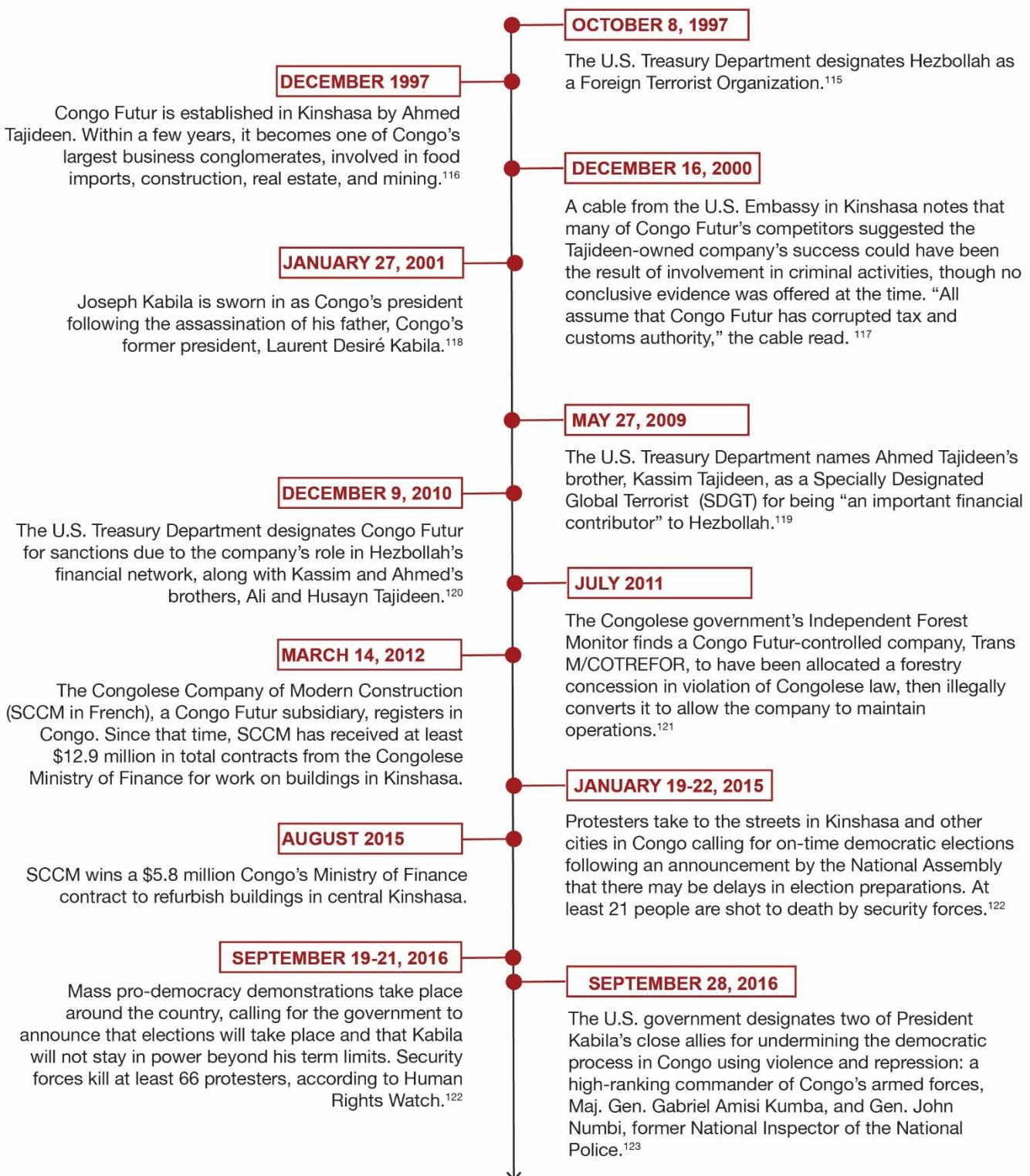
Congo Futur and its subsidiaries remain major players in Congolese business, and many of these commercial ventures routinely interface with Congolese government officials. In 2012, one U.S. official who requested anonymity told Reuters, “The question for the Congolese government is whether they really want to continue doing business with a company that is linked to a terrorist organization?”¹⁰⁵ But now, that question could be turned on its head: companies doing business with the Congolese government should ask whether they really want to continue doing business with an increasingly violent and repressive regime.

