

①

2-13-1997

A-2 2,000,000.00 From account # 406063541/90  
D-3 From Isam Yousef to sixteen plus

②

transferred Cairo-Amman Bank

A-3 \$1,100. -

D-4 \$1,173,000. - From Hamdan By Wally 8-25-2000  
see B-2  
C-4

③

8-11-1996 3 checks 8-11-96

A-4 \$2,000,000. - 3633491 B-3 C-4 C-5 D-5

D-5 400,000. - 3633441 B-3 8-11-96 C-4 D-5

10 400,000. - 3633466 B-4 8-11-96 D-5  
see B-2

4 transferred to Cairo-Amman Bank

A-5 ① several million's

D-6 ② over 3 million's

5 A-5 \$1,400,000. - in Favor of sixteen Plus in 1996  
Transferred or Bank check ??

6 10 \$2,000,000. - in 1997 → 9-1997  
A-5 Mohamed Abdelqader Hamed transferred ?  
D-6

E 10 4-98 transferred \$220,000. - Mohamed Hamed

E 11 8-96 transferred 400,000. - Waleed Hamed

E 12 9-96 transferred 2,000,000. - Waleed Hamed

E 12 5-4-98 transferred 500,000. - Fathi YUSUF ??

E 10 7-15-99 transferred 200,000. - Adnan Rahal  
Waleed Hamed

HAMD685691

Fathi YUSOF

Account # 60638779040

A-3 Account opened 6-10-1996 Closed 9-4-2000  
A-3  
D-4

waleed Hamed

Account # 60638789040

A-3 Account opened 6-10-1996

Hamdan Diamond Corp.

Account # 60638879040

A-3 Account opened 6-26-1996

D-5 Account Closed 2-5-2002

Account # 60201869000 ISam Yousef

Account open 2-13-1995

School 1997-1998

Start Fandoumia next village to Silet-aldaker  
late 2000 or very early 2001 They have new locations  
Plant complete and working April, 2002

Account # 40606388790 Hamdan Diamond

7 B-1 check # 3633491 Amount \$ 2,000,000.- 8-11-1996  
3-1/B-4 check # 3633492 Amount 1,000,000.- 10-23-1996  
3-4 + 11 waleed Hamed Amount 1,00,000.- ~~11-02-1996~~ 2-13-97  
-1/B-4 check # 3633493 Amount 150,000.- 4-21-98  
Look at the check no.

8 Account # 40606387790 Fathi Yusof  
B-2 check # 3633441 Amount 400,000.- 4-28-1998

9 Account # 40606387890 waleed Hamed  
B-2 check # 3633466 Amount \$ 400,000.- 8-11-02-1996  
check # 3633467 Amount 100,000.- 10-22-1996  
check # 3633469 Amount 75,000.-  
check # 53061 Amount 100,000.- 1-24-1997  
12 check # Amount 350,000.- 2-13-1997

13 check \$100,000.- payable to Fathi Yusof 1-24-97  
B-4

14 C-5 \$100,000.- waleed Hamed 2-13-1997



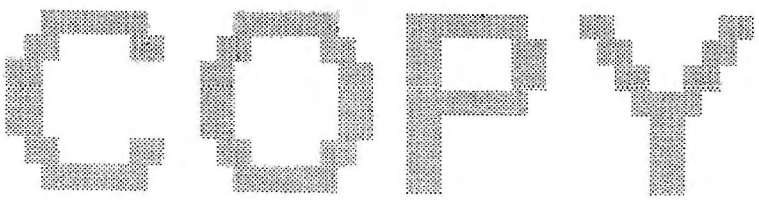
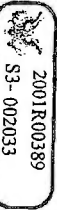
# كشف حساب

# بنك القاهرة عمان

الحساب : الحساب رقم : 932501  
 العميل : عماد محمد يوسف : تاريخ : 96/12/31  
 ص ب (926838) : رقم الحساب : 620186  
 عمان : رقم الحساب : 96/12/31  
 رقم الصفحة : 1

التاريخ	الايضاحيات	محصته	لسنه	الرصيد
31/12/95	مستورد		30000.000	30000.000
07/05/96	فيسد		739878.720	769878.720
26/05/96	اليداع مغني		100000.000	869878.720
27/05/96	اليداع مغني		15000.000	884878.720
28/05/96	فيسد	779878.720		105000.000
29/05/96	فيسد	15000.000		90000.000
01/06/96	حوالته وارد	219982.500		309982.500
01/06/96	فيسد	19982.500		290000.000
08/06/96	حوالته وارد	299982.500		589982.500
16/06/96	اليداع مغني	779710.720		1369693.220
15/06/96	حوالته وارد	249982.500		1619675.720
22/06/96	حوالته وارد	149982.500		1769658.220
24/06/96	فيسد	14929.000		1784587.220
27/06/96	فيسد	239.000		1784826.220
30/06/96	فيسد	351.370		1785177.590
11/07/96	حوالته وارد	349982.500		2135160.090

يتمثل هذا الحساب صحيحا و هو ايضا عليه من قبلكم اذا تم ابرائه من ابي عليه خلال (15) يوم من تاريخ



MINISTÈRE DE L'INTÉRIEUR

RÉPUBLIQUE FRANÇAISE

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

REQUISITION

West Indies-Guyana D.I.P.J.  
Saint Martin Judicial Police Branch

The year two thousand and four  
The seventh of June

PO Box 681 97057 Saint Martin Cedex  
Tel: 05 90 29 08 40  
Fax: 05 90 29 20 24

We, **Sylvain NICOLAS**  
**Police Lieutenant**  
JUDICIAL POLICE OFFICER

Report No. 2004/007/ter

Serving at the  
Saint Martin Judicial Police Branch

Acting pursuant to and to carry out the instructions of the Crown Prosecutor for Basse-Terre.

With respect to the matter taken against / YUSUF Fathi et al ...  
For ...money laundering, financing of terrorist activities, offences under legislation respecting  
illicit drugs and foreigners.

Given article 41 of the *Code de Procédure Pénale*.  
Given article 132.22 of the *Code Pénal*.

WE PRAY AND, AS NEEDED, REQUEST

The Manager of the branch of the Banque Française Commerciale located in Bellevue/Marigot,  
Saint Martin.

to do the following:

Provide us with the following documents:

\*Account No. 40606388790 opened in the name of Hamdam Diamond

Corporation

- Cash deposit in the amount of \$250,000 dated 01/08/1996
- Cancelled cheque No. 3633491 in the amount of \$2,000,000 dated 11/08/1996
- Cancelled cheque No. 3633492 in the amount of \$100,000 dated 10/23/1996
- Certified cancelled cheque to the benefit of Waleed Hamed in the amount of \$100,000

dated 02/14/1997

- Cancelled cheque No. 3633493 in the amount of \$150,000 dated 04/21/1998

HAMD685695

B-1



- Cash deposit in the amount of \$50,000 dated 01/11/2000
- Cash deposit in the amount of \$70,000 dated 01/11/2000
- Cash deposit in the amount of \$80,000 dated 01/13/2000
- Cash deposit in the amount of \$75,000 dated 01/14/2000
- Cash deposit in the amount of \$90,000 dated 01/17/2000
- Cash deposit in the amount of \$65,000 dated 01/18/2000
- Transfer to the benefit of Waleed Mohammad Hamed in the amount of \$1,173,000 dated 08/25/2000 (electronic transfer)
- Cancelled cheque to Hamdan Diamond Corporation dated 02/01/2002

**\*Account No. 40606387790 opened in the name of Fathi YUSUF**

- 8
- Cash deposit note in the amount of \$50,000 (deposit receipt) dated July 16, 1998
  - Copy of cheque No. 3633441 in the amount of \$400,000 dated 04/28/1998

**\*Account No. 40606387890 opened in the name of Waleed HAMED**

- 9
- Cash deposit note in the amount of \$50,000 (deposit receipt) dated July 16, 1996
  - Cheque No. 3633466 in the amount of \$400,000 dated 11/08/1996
  - Cheque No. 3633467 in the amount of \$100,000 dated 10/22/1996
  - Cheque No. 3633469 in the amount of \$75,000
  - Cheque No. 53061 in the amount of \$100,000 dated 01/24/1997
  - Cheque in the amount of \$350,000 dated 02/14/1997

To authenticate all these documents, I am sending you a *Certification of Business Records* to be filled out.

And, as a guarantee for the Manager, we give him a copy hereof containing our seal and signature.

The Police Lieutenant

Read and attached to report No. 2004/007/6

MINISTÈRE DE L'INTÉRIEUR

**DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE**

**West Indies-Guyana DIPJ  
Saint Martin Judicial Police  
Branch**

Report No. 2004/007/ter/8

**MATTER**

AGAINST YUSUF Fathi et al

Money laundering,  
financing of terrorist activities,  
O.L.I.D., O.L.F.