President Joseph Kabila refused to support elections preparations or cede power at the end of 2016, in violation of the constitution’s two-term limit.¹⁰⁶ The Congolese Catholic Bishops Conference (CENCO) led a mediation effort that resulted in an agreement stipulating a new, urgent timeline for elections, in addition to certain commitments from the government that included dropping charges against political prisoners.¹⁰⁷ But the regime has failed to deliver on its commitments, and Kabila continues to deploy a strategic combination of stalling tactics and vicious repression against dissent to remain in office.¹⁰⁸ There has been speculation that he remains in office in part to maintain connections to his business networks.¹⁰⁹ As Bloomberg reported, “Kabila’s refusal to step down threatens to thrust his country back into the kind of chaos that cost millions of lives after his father took power nearly two decades ago.”¹¹⁰

Pro-democracy protesters, in urban and rural areas throughout Congo, have been met repeatedly with excessive force by state police and military units during demonstrations calling for elections since January 2015.¹¹¹ “[Kabila] is a businessman, and Congo is just about making deals,” said former Kabila advisor Francis Kalombo, as reported recently by *The New York Times*.¹¹² He recalled Kabila saying, “...The Congolese people are cowards.”¹¹³ When protesters called for Kabila to organize elections in September 2016, many were gunned down in the streets of several Kinshasa neighborhoods. Human Rights Watch found that 66 people were killed over the course of three days. The bloodshed was a short distance from the offices of BGFI Bank DRC, in the district of Gombe, Kinshasa. Human Rights Watch interviewed security and intelligence officers about the violence. One officer said, “The order was given to suppress the demonstrators so that they wouldn’t succeed in their mission,” one officer said. “The order was given to do everything so they didn’t enter Gombe.”¹¹⁴



Mixing business with politics: The Tajideens in Congo, and an escalating crisis





Hijack the State, Hire the Banks

When an employee of BGFIbank DRC sent an email in February 2011 warning senior managers of connections between Congo Futur—a sanctioned entity with known links to terrorism—and companies with BGFIbank DRC accounts, that should have sent a signal for the bank not to process any further transactions. Instead, according to documents reviewed by The Sentry, transactions continued.

The United States listed Congo Futur for sanctions based on its role as a Hezbollah financier back in 2010,¹³³ attempting to cut off Kassim Tajideen’s network. However, despite sanctions on Congo Futur and another company in Kassim Tajideen’s orbit, Ovlas Trading, and despite flags raised inside BGFIbank DRC that their customers were subsidiaries of a sanctioned entity (Congo Futur), financial transactions continued through BGFIbank DRC.

State entities and vitally important private sector institutions can be hijacked by a small predatory ruling clique, and small ruling cliques often find friends and clients in business networks abroad. This is exactly what has happened in the case of Congo and BGFIbank DRC. But those partnerships only thrived because the players had access to the international financial system.

U.S. and European authorities have the tools and leverage to intervene, given the reliance on that financial system. Network sanctions, criminal investigations into transnational financial crimes and the financing of serious human rights abuses, and anti-money laundering measures can close off access. Foreign banks with links to financial institutions and other companies in Congo should immediately undertake enhanced due diligence concerning those relationships, including those relationships involving provision of correspondent banking, trade finance, and other services. Furthermore, Congo should develop a public registry to improve monitoring, due diligence, and enforcement.

Deficient anti-money laundering controls and sanctions compliance can undermine international security, result in the theft of state assets, and ultimately harm populations. The U.S. Treasury and Justice departments, international banks, and regional governments have the tools to address this challenge.



Breaking the Financial Links Between Kleptocracy and Terror

1. Additional Sanctions. The United States and the European Union should urgently impose and implement additional sanctions on two distinct grounds:

(i) U.S. Terrorism Designations. The United States should investigate whether the management of BGFI Bank DRC knowingly undertook transactions on behalf of Congo Futur and other entities linked to sanctioned members of the Tajideen family despite knowing those entities to have been designated for terrorism sanctions by the United States under Executive Order 13224.¹³⁴ Although these transactions took place in the past, the United States should investigate whether Congo Futur and other related entities continue to maintain accounts with BGFI Bank DRC. The United States should also investigate whether other violations of sanctions regulations occurred at the bank and the degree to which bank management acted under the control of or at the direction of senior members of the Kabila regime.

If the investigation demonstrates that senior management knowingly violated sanctions regulations, the officials responsible for these transactions by BGFI Bank DRC on behalf of Congo Futur should be designated by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) for sanctions under Executive Order 13224, the principal authority used to impose sanctions for counterterrorism purposes, for providing financial assistance and material support to designated entities. These sanctions should include not only the individuals but also the network of each of these targets, i.e. each of the companies that they own or control.¹³⁵ The designation of companies would ensure that the individuals who own or control them do not benefit from transactions directly or indirectly related to Hezbollah.

OFAC should also consider whether it is appropriate to designate BGFI Bank DRC and other banks maintaining accounts and conducting transactions on behalf of sanctioned entities. The designation of banks is a serious and dramatic step that can cause significant impact for law-abiding individuals holding their accounts at these banks, as discussed in recommendation 4 (below). Nevertheless, the knowing and deliberate processing of transactions on behalf of sanctioned entities is the type of activity that merits such strong action.¹³⁶

(ii) U.S. and EU Sanctions on the Kabila Network. According to published reports, the leaders of Congo's violent kleptocracy are now increasingly focused on remaining in power, at a high cost to the civilian population.¹³⁷ One of their latest strategies is to undermine the agreement signed on December 31, 2016, which provides for independent electoral oversight, the release of political prisoners, and elections in 2017.¹³⁸ While over a dozen individuals within Kabila's close political network have now been sanctioned by the United States, the European Union, or both, foreign designations have yet to reach Kabila's most useful financial buoys.¹³⁹ The United States and the European Union should strengthen their use of sanctions pursuant to Executive Order 13671 and EU sanctions authorities pertaining to Congo, against senior Kabila financial advisors, the heads of state-owned companies, other key regime officials engaging in acts of corruption and obstruction of the democratic process, and their business networks.



Finally, the U.S. government should sanction those responsible for “acts of significant corruption” in connection with the transactions described in this report, pursuant to the Global Magnitsky Human Rights Accountability Act (Public Law 114-328).¹⁴⁰

2. Criminal Investigations. The U.S. Department of Justice should expand its investigation into the Tajideen network to evaluate whether there is a basis for criminal liability of BGFI Bank DRC officials for knowingly providing material assistance to terrorists, pursuant to the U.S. Patriot Act, and for sanctions violations under IEEPA, the U.S. statute that underlies the sanctions designations of Congo Futur and Kassim, Ali, and Husayn Tajideen. The U.S. Department of Justice should also explore potential IEEPA violations related to business being done by companies or individuals subject to U.S. jurisdiction with individuals in Congo designated for sanctions for human rights violations during the most recent ongoing political crisis.¹⁴¹ Specialized human rights and transnational crimes units in Europe, in particular members of the Eurojust Genocide Intervention Network, should follow suit, investigating whether there are ties between Kabila’s business network, whose members may be subject to the jurisdiction of EU member states; these organizations should also investigate serious human rights crimes occurring in Congo, as well as abuses and terrorist activity elsewhere.