**REGARDING**

Preliminary investigation

**Report to the Crown Prosecutor**

The year two thousand and four  
The first of July at five o'clock p.m.

**WE:** Sylvain NICOLAS  
Policy Lieutenant  
Serving at the Saint Martin Judicial Police  
Branch

-- Judicial Police Officer residing in Saint Martin, \_\_\_\_\_  
-- Being at the head office of our department, \_\_\_\_\_  
-- Given articles 75 and following of the *Code de Procédure  
Pénale*, \_\_\_\_\_

-- Pursuing the preliminary investigation \_\_\_\_\_  
-- Telephone Patrick QUINCY, Crown Prosecutor for the *TGI de  
Basse-Terre*, and inform him that:

\*Mr. E SAMAR, in charge of the Operations Department  
for the northern islands of the Banque Française Commerciale,  
gave us a copy of the following:

-correspondence dated September 12, 1996 from  
Fathi YUSUF to Alexandre GUMBS, customer adviser for the  
Banque Française Commerciale regarding two cheques No.  
3633441 (US\$400,000) and 3633491 (US\$2,000,000).

-cheque No. 36 33 491 in an amount of two  
million dollars (\$2,000,000) drawn by Hamdam Diamond  
Corporation and payable to Waleed Hamed.

-cheque No. 36 33 441 in an amount of four  
hundred thousand dollars (\$400,000) drawn by YUSUF FATHI and  
payable to Waleed Hamed.

-a transfer request dated 08/24/1990 from  
Hamdam Diamond Corporation (account No. 40606388790)  
payable to Waleed Mohammed Hamed in an amount of one  
million one hundred seventy-three thousand dollars (\$1,173,000).

-a notice relating to the above-mentioned  
transfer.

-a cash deposit in the amount of fifty thousand  
dollars (\$50,000) on account No. 60638879040 opened at the BFC  
in the name of Hamdam Diamond Corporation dated 01/11/2000.

-a cash deposit in an amount of sixty-five thousand  
dollars (\$65,000) on account No. 60638879040 opened with the  
BFC in the name of Hamdam Diamond Corporation dated  
01/18/2000.

- a cash deposit in an amount of ninety thousand dollars (\$90,000) on account No. 60638879040 opened with the BFC in the name of Hamdam Diamond Corporation dated 01/17/2000.

- a cash deposit in an amount of seventy-five thousand dollars (\$75,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/14/2000.

- a cash deposit in an amount of seventy thousand dollars (\$70,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/11/2000.

- a cash deposit in an amount of eighty thousand dollars (\$80,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/13/2000.

-a transfer request dated 05/14/1998 from ISAM YOUSUF (account No. 40606354190) to Fathi YUSUF for an amount of fifty thousand dollars (\$50,000). (Note that this document was not requested as part of this judicial requisition.)

-a debit note regarding a transfer in favour of FATHI YUSUF on 05/15/1998 in an amount of \$50,000 from account No. 40 606354190 (Yousuf Issa Island Appliance).

-a credit note for the account of YUSUF FATHI in an amount of \$50,000 from Isam Yousuf.

10 -a cheque dated August 11, 1996 in an amount of four hundred thousand dollars (\$400,000) drawn by M. Hamed Waleed and payable to Walled Hamed.

11 -a request for a bank draft by Hamdam Diamond Corporation (account No. 6388790) dated 02/13/1997 in an amount of one hundred thousand dollars (\$100,000) payable to Waleed Hamed.

-a receipt relating to the issuance of the above-mentioned bank draft.

12 -the above-mentioned bank draft  
-the request for a bank draft from Hamed Waleed (account No. 6387890) dated 02/13/1997 in an amount of three hundred fifty thousand dollars (\$350,000) payable to Waleed Hamed.

-a receipt relating to the issuance of the above-mentioned bank draft

13 -the above-mentioned bank draft.  
-a request for a bank draft from Waleed Hamed (account No. 606387890) dated 01/24/19997 (sic) in an amount of one hundred thousand dollars (\$100,000) payable to YOUSUF FATHI.

-a receipt relating to the issuance of the above-mentioned bank draft.

-the above-mentioned bank draft.

-- Mr. E. SAMAR said that the documents described below were not found by the employees of the Banque Française Commerciale despite extensive searches in the archives:

-cash deposit of \$250,000 dollars dated 01/08/1996.  
-cancelled cheque No. 3633492 in an amount of \$100,000 dated 10/23/1996.

-cancelled cheque No. 3633493 in an amount of \$150,000 dated 04/21/1998.

-cancelled cheque to Hamdam Diamond Corporation dated 02/01/2002.



-cash deposit note in an amount of \$50,000  
(deposit receipt) dated July 16, 1998.  
-cheque No. 3633441 in an amount of \$400,000  
dated 04/28/1998.  
- cash deposit note in an amount of \$50,000  
(deposit receipt) dated 07/16/1996.  
-cheque No. 3633467 in an amount of \$100,000  
dated 10/22/1996  
-cheque No. 3633469 in an amount of \$75,000.

-- Comment that this magistrate instructed us to send him this  
procedure as expeditiously as possible, \_\_\_\_\_

-- Note that Mr. SAMAR also gave us the *Certification of  
Business Records* for the documents handed over, \_\_\_\_\_

-- Recorded, \_\_\_\_\_

The Police Lieutenant

RÉPUBLIQUE FRANÇAISE

## REPORT

MINISTÈRE DE L'INTÉRIEUR  
DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

The year two thousand and four  
The twenty-second of July at nine o'clock a.m.

West Indies-Guyana DIPJ  
Saint Martin Judicial Police  
Branch

WE: Sylvain NICOLAS  
Policy Lieutenant  
Serving at the Saint Martin Judicial Police  
Branch

Report No. 2004/007/ter/9

### MATTER

AGAINST YUSUF Fathi et al

Money laundering,  
financing of terrorist activities,  
O.L.I.D., O.L.F.

### REGARDING

Preliminary investigation

Report to the Crown Prosecutor

Comments

- Judicial Police Officer residing in Saint Martin, \_\_\_\_\_
- Being at the head office of our department, \_\_\_\_\_
- Given articles 75 and following of the *Code de Procédure Pénale*, \_\_\_\_\_
- Pursuing the preliminary investigation \_\_\_\_\_
- Telephone Patrick QUINCY, Crown Prosecutor for the *TGI de Basse-Terre* and inform him that an agent of the U.S. Federal Bureau of Investigation wishes to examine the documents, \_\_\_\_\_
- Comment that said magistrate gave us authorization to show said documents to such U.S. federal agent, \_\_\_\_\_
- Said magistrate also instructed us to provide him with such documents as expeditiously as possible, \_\_\_\_\_

-- Recorded, \_\_\_\_\_

The Police Lieutenant

RÉPUBLIQUE FRANÇAISE

## REPORT

MINISTÈRE DE L'INTÉRIEUR

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

West Indies-Guyana DIPJ  
Saint Martin Judicial Police  
Branch

Report No. 2004/007/ter/10

### MATTER

AGAINST YUSUF Fathi et al

Money laundering,  
financing of terrorist activities,  
O.L.I.D., O.L.F.

### R E G A R D I N G

Preliminary investigation

Conclusion and handing over

The year two thousand and four  
The twenty-second of July at four o'clock p.m.

**WE:** Sylvain NICOLAS  
Policy Lieutenant  
Serving at the Saint Martin Judicial Police  
Branch

- Judicial Police Officer residing in Saint Martin, \_\_\_\_\_
- Being at the head office of our department, \_\_\_\_\_
- Given articles 75 and following of the *Code de Procédure Pénale*, \_\_\_\_\_
- Pursuing the preliminary investigation \_\_\_\_\_
- Conclude and hand over to Patrick QUINCY, Crown Prosecutor for the *TGI de Basse-Terre*, this procedure which includes ten reports, \_\_\_\_\_
- Recorded, \_\_\_\_\_

The Police Lieutenant

HAMD685701





MINISTÈRE DE L'INTÉRIEUR

RÉPUBLIQUE FRANÇAISE

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

DIRECTION CENTRALE  
DE LA POLICE JUDICIAIRE

WEST INDIES-GUYANA  
SERVICE RÉGIONAL  
DE POLICE JUDICIAIRE

Saint Martin, May 14, 2003

Saint Martin Saint Barth Branch  
Tel 05 90 29 08 40  
Fax 05 90 29 20 24

**Police Lieutenant Sylvain NICOLAS**

to

**The DIRECTOR of the West Indies-Guyana SRPJ**  
Under cover of the chain of command

**RE:** Money laundering, financing of terrorist activities, offences  
under legislation respecting illicit drugs and foreigners.

**MATTER:** Against YUSUF Fathi et al

**REFERENCES:** Requests for assistance from the U.S. Department of Justice,  
Instructions from the Crown Prosecutor for the *Tribunal de  
Grande Instance de Basse-Terre*.

**ATTACHMENTS:** Procedure No. 2002/078 including the original and a true copy  
of 48 reports and 37 exhibits.

I am pleased to send you the attached procedure, prepared according to your  
instructions by the Saint Martin Judicial Police Branch in connection with the above  
referred-to matter:

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HAMD685703

## THE FACTS

On January 23, 2002, Mary Ellen Warlow, Director, Office of International Affairs, U.S. Department of Justice, sent France a request for assistance in connection with an investigation conducted into FATHI YUSUF and consorts.

The American judicial authorities were conducting an investigation to determine whether Fathi YUSUF and his accomplices were trafficking U.S. currency, laundering profits from illegal drug trafficking and trafficking illegal immigrants.

Also, the persons committing these offences, who might be supporting terrorist activities, had opened several bank accounts with the Saint Martin branch of the Banque Française Commerciale.

The American authorities asked for the following:

- copies of all documents from the Banque Française Commerciale (B.F.C.) regarding accounts No. 40606387790, 40606387890 and 40606388790.
- copies of all accounts with the Banque Française Commerciale opened by Waheed Mohamad Hamed, Fathi Yusuf, Waleed Mohamad Hamed and the companies Hamdam Diamond Corporation and Plaza Extra Supermarkets.
- copies of all documents authorizing the opening of the aforementioned accounts.
- testimony by bank employees or any other person of interest to the ongoing investigation.
- from the French police, proof that the subsequent transfers had taken place between the U.S. Virgin Islands, Saint Martin and Jordan.

## THE INVESTIGATION

Our investigations and hearings allowed us to determine that:

### **1/ WITH RESPECT TO THE BANK ACCOUNTS OPENED:**

The different bank requisitions sent to the Saint Martin branch of the Banque Française Commerciale (BFC) allowed us to determine that:



- **Euro account No. 60201869000** was opened in the name of YOUSUF Isam (trade name: Island Appliances) on February 13, 1995.

The attached documents were:

- the signature card for accounts No. 63541(dollars) and 20186 (francs) opened on February 13, 1995.
- a copy of the passport of ISAM MOHAMAD YOUSUF born on February 20, 1952 in Jordan.
- a copy of a portfolio transfer sheet (accounts No. 60201869000: YOUSUF ISAM and No. 6063541 9040: "Island Appliances").
- a copy of a transfer order dated February 13, 1997 for an amount of \$2,000,000 from account No. 406063541/90 from ISAM YOUSUF in favor of Sixteen Plus Corporation, St. Thomas, Tel.: 809 775 5646 (account No. 058 00039411, drawn on the Bank of Nova Scotia, Sunny Isle Branch, P.O. Box 773, St. Croix, US).
- a copy of a transfer order dated March 11, 2002 in an amount of \$25,000 (USD) from account No. 40606354190 from Island Appliances in favor of ISAM YOUSUF residing on Garden Street, Amman, Jordan (account No. 0250317114200 drawn on the Cairo Amman Bank (Jordan), swift code: CAAB JO AM).
- a copy of a cancelled transfer order dated 10/07/1998 from ISAM Yousuf in favor of AYED YOUSEF (amount: \$300,000 (USD)).
- various documents (statement of account information, information about accounts No. 6020186, 0107026 and 6021266 and various correspondence).
- handwritten correspondence from Alexandre GUMBS dated July 22, 1996 regarding accounts No. 60 63877, 60 63541, 63878 and 60 63830.

Note that this account was not used very extensively and was closed on March 22, 2002.

- **Dollar account No. 60635419040** was opened in the name of YOUSUF Isam (trade name: Island Appliances) on February 13, 1995:

The attached documents were:

- ID card No. 31570 issued by Sint Maarten on September 27, 1999 in the name of YOUSUF Isam Mohamad.
- a U.S. passport issued on September 11, 1986 in the name of YOUSUF Isam Mohamad.
- Account statements mentioning several large cash transfers:
  - \*this account was credited \$8,782,962 (USD) on 04/19/2002.
  - \*this account was debited \$8,859,094 (USD) on 04/19/2002.
- Various documents relating to term account No. 40 60 63541 91 held by YOUSUF ISSA ISLAND APPLIANCE,

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12 Canegeter Road Pondfill, Philipsburg, 99 000 Sint Maarten drawn on the Banque Française Commerciale.  
This account was closed on March 27, 2002.

- **Dollar account No. 60638779040** was opened in the name of YUSUF Fathi on June 10, 1996.

The account agents were YOUSUF Fathi and HAMED Waleed.

This account was closed on September 4, 2000.

- **Dollar account No. 60638789040** was opened in the name of HAMED Waleed on June 10, 1996.

The attached documents were:

-a copy of passport No. 043576417 issued on September 8, 1992 in the name of HAMED Waleed Mohammad born on January 22, 1962 in Jordan, an American national.

-a copy of the signature card indicating that the agents for this account were HAMED Waleed and YOUSUF Fathi.

- statements (Exhibit 9) for account No. 40606387890 held by HAMED Waleed.

This account was credited with several cash deposits.

- **Dollar account No. 60638879040** was opened in the name of Hamdam Diamond Corporation on June 26, 1996. (Exhibit 8).

The attached documents were:

-a copy of the signature card indicating that the agents for this account were YOUSUF Fathi, HAMED Waleed and ISAM Mohamad, Yousuf. The manager of Hamdam Diamond Corporation was Fathi Yusuf MOHAMAD YUSUF.

-a copy of U.S. passport No. 043377662 issued on February 10, 1992 in Miami in the name of Fathi Yusuf MOHAMAD YUSUF.

-five documents relating to contracts between the BFC bank and YUSUF FATHI, the off-shore company HAMDAM DIAMOND CORPORATION, HAMED WALEED (manager of the Plaza Extra Supermarket) and the Dutch company TED DOOR SPECIALITY.

-a copy of the U.S. passports for MOHAMAD YUSUF Fathi Yusuf born on April 15, 1941 in Jordan, HAMED WALEED MOHAMMAD born on January 22, 1962 in Jordan, and ISAM MOHAMAD YOUSUF born on February 20, 1952 in Jordan.

-various correspondence (correspondence from HWANG Antoine addressed to Mr. FAURE (BFC General Inspection Department) dated August 24, 2000 stating that he had been asked by client Walled HAMED personally (40606387890) and on behalf of Hamdam Diamond Corporation (40 606388790) to transfer respectively US\$1,100.00 (*sic*) and US\$1,173,000 to Cairo Amman Bank in Amman, Jordan (a copy of three cheques payable to Walled Hamed drawn on the Banque Française Commerciale, held by Hamdam Diamond Corporation, YUSUF FATHI

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and Hamed Waleed. These cheques dated August 11, 1996 are for amounts of US\$2,000,000, US\$400,000 and US\$400,000 respectively).

-a handwritten note by Mr. GUMBS commenting on the opening of the account.

-a copy of the statements for account No. 40 60 63887 90 with the Banque Française Commerciale held by Hamdam Diamond Corporation, 12 Cannegieter Road, Sint Maarten c/o ISAM YOUSUF for the period from June 26, 1996 to April 19, 2002.

Several cash deposits were credited to this account.

This account was closed on February 5, 2002.

- **Euro account No. 60193579000** opened in the name of the company "Liteline Electrical N.V." in April 1994 and having as agents EL-YOUSEL Yousef, Ahmad and AL-YOUSEF Ghassan, Almad. This account was closed on June 11, 2002
- **Dollar account No. 60633639040** opened in the name of the company Liteline Electrical N.V. on April 20, 1994. This account was closed on June 11, 2002.
- **Franc account No. 60209679000** opened in the name of the company "Ted Door Spéciality" on March 25, 1997 and having as agent SALEH Yacoub Yousef. This account was closed on December 16, 1999.
- **Dollar account No. 60638309040** opened in the name of the company "Ted Door Spéciality" on April, 16 1996 and having as agent SALEH Yacoub Yousef. This account was closed on December 16, 1999.
- **Franc account No. 60224869000** opened in the name of the company "Middle East Group N.V." (trade name: Ace Home Center) on February 16, 1998 and having as agents YOUSEF Ahmad, El Yousef and GHASSAN A AL-YOUSEF. This account was closed on October 2, 2000.
- **Dollar account No. 60643529040** opened in the name of the company "Middle East Group N.V." (trade name: Ace home Center) on February 16, 1996 and having as agents YOUSEF Ahmad El Yousef and GHASSAN A Al-Yousef. This account was closed on September 15, 2000.
- **Euro account No. 60226719000** opened in the name of the company Middle East Group N.V. (trade name: Penguin Air Condition)

D-5



on April 29, 1998 and having as agents EL-YOUSEF Yousef Almad and GHASSAN A AL-Yousef.