3. Anti-Money Laundering/Counter-Threat Finance Actions. The U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN) and financial intelligence units (FIUs) in Europe, particularly in Belgium because of its financial relationships with entities in the Democratic Republic of Congo, should conduct investigations into the patterns described in this report. Following any such investigations, FinCEN and other FIUs should issue appropriate advisories related to BGFI Bank DRC and other banks to highlight that there is a risk they may be processing transactions on behalf of Hezbollah-linked entities. Processing transactions in the manner described in this report is not only problematic in and of itself, but it also may be indicative of broader systems and internal controls issues in these banks. Issuing advisories to ensure U.S. and other global banks are aware of these concerns is a first step for banks in both preventing such transactions in the future and also conducting additional investigations that can lead to the filing of suspicious activity reports. FinCEN should also issue an investigative request pursuant to section 314(a) of the Patriot Act, requiring banks to investigate specific individuals and entities and to report on any records of transactions involving them.

The Democratic Republic of Congo is not a member of the Financial Action Task Force (FATF), which establishes and monitors international anti-money laundering and counter-threat finance banking standards; Congo did, however, join the Task Force on Money Laundering in Central Africa (known by its French acronym, GABAC) in September 2017 as an associate member.¹⁴² With Congo now a member, GABAC should highlight these concerns to Congo and ensure action is taken in order to ensure Congo maintains membership in good standing. Moreover, the U.S. and European delegations to FATF should raise these concerns at the global level to ensure there is global discussion of BGFI Bank DRC and other Congolese banks that may be processing transactions on behalf of sanctioned entities.

4. Bank Due Diligence/De-Risking. Regardless of whether FinCEN, other FIUs, or FATF take action as recommended above, global banks with relationships in Congo should immediately undertake enhanced due diligence on their relationships with banks in Congo, including those relationships involving provision of correspondent banking, trade finance, and other services.



Research by The Sentry demonstrates that a significant percentage of potentially suspicious transactions involving Congolese banks are denominated in U.S. dollars, meaning that banks in New York almost certainly are processing these transactions. As such, these banks may be exposed to the risk of fines and potential prosecution for money laundering, threat finance, and other violations.

At the same time, banks should be cognizant of over-compliance and de-risking. This report and others have provided extensive information to the financial community about some of the networks, including both individuals and entities, presenting the most serious potential risk. Banks should focus due diligence and investigations on these entities without engaging in wholesale de-risking in the region.

5. Public Corporate Registry. The Congolese government should create a searchable online public registry of all corporate entities formed in the country. Many of the corporate records reviewed by The Sentry, and as reported by other organizations,¹⁴³ indicate that top Congolese officials and their immediate family members hold stakes in numerous commercial ventures for which ownership information is not actually available to the public. This means that banks, other private sector entities, journalists, and anti-corruption investigators cannot easily access such information. To improve transparency and thus public oversight, Congo should establish a searchable online corporate registry that makes available certain corporate filings from each company that contain basic information about the firm's registered and beneficial owners, including their name, date of birth, business address, and identification number. These records should be accessible at no or minimal cost.



Acknowledgments

The Sentry follows the illicit money in order to create consequences for those benefiting from genocide or other mass atrocities in Africa, and to build leverage for peace and human rights.

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The statements made and views expressed are solely the responsibility of The Sentry.