This account was closed on April 18, 2002.

- **Dollar account No. 60644129040** opened in the name of company "Middle East Group N.V." (trade name: Penguin Air Condition) on April 29, 1998 and having as agents EL-YOUSEF Yousef Almad and GHASSAN A AL-Yousef.

This account was closed on April 18, 2002.

## **2/ WITH RESPECT TO OUR FINDINGS:**

The examination of the account statements and attached documents made it possible to determine that:

- The holders of the above-mentioned accounts are American nationals, although they were born in Jordan and Kuwait.
- Fathi YUSUF and his friends deposited several million dollars (USD) in accounts opened at the Banque Française Commerciale (BFC).
- These deposits, essentially consisting of cash deposits, seem out of proportion with the activities of Hamdam Diamond Corporation (an off-shore company registered in Anguilla and run by Mohamad Fathi Yusuf), Middle East Group N.V. (a company set up in Sint Maarten which is run by Youssef Hamad El Youssef and Ghassan Ahmad Mohammed Al Youssef), Island Appliances N.V. (a company set up in Sint Maarten).
- Many transfers were made in favor of bank accounts located in Jordan, Kuwait and the United States:
  - Hamed Waleed Mohamed, holder of account No. 60 63878.90, transferred several million dollars to his bank account with Cairo Ammam Bank in Jordan.
  - Hamdam Diamond Corporation, the holder of account No. 60 63887 90, transferred in favor of Hamed Waleed Mohamed over three million dollars to his bank account with Cairo Ammam Bank in Jordan.
  - Isam Mohamad Youssuf, holder of account No. 6063541 90, transferred to his account with Cairo Ammam Bank in Jordan (\$1,400,000 in 1996) in favor of Sixteen Plus Corporation in the U.S. Virgin Islands which has an account with [the Bank of] Nova Scotia (\$2,000,000 dollars in 1997), in favor of Mohamad Abdel Qader Hamed, holder of a bank account with the Arab Bank in Israel (\$220,000 in 1998) and in favor of Ayed Youssef, holder of an account with Winward Island Bank in Sint Maarten.

- Al Yousef Sami Al Yousef, holder of account No. 60 64137.90, transferred over \$660,000 in favor of Ahmad Yousef Mohamad (holder of an account with Cairo Ammam Bank in Jordan).
- Middle East Group N.V., holder of account No. 606441290, transferred a large sum of money in favor of Hamad Youssef Mohammad, Atef Khalil Al Aswad, Riad Ahmad Attar and Aca Hardware Corporation, the head office of which is in Illinois (United States).

- Yusuf Fathi and members of his family run United Corporation registered on the Island of St. Croix (U.S. Virgin Islands), under the trade name "Plaza Extra".
- In September 2001, Yusuf Fathi was found guilty by U.S. courts of having employed foreigners in an irregular situation.
- The American judicial authorities were noticing significant differences between the actual activity of supermarkets run by Yusuf Fathi and the very large cash deposits made to accounts opened with the Bank of Nova Scotia. During a search and seizure carried out in the supermarkets and at the homes of Yusuf Fathi and his sons, the Federal Bureau of Investigation (FBI) seized documents mentioning the opening of several accounts with the Saint Martin branch of the Banque Française Commerciale.
- Investigations conducted by the FICOBA cell regarding YUSUF Fathi, WALEED Mohammad Hamed, Hamdam Diamond Corporation and United Corporation were remaining unsuccessful.

### 3) WITH RESPECT TO THE TESTIMONY

Several employees of the Banque Française Commerciale branch testified:

#### a) Alexandre GUMBS:

Heard at the border police offices at Saint Barthélemy, Alexandre GUMBS declared that:

- From 1994 to December 1999, he was a business adviser at the Marigot branch of the Banque Française Commerciale in Saint Martin.
- He had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040 held by YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation respectively.

- He had been contacted in 1994 by YOUSUF Isam, who wanted to open an account with the BFC.
- He had prepared and sent a report to management on the potential clients and management would allow or not allow the account to be opened.
- YOUSUF Isam owned the Home Appliances store located in Sint Maarten.
- Later, YOUSUF Isam introduced his uncle, YOUSUF Fathi, who was accompanied by his son-in-law, HAMED Waleed.
- Over the years, he had prepared reports pointing out the unusual manner in which the various bank accounts were operated.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. because there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.

**b) Liliane PAGE:**

Heard at our offices, Liliane PAGE declared that:

- She was in charge of the branches of the Banque Française Commerciale in the northern islands.
- The current manager of the Saint Martin branch of the Banque Française Commerciale is Christophe LASSUS-LALANE and his predecessor was Philippe ERB.
- She confirmed the statements made by Alexandre GUMBS.
- The Banque Française Commerciale had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040, the respective holders of which were YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. since there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.
- The BFC had decided to close these accounts in 2001 and 2002 since the banking commission had warned us that the holders might have been supporting terrorists.

**c) Christophe LASSUS LALANE:**

Heard at our offices, Christophe LASSUS LALANE declared that:

- He was the current manager of the Saint Martin branch of the Banque Française Commerciale and his predecessor was Philippe ERB.
- He confirmed the statements made by Liliane PAGE.

- The Banque Française Commerciale had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040, the respective holders of which were YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. since there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.
- Until 2001, the BFC sent our General Inspection Department a copy of the transactions which it considered suspicious.
- The BFC had decided to close these accounts in 2001 and 2002 since the banking commission had warned the BFC that the holders might have been supporting terrorists. Also, the BFC had noticed that the holders were not updating all their files and that there were tremendous differences between the substantial deposits and the balance sheets provided in 2002.
- In 1998 and 2001, the BFC had not received any response or request for information from T.R.A.C.F.I.N.

**d) Philippe ERB:**

Heard in our offices, Philippe ERB declared that:

- He was the manager of the Saint Martin branch of the Banque Française Commerciale from 1993 to 1997.
- He confirmed the statements by Liliane PAGE and Mr. LASSUS LALANE, the current manager of the Saint Martin branch of the BFC.
- The Banque Française Commerciale had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040, the respective holders of which were YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation.
- YOUSUF Fathi had said that he owned supermarkets on the Islands of St. Croix and St. Thomas (U.S. Virgin Islands).
- There was no safe at the Saint Martin branch of the BFC.
- More specifically, the main counter looked after customers or security guards who came to deposit substantial amounts of money.
- It was also possible to deposit cash at night through the night deposit system.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. since there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.
- Accompanied by Mr. GUMBS, he had met with two officers from these companies but he did not remember who they were and would have been unable to recognize them if they were shown to him.
- He helped the police by providing them with all the information they asked for.



Identities of individuals and companies:

**YOUSUF Isam.**

YOUSUF Isam, living at Pondfill, 12 Cannegeter Road, Philipsburg, Sint Maarten, an American national.

ISAM MOHAMAD YOUSUF, born in Jordan on February 20, 1952.

YOUSUF Isam Mohamad held ID card No. 31570 issued by Sint Maarten on September 27, 1999.

YOUSUF Isam Mohamad also held an American passport issued on September 11, 1986.

**Sixteen Plus Corporation,** St. Thomas, Tel.: 809 775 5646 (account No. 058 00039411 with the Bank of Nova Scotia, Sunny Isle Branch, P.O. Box 773, St. Croix, US.

ISAM YOUSUF was also domiciled at Garden Street, Amman, Jordan (account No. 0250317114200 with the Cairo Amman Bank, Jordan, swift code CAAB JO AM).

**HAMED Waleed Mohammad,** born on January 22, 1962 in Jordan, is an American national and the holder of passport No. 043576417 issued on September 8, 1992.

**Hamdam Diamond Corporation**

The manager of Hamdam Diamond Corporation was Fathi Yusuf MOHAMAD YUSUF, the holder of American passport No. 043377662 issued on February 10, 1992 in Miami.

The head office of HAMDAM DIAMOND CORPORATION is P.O. BOX 174, Airport Road, The Valley Anguilla (off-shore company), and its officer is YUSUF FATHI MOHAMAD born on 04/15/1941.

**MOHAMAD YUSUF Fathi Yusuf,** born on April 15, 1941 in Jordan.

**HAMED WALEED MOHAMMAD,** born on January 22, 1962 in Jordan.

**AHMAD YOUSEF MOHAMMED YOUSSEF,** holder of account No. 0252017010100 at the Cairo Amman Bank, Garden Branch, Jordan.

**ATEF KHALIL AL ASWAD,** holder of account No. 0213732560301 in Kuwait.

**RIAD AHMAD ATTAR.**

**ACA HADWARE CORPORATION,** the head office of which is in the State of Illinois, USA.

Liteline Electrical N.V., the head office of which is in Sint Maarten and the agents of which are EL-YOUSEL Yousef, Ahmad and AL-YOUSEF Ghassan, Almad.

Ted Door Spéciality, the head office of which is in Sint Maarten and the agent of which is SALEH Yacoub Yousef

**Middle East Group N.V.** (trade name: Ace Home Center), the agents of which are YOUSEF Ahmad, El Yousef and GHASSAN A AL-YOUSEF.

**Middle East Group N.V.** (trade name: Penguin Air Condition), the agents of which are EL-YOUSEF Yousef Almad and GHASSAN A AL-Yousef.

Note that the report of a banking commission which conducted a control of the Saint Martin branch of the Banque Française Commerciale in 2001 said that: [Translation]  
"Parliamentary report No. 2311 dated October 10, 2001 mentions a company named "Middle East International Group" domiciled in Switzerland (52 Bahnhof-Strasse, Zurich), the officer of which was Hassan Bin Laden, the brother of Osama Ben Laden".

**Read and sent  
The Police Commanding Officer  
The Branch Chief**

MINISTÈRE DE L'INTÉRIEUR

RÉPUBLIQUE FRANÇAISE

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

DIRECTION CENTRALE  
DE LA POLICE JUDICIAIRE

WFST INDIES-GUYANA  
SERVICE RÉGIONAL  
DE POLICE JUDICIAIRE

Saint Martin, May 14, 2003

Saint Martin Saint Barth Branch  
Tel 05 90 29 08 40  
Fax 05 90 29 20 24

**Police Lieutenant Sylvain NICOLAS**

to

**The DIRECTOR of the West Indies-Guyana SRPJ**

Under cover of the chain of command

**RE:** Money laundering, financing of terrorist activities, offences under legislation respecting illicit drugs and foreigners.

**MATTER:** Against YUSUF Fathi et al

**REFERENCES:** Requests for assistance from the U.S. Department of Justice. Instructions from the Crown Prosecutor for the *Tribunal de Grande Instance de Basse-Terre*.

**ATTACHMENTS:** Procedure No. 2002/078 including the original and a true copy of 48 reports and 37 exhibits.

I am pleased to send you the attached procedure, prepared according to your instructions by the Saint Martin Judicial Police Branch in connection with the above referred-to matter:

HAMD685714

A

## THE FACTS

On January 23, 2002, Mary Ellen Warlow, Director, Office of International Affairs, U.S. Department of Justice, sent France a request for assistance in connection with an investigation conducted into FATHI YUSUF and consorts.

The American judicial authorities were conducting an investigation to determine whether Fathi YUSUF and his accomplices were trafficking U.S. currency, laundering profits from illegal drug trafficking and trafficking illegal immigrants.

Also, the persons committing these offences, who might be supporting terrorist activities, had opened several bank accounts with the Saint Martin branch of the Banque Française Commerciale.

The American authorities asked for the following:

- copies of all documents from the Banque Française Commerciale (B.F.C.) regarding accounts No. 40606387790, 40606387890 and 40606388790.
- copies of all accounts with the Banque Française Commerciale opened by Waheed Mohmad Hamed, Fathi Yusuf, Waleed Mohamad Hamed and the companies Hamdam Diamond Corporation and Plaza Extra Supermarkets.
- copies of all documents authorizing the opening of the aforementioned accounts.
- testimony by bank employees or any other person of interest to the ongoing investigation.
- from the French police, proof that the subsequent transfers had taken place between the U.S. Virgin Islands, Saint Martin and Jordan.

## THE INVESTIGATION

Our investigations and hearings allowed us to determine that:

### **1/ WITH RESPECT TO THE BANK ACCOUNTS OPENED:**

The different bank requisitions sent to the Saint Martin branch of the Banque Française Commerciale (BFC) allowed us to determine that:



- **Euro account No. 60201869000** was opened in the name of YOUSUF Isam (trade name: Island Appliances) on February 13, 1995.

The attached documents were:

-the signature card for accounts No. 63541(dollars) and 20186 (francs) opened on February 13, 1995.

-a copy of the passport of ISAM MOHAMAD YOUSUF born on February 20, 1952 in Jordan.

-a copy of a portfolio transfer sheet (accounts No. 60201869000: YOUSUF ISAM and No. 6063541 9040: "Island Appliances").

-a copy of a transfer order dated February 13, 1997 for an amount of \$2,000,000 from account No. 406063541/90 from ISAM YOUSUF in favor of Sixteen Plus Corporation, St. Thomas, Tel.: 809 775 5646 (account No. 058 00039411, drawn on the Bank of Nova Scotia, Sunny Isle Branch, P.O. Box 773, St. Croix, US).

-a copy of a transfer order dated March 11, 2002 in an amount of \$25,000 (USD) from account No. 40606354190 from Island Appliances in favor of ISAM YOUSUF residing on Garden Street, Amman, Jordan (account No. 0250317114200 drawn on the Cairo Amman Bank (Jordan), swift code: CAAB JO AM).

-a copy of a cancelled transfer order dated 10/07/1998 from ISAM Yousuf in favor of AYED YOUSEF (amount: \$300,000 (USD)).

-various documents (statement of account information, information about accounts No. 6020186, 0107026 and 6021266 and various correspondence).

-handwritten correspondence from Alexandre GUMBS dated July 22, 1996 regarding accounts No. 60 63877, 60 63541, 63878 and 60 63830.

Note that this account was not used very extensively and was closed on March 22, 2002.

- **Dollar account No. 60635419040** was opened in the name of YOUSUF Isam (trade name: Island Appliances) on February 13, 1995:

The attached documents were:

-ID card No. 31570 issued by Sint Maarten on September 27, 1999 in the name of YOUSUF Isam Mohamad.

-a U.S. passport issued on September 11, 1986 in the name of YOUSUF Isam Mohamad.

-Account statements mentioning several large cash transfers:

\*this account was credited \$8,782,962 (USD) on 04/19/2002.

\*this account was debited \$8,859,094 (USD) on 04/19/2002.

-Various documents relating to term account No. 40 60 63541 91 held by YOUSUF ISSA ISLAND APPLIANCE,

12 Canegeter Road Pondfill, Philipsburg, 99 000 Sint Maarten drawn on the Banque Française Commerciale.

This account was closed on March 27, 2002.

- **Dollar account No. 60638779040** was opened in the name of YUSUF Fathi on June 10, 1996.

The account agents were YOUSUF Fathi and HAMED Waleed.

This account was closed on September 4, 2000.

- **Dollar account No. 60638789040** was opened in the name of HAMED Waleed on June 10, 1996.

The attached documents were:

-a copy of passport No. 043576417 issued on September 8, 1992 in the name of HAMED Waleed Mohammad born on January 22, 1962 in Jordan, an American national.

-a copy of the signature card indicating that the agents for this account were HAMED Waleed and YOUSUF Fathi.

- statements (Exhibit 9) for account No. 40606387890 held by HAMED Waleed.

This account was credited with several cash deposits.

- **Dollar account No. 60638879040** was opened in the name of Hamdam Diamond Corporation on June 26, 1996. (Exhibit 8).

The attached documents were:

-a copy of the signature card indicating that the agents for this account were YOUSUF Fathi, HAMED Waleed and ISAM Mohamad, Yousuf. The manager of Hamdam Diamond Corporation was Fathi Yusuf MOHAMAD YUSUF.

-a copy of U.S. passport No. 043377662 issued on February 10, 1992 in Miami in the name of Fathi Yusuf MOHAMAD YUSUF.

-five documents relating to contracts between the BFC bank and YUSUF FATHI, the off-shore company HAMDAM DIAMOND CORPORATION, HAMED WALEED (manager of the Plaza Extra Supermarket) and the Dutch company TED DOOR SPECIALITY.

-a copy of the U.S. passports for MOHAMAD YUSUF Fathi Yusuf born on April 15, 1941 in Jordan, HAMED WALEED MOHAMMAD born on January 22, 1962 in Jordan, and ISAM MOHAMAD YOUSUF born on February 20, 1952 in Jordan.