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⁸⁵ According to the audit report, which was produced by MENAA Finance, an auditing firm based in Luxembourg, "These three companies are part of the international group OVLAS represented in Lebanon by Hassan Mohamed Abdel Hassan TAJEDDINE close to Ahmad TAJEDDINE, the boss of CONGO-FUTUR. In addition, of the three companies, only one contact was successful, with a representative of Leaders of Supply and Product who is also the contact of OVLAS Trading and which is itself a shareholder in Global & Infinite Traders. Details show that Galaxy Flame Trading and OVLAS Trading have the same addresses. This information is a good justification not only for the vertical integration of suppliers with their customer CONGO FUTUR but also of the horizontal integration among suppliers. Indeed, the interview with the representative (Mr Imad HASSOUN) of one of the leading suppliers of CONGO FUTUR, namely Leaders of Supply and Products, revealed that the three companies that supply CONGO FUTUR (Leaders of Supply and Products, Galaxy Flame Trading and Global and Infinite Traders) belong to an international group (OVLAS Trading) of which CONGO Futur is part. ... The three companies exclusively supply CONGO FUTUR. This information was communicated by Email by Mr. Imad HASSOUN (See e-mail exchange annexed to report)."

⁸⁶ It could be illegal for members of the Congolese government to do business with an entity under U.S. sanctions if that entity were committing serious international crimes and the business were considered to



knowingly be facilitating those crimes. According to the Geneva Conventions, the Rome Statute of the International Criminal Court, and numerous domestic statutes prohibiting serious international crimes, it is illegal for individuals, including if they are members of a government, to knowingly facilitate (including financially facilitate) war crimes, crimes against humanity, and genocide. UN General Assembly, *Rome Statute of the International Criminal Court* (last amended 2010), 17 July 1998, ISBN No. 92-9227-227-6, available at <http://www.refworld.org/docid/3ae6b3a84.html> [accessed 4 October 2017]; International Committee of the Red Cross (ICRC), *Geneva Convention Relative to the Protection of Civilian Persons in Time of War (Fourth Geneva Convention)*, 12 August 1949, 75 UNTS 287, available at <http://www.refworld.org/docid/3ae6b36d2.html> [accessed 4 October 2017]; UN General Assembly, *Convention on the Prevention and Punishment of the Crime of Genocide*, 9 December 1948, United Nations, Treaty Series, vol. 78, p. 277, available at <http://www.refworld.org/docid/3ae6b3ac0.html> [accessed 4 October 2017].

⁸⁷ 50 U.S.C. § 1705, International Emergency Economic Powers Act (IEEPA), available at <https://www.gpo.gov/fdsys/pkg/USCODE-2011-title50/pdf/USCODE-2011-title50-chap35-sec1705.pdf>.

⁸⁸ U.S. Board of Governors of the Federal Reserve System, U.S. Federal Deposit Insurance Corporation, U.S. National Credit Union Administration, U.S. Office of the Comptroller of the Currency, and U.S. Department of the Treasury, “U.S. Department of the Treasury and Federal Banking Agencies Joint Fact Sheet on Foreign Correspondent Banking: Approach to BSA/AML and OFAC Sanctions Supervision and Enforcement,” August 30, 2016, available at <https://www.treasury.gov/press-center/press-releases/Documents/Foreign%20Correspondent%20Banking%20Fact%20Sheet.pdf>; U.S. Federal Financial Institutions Examination Council (FFIEC) Bank Secrecy Act (BSA) / Anti-Money Laundering (AML) Infobase, “Bank Secrecy Act [and] Anti-Money Laundering Examination Manual,” Correspondent Accounts (Domestic) – Overview, available at https://www.ffiec.gov/bsa_aml_infobase/pages_manual/OLM_045.htm (last accessed October 2017). (“In addition, domestic banks are independently responsible for OFAC compliance for any transactions that flow through their banks.”)

⁸⁹ Kassim Tajideen’s Verified Claim and Statement of Interest in Defendant Property, March 7, 2016.