-various correspondence (correspondence from HWANG Antoine addressed to Mr. FAURE (BFC General Inspection Department) dated August 24, 2000 stating that he had been asked by client Walled HAMED personally (40606387890) and on behalf of Hamdam Diamond Corporation (40 606388790) to transfer respectively US\$1,100.00 (*sic*) and US\$1,173,000 to Cairo Amman Bank in Amman, Jordan (a copy of three cheques payable to Walled Hamed drawn on the Banque Française Commerciale, held by Hamdam Diamond Corporation, YUSUF FATHI

and Hamed Waleed. These cheques dated August 11, 1996 are for amounts of US\$2,000,000, US\$400,000 and US\$400,000 respectively).

-a handwritten note by Mr. GUMBS commenting on the opening of the account.

-a copy of the statements for account No. 40 60 63887 90 with the Banque Française Commerciale held by Hamdam Diamond Corporation, 12 Cannegieter Road, Sint Maarten c/o ISAM YOUSUF for the period from June 26, 1996 to April 19, 2002.

Several cash deposits were credited to this account.

This account was closed on February 5, 2002.

- **Euro account No. 60193579000** opened in the name of the company "Liteline Electrical N.V." in April 1994 and having as agents EL-YOUSEL Yousef, Ahmad and AL-YOUSEF Ghassan, Almad. This account was closed on June 11, 2002
- **Dollar account No. 60633639040** opened in the name of the company Liteline Electrical N.V. on April 20, 1994. This account was closed on June 11, 2002.
- **Franc account No. 60209679000** opened in the name of the company "Ted Door Spéciality" on March 25, 1997 and having as agent SALEH Yacoub Yousef. This account was closed on December 16, 1999.
- **Dollar account No. 60638309040** opened in the name of the company "Ted Door Speciality" on April, 16 1996 and having as agent SALEH Yacoub Yousef. This account was closed on December 16, 1999.
- **Franc account No. 60224869000** opened in the name of the company "Middle East Group N.V." (trade name: Ace Home Center) on February 16, 1998 and having as agents YOUSEF Ahmad, El Yousef and GHASSAN A AL-YOUSEF. This account was closed on October 2, 2000.
- **Dollar account No. 60643529040** opened in the name of the company "Middle East Group N.V." (trade name: Ace home Center) on February 16, 1996 and having as agents YOUSEF Ahmad El Yousef and GHASSAN A Al-Yousef. This account was closed on September 15, 2000.
- **Euro account No. 60226719000** opened in the name of the company Middle East Group N.V. (trade name: Penguin Air Condition)

on April 29, 1998 and having as agents EL-YOUSEF Yousef Almad and GHASSAN A AL-Yousef.

This account was closed on April 18, 2002.

- **Dollar account No. 60644129040** opened in the name of company "Middle East Group N.V." (trade name: Penguin Air Condition) on April 29, 1998 and having as agents EL-YOUSEF Yousef Almad and GHASSAN A AL-Yousef.

This account was closed on April 18, 2002.

## 2/ WITH RESPECT TO OUR FINDINGS;

The examination of the account statements and attached documents made it possible to determine that:

- The holders of the above-mentioned accounts are American nationals, although they were born in Jordan and Kuwait.
- Fathi YUSUF and his friends deposited several million dollars (USD) in accounts opened at the Banque Française Commerciale (BFC).

- These deposits, essentially consisting of cash deposits, seem out of proportion with the activities of Hamdam Diamond Corporation (an off-shore company registered in Anguilla and run by Mohamad Fathi Yusuf), Middle East Group N.V. (a company set up in Sint Maarten which is run by Youssef Hamad El Youssef and Ghassan Ahmad Mohammed Al Youssef), Island Appliances N.V. (a company set up in Sint Maarten).

- Many transfers were made in favor of bank accounts located in Jordan, Kuwait and the United States:

- x - Hamed Waleed Mohamed, holder of account No. 60 63878.90, transferred several million dollars to his bank account with Cairo Ammam Bank in Jordan.
- x - Hamdam Diamond Corporation, the holder of account No. 60 63887 90, transferred in favor of Hamed Waleed Mohamed over three million dollars to his bank account with Cairo Ammam Bank in Jordan.
- Isam Mohamad Youssuf, holder of account No. 6063541 90, transferred to his account with Cairo Ammam Bank in Jordan
- 5 (\$1,400,000 in 1996) in favor of Sixteen Plus Corporation in the U.S. Virgin Islands which has an account with [the Bank of] Nova Scotia
- 6 (\$2,000,000 dollars in 1997), in favor of Mohamad Abdel Qader Hamed, holder of a bank account with the Arab Bank in Israel (\$220,000 in 1998) and in favor of Ayed Youssef, holder of an account with Winward Island Bank in Sint Maarten.



- Al Yousef Sami Al Yousef, holder of account No. 60 64137.90, transferred over \$660,000 in favor of Ahmad Yousef Mohamad (holder of an account with Cairo Ammam Bank in Jordan).
  - Middle East Group N.V., holder of account No. 606441290, transferred a large sum of money in favor of Hamad Youssef Mohammad, Atef Khalil Al Aswad, Riad Ahmad Attar and Aca Hardware Corporation, the head office of which is in Illinois (United States).
- Yusuf Fathi and members of his family run United Corporation registered on the Island of St. Croix (U.S. Virgin Islands), under the trade name "Plaza Extra".
  - In September 2001, Yusuf Fathi was found guilty by U.S. courts of having employed foreigners in an irregular situation.
  - The American judicial authorities were noticing significant differences between the actual activity of supermarkets run by Yusuf Fathi and the very large cash deposits made to accounts opened with the Bank of Nova Scotia. During a search and seizure carried out in the supermarkets and at the homes of Yusuf Fathi and his sons, the Federal Bureau of Investigation (FBI) seized documents mentioning the opening of several accounts with the Saint Martin branch of the Banque Française Commerciale.
  - Investigations conducted by the FICOPA cell regarding YUSUF Fathi, WALEED Mohammad Hamed, Hamdam Diamond Corporation and United Corporation were remaining unsuccessful.

### **3) WITH RESPECT TO THE TESTIMONY**

Several employees of the Banque Française Commerciale branch testified:

#### **a) Alexandre GUMBS:**

Heard at the border police offices at Saint Barthélemy, Alexandre GUMBS declared that:

- From 1994 to December 1999, he was a business adviser at the Marigot branch of the Banque Française Commerciale in Saint Martin.
- He had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040 held by YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation respectively.

- He had been contacted in 1994 by YOUSUF Isam, who wanted to open an account with the BFC.
- He had prepared and sent a report to management on the potential clients and management would allow or not allow the account to be opened.
- YOUSUF Isam owned the Home Appliances store located in Sint Maarten.
- Later, YOUSUF Isam introduced his uncle, YOUSUF Fathi, who was accompanied by his son-in-law, HAMED Waleed.
- Over the years, he had prepared reports pointing out the unusual manner in which the various bank accounts were operated.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. because there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.

**b) Liliane PAGE:**

Heard at our offices, Liliane PAGE declared that:

- She was in charge of the branches of the Banque Française Commerciale in the northern islands.
- The current manager of the Saint Martin branch of the Banque Française Commerciale is Christophe LASSUS-LALANE and his predecessor was Philippe ERB.
- She confirmed the statements made by Alexandre GUMBS.
- The Banque Française Commerciale had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040, the respective holders of which were YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. since there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.
- The BFC had decided to close these accounts in 2001 and 2002 since the banking commission had warned us that the holders might have been supporting terrorists.

**c) Christophe LASSUS LALANE:**

Heard at our offices, Christophe LASSUS LALANE declared that:

- He was the current manager of the Saint Martin branch of the Banque Française Commerciale and his predecessor was Philippe ERB.
- He confirmed the statements made by Liliane PAGE.

- The Banque Française Commerciale had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040, the respective holders of which were YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation.
- Several suspicious activity reports were sent to T.R.A.C.F.I.N. since there was no logical explanation for these movements of money between the Virgin Islands, Jordan and Saint Martin.
- Until 2001, the BFC sent our General Inspection Department a copy of the transactions which it considered suspicious.
- The BFC had decided to close these accounts in 2001 and 2002 since the banking commission had warned the BFC that the holders might have been supporting terrorists. Also, the BFC had noticed that the holders were not updating all their files and that there were tremendous differences between the substantial deposits and the balance sheets provided in 2002.
- In 1998 and 2001, the BFC had not received any response or request for information from T.R.A.C.F.I.N.

**d) Philippe ERB:**

Heard in our offices, Philippe ERB declared that:

- He was the manager of the Saint Martin branch of the Banque Française Commerciale from 1993 to 1997.
- He confirmed the statements by Liliane PAGE and Mr. LASSUS LALANE, the current manager of the Saint Martin branch of the BFC.
- The Banque Française Commerciale had opened accounts No. 60201869000, 60635419040, 60638779040, 60638789040 and 60638879040, the respective holders of which were YOUSUF Isam (euro and dollar account), YOUSUF Fathi, HAMED Waleed and Hamdam Diamond Corporation.
- YOUSUF Fathi had said that he owned supermarkets on the Islands of St. Croix and St. Thomas (U.S. Virgin Islands).
- There was no safe at the Saint Martin branch of the BFC.
- More specifically, the main counter looked after customers or security guards who came to deposit substantial amounts of money.
- It was also possible to deposit cash at night through the night deposit system.
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- Accompanied by Mr. GUMBS, he had met with two officers from these companies but he did not remember who they were and would have been unable to recognize them if they were shown to him.
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Identities of individuals and companies:

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YOUSUF Isam, living at Pondfill, 12 Cannegeter Road, Philipsburg, Sint Maarten, an American national.

ISAM MOHAMAD YOUSUF, born in Jordan on February 20, 1952.

YOUSUF Isam Mohamad held ID card No. 31570 issued by Sint Maarten on September 27, 1999.

YOUSUF Isam Mohamad also held an American passport issued on September 11, 1986.

**Sixteen Plus Corporation**, St. Thomas, Tel.: 809 775 5646 (account No. 058 00039411 with the Bank of Nova Scotia, Sunny Isle Branch, P.O. Box 773, St. Croix, US.

ISAM YOUSUF was also domiciled at Garden Street, Amman, Jordan (account No. 0250317114200 with the Cairo Amman Bank, Jordan, swift code CAAB JO AM).

**HAMED Waleed Mohammad**, born on January 22, 1962 in Jordan, is an American national and the holder of passport No. 043576417 issued on September 8, 1992.

**Hamdam Diamond Corporation**

The manager of Hamdam Diamond Corporation was Fathi Yusuf MOHAMAD YUSUF, the holder of American passport No. 043377662 issued on February 10, 1992 in Miami.

The head office of HAMDAM DIAMOND CORPORATION is P.O. BOX 174, Airport Road, The Valley Anguilla (off-shore company), and its officer is YUSUF FATHI MOHAMAD born on 04/15/1941.

**MOHAMAD YUSUF Fathi Yusuf**, born on April 15, 1941 in Jordan.

**HAMED WALEED MOHAMMAD**, born on January 22, 1962 in Jordan.

**AHMAD YOUSEF MOHAMMED YOUSSEF**, holder of account No. 0252017010100 at the Cairo Amman Bank, Garden Branch, Jordan.

**ATEF KHALIL AL ASWAD**, holder of account No. 0213732560301 in Kuwait.

**RIAD AHMAD ATTAR.**

**ACA HADWARE CORPORATION**, the head office of which is in the State of Illinois, USA.



**Liteline Electrical N.V.**, the head office of which is in Sint Maarten and the agents of which are EL-YOUSEL Yousef, Ahmad and AL-YOUSEF Ghassan, Almad.

**Ted Door Spéciality**, the head office of which is in Sint Maarten and the agent of which is SALEH Yacoub Yousef

**Middle East Group N.V.** (trade name: Ace Home Center), the agents of which are YOUSEF Ahmad, El Yousef and GHASSAN A AL-YOUSEF.

**Middle East Group N.V.** (trade name: Penguin Air Condition), the agents of which are EL-YOUSEF Yousef Almad and GHASSAN A AL-Yousef.

Note that the report of a banking commission which conducted a control of the Saint Martin branch of the Banque Française Commerciale in 2001 said that: [Translation]  
"Parliamentary report No. 2311 dated October 10, 2001 mentions a company named "Middle East International Group" domiciled in Switzerland (52 Bahnhof-Strasse, Zurich), the officer of which was Hassan Bin Laden, the brother of Osama Ben Laden".

**Read and sent  
The Police Commanding Officer  
The Branch Chief**

MINISTÈRE DE L'INTÉRIEUR

RÉPUBLIQUE FRANÇAISE

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

DIRECTION CENTRALE  
DE LA POLICE JUDICIAIRE

WEST INDIES-GUYANA  
DIRECTION INTERRÉGIONALE  
DE POLICE JUDICIAIRE

Saint Martin, July 22, 2004

Saint Martin Saint Barth Branch  
Tel 05 90 29 08 40  
Fax 05 90 29 20 24

Police Lieutenant Sylvain NICOLAS  
to

The DIRECTOR of the West Indies-Guyana D.I.PJ

Under cover of the chain of command

**RE:** Money laundering, financing of terrorist activities, offences under legislation respecting illicit drugs and foreigners.

**MATTER:** Against YUSUF Fathi et al

**REFERENCES:** Order of discovery No. 02/36.B.801 issued on February 13, 2004 by the Crown Prosecutor for the *T.G.I. de Basse-Terre*. Procedures No. 2002/078 and 2004/007

**ATTACHMENTS:** Procedure 2004/007/ter including 10 reports, procedure No. 2004/007/bis and the initial procedure.

I am pleased to send you the attached procedure, prepared according to your instructions by the civil servants of the Saint Martin Judicial Police Branch in connection with the above referred-to matter:

e-1 ✓

HAMD685725

## THE FACTS

On February 13, 2004, the Crown Prosecutor for the *Tribunal de Grande Instance de Basse-Terre* sent us an order of discovery in which he instructed us to:

- Execute the international rogatory commission—dated November 4, 2003—issued by the U.S. judicial authorities, as previously requested in his order of discovery sent on January 7, 2004.
- Confirm, before sending him the procedure, the complete execution of this judicial mandate (that all documents requested form part of the procedure and be duly authenticated as required – models attached).
- Keep him informed, by telephone, before sending the said procedure, which had to be expedited.

On April 20, 2004, Mr. PETRI, special agent with the Federal Bureau of Investigation (F.B.I.) presented a new request for assistance to Mr. QUINCY, Crown Prosecutor. The purpose of that request was to have the attached documents identified by the manager of the Banque Française Commerciale (B.F.C.).

### WITH RESPECT TO THE EXECUTION OF THE INTERNATIONAL ROGATORY COMMISSION:

Upon receipt of the instructions from Mr. QUINCY, a requisition was sent to the Manager of the Saint Martin branch of the Banque Française Commerciale.

After several follow-ups and the intervention of the Banque Française Commerciale Inspection Department, Eric SAMAR, in charge of the Operations Department for the northern islands of the Banque Française Commerciale, gave us most of the requested documents as well as an attestation of the authenticity of the documents handed over.

All the said documents and the attestation of authenticity were described and attached to this procedure.

However, Mr. E. SAMAR pointed out that some of the requested documents (listed in a report) had not been found by bank employees despite extensive searches in the archives.

**WITH RESPECT TO THE EXECUTION OF THE NEW  
REQUEST FOR ASSISTANCE:**

On April 20, 2004, Eric SAMAR gave us the *Certification of Business Records* regarding the documents submitted by the American authorities and issued by the Banque Française Commerciale.

That attestation was attached to this procedure.

Duly informed, the Crown Prosecutor for the *Tribunal de Grande Instance de Basse-Terre* asked us to prepare this report and send him this procedure as expeditiously as possible.

**The Police Lieutenant**

**Read and sent  
The Police Commanding Officer  
The Branch Chief**

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MINISTÈRE DE L'INTÉRIEUR

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

West Indies-Guyana DIPJ  
Saint Martin Judicial Police  
Branch

Report No. 2004/007/ter/7

MATTER

Against YUSUF Fathi et al

Money laundering,  
financing of terrorist activities,  
O.L.I.D., O.L.F.

REGARDING

Preliminary Investigation

Visit to the B.F.C.  
Handing over of documents.

The year two thousand and four  
The first of July at three o'clock p.m.