⁹⁰ Gloria Mteyu is listed as a 40 percent shareholder in the PwC (PricewaterhouseCoopers) audits of BGFIBank DRC from March 17, 2011 and December 31, 2015 that were viewed by The Sentry. She denied holding shares in BGFI in response to a Bloomberg article in November 2016. “Mteyu, reached by mobile phone on Oct. 18, said she holds an account at the bank but has no financial stake in it.” Franz Wild, Michael Kavanagh, and Thomas Wilson, “Congo Election Body Said to Pay Millions to Kabila-Tied Bank,” Bloomberg, November 1, 2016, available at <https://www.bloomberg.com/news/articles/2016-11-01/congo-election-body-said-to-pay-millions-to-kabila-linked-bank>. In its 2017 report, “All the President’s Wealth,” the Congo Research Group claims, “BGFI is a Gabonese bank group whose Congolese arm is 40% owned by President Kabila’s sister, Gloria Mteyu...” Congo Research Group and Pulitzer Center on Crisis Reporting, “All the President’s Wealth: The Kabila Family Business,” July 2017.

⁹¹ Wild, Kavanagh, and Wilson, “Congo Election Body Said to Pay Millions to Kabila-Tied Bank.”

⁹² Counasse and Braeckman, “Corruption au Congo.”

⁹³ Gettleman, “As President Joseph Kabila Digs in, Tensions Rise in Congo.”

⁹⁴ Records reviewed by The Sentry indicate that BGFIBank DRC processed two of these transactions, totaling \$8 million.

⁹⁵ BGFIBank employees, a Congo Futur business partner, the audit report conducted by MENAA Finance, and a letter from the Office of Foreign Assets Control to BGFIBank DRC refer to Kin Trading as a subsidiary or sister company of Congo Futur, and a bill of lading dated June 1, 2011, refers to Kin Trading as “CONGO FUTURE COMPANY KIN TRADING SPRL.” The MENAA audit report also states that Atlantic Trading and Cotrefor (formerly Trans-M) are Congo Futur subsidiaries. Trans-M has denied being a subsidiary of Congo Futur. A BGFIBank DRC employee has referred to Congo Stars for Commerce as a Congo Futur subsidiary. “Congo Stars in the Democratic Republic of Congo” is named in a U.S. Department of Justice indictment for Kassim Tajideen as being connected to transactions involving a company owned by Kassim Tajideen. See Kassim Tajideen indictment, filed in the U.S. District Court for the District of Columbia, March 7, 2017.

⁹⁶ Letter from U.S. Department of the Treasury Office of Foreign Assets Control to BGFIBank DRC, April 24, 2012.

⁹⁷ Archived version of Heidelberg Cement’s website, describing a project called “Commercial and Residential Center, Democratic Republic of Congo,” available at



<http://web.archive.org/web/20151013050551/http://www.heidelbergcement.com:80/en/commercial-and-residential-center>.

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⁹⁹ Ministry of Finance of the Democratic Republic of the Congo, "Repertoire General Alphabetique des Contribuables Geres par La Dge Au 31 Octobre 2015," October 31, 2015, available at: dgi.gouv.cd/component/joomdoc/DGE%20i.pdf/download.html; For Congo Futur's address, see U.S. Department of the Treasury, "Treasury Targets Hizballah Financial Network," December 9, 2010, available at: <https://www.treasury.gov/press-center/press-releases/Pages/tg997.aspx>.

¹⁰⁰ Gloria Mteyu is listed as a 40 percent shareholder in the PwC (PricewaterhouseCoopers) audits of BGFI Bank DRC from March 17, 2011 and December 31, 2015 that were viewed by The Sentry. She denied holding shares in BGFI in response to a Bloomberg article in November 2016. "Mteyu, reached by mobile phone on Oct. 18, said she holds an account at the bank but has no financial stake in it." Wild, Kavanagh, and Wilson, "Congo Election Body Said to Pay Millions to Kabila-Tied Bank." In its 2017 report, "All the President's Wealth," the Congo Research Group claims, "BGFI is a Gabonese bank group whose Congolese arm is 40% owned by President Kabila's sister, Gloria Mteyu..." Congo Research Group and Pulitzer Center on Crisis Reporting, "All the President's Wealth: The Kabila Family Business," July 2017.

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