WE: Sylvain NICOLAS  
Police Lieutenant  
Serving at the Saint Martin Judicial Police  
Branch

- Judicial Police Officer residing in Saint Martin, \_\_\_\_\_
- Being at the head office of our department, \_\_\_\_\_
- Given articles 75 and following of the *Code de Procédure Pénale*, \_\_\_\_\_
- Pursuing the preliminary investigation \_\_\_\_\_
- Visit the head office of the Saint Martin branch of the Banque Française Commerciale located at Bellevue/Marigot, Saint Martin \_\_\_\_\_
- Where, at the time first hereinabove indicated, \_\_\_\_\_
- Meet with Mr. E. SAMAR, in charge of the Operations Department for the northern islands of the Banque Française Commerciale, who gives us a copy of:
  - correspondence dated September 12, 1996 from Fathi YUSUF to Alexandre GUMBS, customer adviser for the Banque Française Commerciale regarding two cheques No. 3633441 (US\$400,000) and 3633491 (US\$2,000,000).
    - cheque No. 36 33 491 in an amount of two million dollars (\$2,000,000) drawn by Hamdam Diamond Corporation and payable to Waleed Hamed.
    - cheque No. 36 33 441 in an amount of four hundred thousand dollars (\$400,000) drawn by YUSUF FATHI and payable to Waleed Hamed.
    - a transfer request dated 08/24/1990 from Hamdam Diamond Corporation (account No. 40606388790) payable to Waleed Mohammed Hamed in an amount of one million one hundred seventy-three thousand dollars (\$1,173,000).
    - a notice relating to the above-mentioned transfer.
  - a cash deposit in the amount of fifty thousand dollars (\$50,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/11/2000.
  - a cash deposit in an amount of sixty-five thousand dollars (\$65,000) on account No. 60638879040 opened with the BFC in the name of Hamdam Diamond Corporation dated 01/18/2000.
  - a cash deposit in an amount of ninety thousand dollars (\$90,000) on account No. 60638879040 opened with the BFC in the name of Hamdam Diamond Corporation dated 01/17/2000.

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- a cash deposit in an amount of seventy-five thousand dollars (\$75,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/14/2000.

- a cash deposit in an amount of seventy thousand dollars (\$70,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/11/2000.

- a cash deposit in an amount of eighty thousand dollars (\$80,000) on account No. 60638879040 opened at the BFC in the name of Hamdam Diamond Corporation dated 01/13/2000.

-a transfer request dated 05/14/1998 from ISAM YOUSUF (account No. 40606354190) to Fathi YUSUF for an amount of fifty thousand dollars (\$50,000). (Note that this document was not requested as part of this judicial requisition.)

-a debit note regarding a transfer in favour of FATHI YUSUF on 05/15/1998 in an amount of \$50,000 from account No. 40 606354190 (Yousuf Issa Island Appliance).

-a credit note for the account of YUSUF FATHI in an amount of \$50,000 from Isam Yousuf.

-a cheque dated August 11, 1996 in an amount of four hundred thousand dollars (\$400,000) drawn by M. Hamed Waleed and payable to Waleed Hamed.

-a request for a bank draft by Hamdam Diamond Corporation (account No. 6388790) dated 02/13/1997 in an amount of one hundred thousand dollars (\$100,000) payable to Waleed Hamed.

-a receipt relating to the issuance of the above-mentioned bank draft.

-the above-mentioned bank draft

-a request for a bank draft from Hamed Waleed (account No. 6387890) dated 02/13/1997 in an amount of three hundred fifty thousand dollars (\$350,000) payable to Waleed Hamed.

-a receipt relating to the issuance of the above-mentioned bank draft

-the above-mentioned bank draft.

-a request for a bank draft from Waleed Hamed (account No. 606387890) dated 01/24/19997 (sic) in an amount of one hundred thousand dollars (\$100,000) payable to YOUSUF FATHI.

-a receipt relating to the issuance of the above-mentioned bank draft.

- the above-mentioned bank draft.

-- Note that Mr. E. SAMAR said that, despite extensive searches, the documents described below were not found by the employees of the Banque Française Commerciale:

-cash deposit of \$250,000 dollars dated 01/08/1996.

-cancelled cheque No. 3633492 in an amount of \$100,000 dated 10/23/1996.

- cancelled cheque No. 3633493 in an amount of \$150,000 dated 04/21/1998.

-cancelled cheque to Hamdam Diamond Corporation dated 02/01/2002.

-cash deposit note in an amount of \$50,000 (deposit receipt) dated July 16, 1998.

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-cheque No. 3633441 in an amount of \$400,000  
dated 04/28/1998.

- cash deposit note in an amount of \$50,000  
(deposit receipt) dated 07/16/1996.

-cheque No. 3633467 in an amount of \$100,000  
dated 10/22/1996

-cheque No. 3633469 in an amount of \$75,000.

-- Lastly, note that Mr. SAMAR gave us a *Certification of Business  
Records* for the business records relating to the above-mentioned  
documents \_\_\_\_\_

-- Certify and attach all the said documents hereto, \_\_\_\_\_

-- Recorded, \_\_\_\_\_

The Police Lieutenant

MINISTÈRE DE L'INTÉRIEUR  
DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

West Indies-Guyana DIPJ  
Saint Martin Judicial Police  
Branch

Report No. 2004/007/ter/01

MATTER

Against YUSUF Fathi et al

Money laundering,  
financing of terrorist activities,  
O.L.I.D., O.L.F.

REGARDING

Preliminary investigation

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The year two thousand and four  
The fifteenth of March at eight o'clock a.m.

**WE:** Sylvain NICOLAS  
Police Lieutenant  
Serving at the Saint Martin Judicial Police  
Branch

-- Judicial Police Officer residing in Saint Martin, \_\_\_\_\_  
-- Being at the head office of our department, \_\_\_\_\_  
-- Acting in accordance with the instructions of the Divisional  
Commissioner, Director of the West Indies-Guyana D.I.PJ, \_\_\_\_\_  
-- Declare having received from the Crown Prosecutor for Basse-  
Terre a memo bearing reference No. 02/36.B.801 dated  
02/13/2004 in which he gave us instructions to:

\*Execute the international rogatory commission—dated  
November 4, 2003—issued by the U.S. judicial authorities, as  
previously requested in his order of discovery sent on January  
7, 2004.

\*Confirm, before sending him the procedure, the  
complete execution of this judicial mandate (that all documents  
requested form part of the procedure and be duly authenticated  
as required – models attached).

\*Keep him informed, by telephone, before sending the said  
procedure, which had to be done expeditiously.

-- Given articles 75 and following of the *Code de Procédure  
Pénale*, \_\_\_\_\_

-- Declare opening an investigation in preliminary form, of which  
this constitutes the initial document. \_\_\_\_\_

-- Recorded, \_\_\_\_\_

The Police Lieutenant



RÉPUBLIQUE FRANÇAISE

MINISTÈRE DE L'INTÉRIEUR

DIRECTION GÉNÉRALE  
DE LA POLICE NATIONALE

West Indies-Guyana DIPJ  
Saint Martin Judicial Police  
Branch

Report No. 2004/007/ter/02

MATTER

Against YUSUF Fathi et al

Money laundering,  
financing of terrorist activities,  
O.L.I.D., O.L.F.

REGARDING

Preliminary investigation

Attachment of the requisition  
addressed to the Banque Française  
Commerciale.

**REPORT**

The year two thousand and four  
The fifteenth of March at eight thirty a.m.

WE: Sylvain NICOLAS  
Police Lieutenant  
Serving at the Saint Martin Judicial Police  
Branch

- Judicial Police Officer residing in Saint Martin, \_\_\_\_\_
- Being at the head office of our department, \_\_\_\_\_
- Given articles 75 and following of the *Code de Procédure Pénale*, \_\_\_\_\_
- Pursuing the preliminary investigation \_\_\_\_\_
- Refer to and attach hereto the requisition addressed to the branch of the Banque Française Commerciale located in Bellevue/Marigot, Saint Martin, \_\_\_\_\_
- Recorded, \_\_\_\_\_

The Police Lieutenant

HAMD685732



# BANKING COMMISSION

## INSPECTION REPORT

**FRENCH COMMERCIAL BANK  
WEST INDIES-GUYANA  
Saint Martin branch**

Investigation into the application of the provisions respecting the blocking of funds and other financial resources taken against the Afghanistan Taliban as well as other financial relationships with certain persons or entities

Examination of local action to prevent the use of proceeds of crime (money laundering)

**THIS REPORT IS STRICTLY CONFIDENTIAL**  
It must not be even partially disclosed under any circumstances.

Head of Investigation

P.L. CHATAIN

Date signed: January 11, 2002

HAMD685734

**FRENCH COMMERCIAL BANK  
WEST INDIES-GUYANA  
Saint Martin**

Investigation into the application of the provisions respecting the blocking of funds and other financial resources taken against the Afghanistan Taliban as well as other financial relationships with certain persons or entities

Examination of local action to prevent the use of proceeds of crime (money laundering)

Address

PO Box 672 – Bellevue  
97057 SAINT-MARTIN CEDEX

Head Office

9 Quai du Président Paul Doumer  
92400 COURBEVOIE

CIB: 18729 – CRB: 130

Investigation conducted by:

Pierre-Laurent CHATAIN  
*Banque de France inspector*

Investigation dates:

- start: November 5, 2001
- end: November 16, 2001
- signed: January 11, 2002

Investigation No.: 2001-116AV



## OVERVIEW

The investigation reported herein took place at the branch of the *Banque Française Commerciale Antilles-Guyane* on the Island of Saint Martin (Guadeloupe) from November 5 to 8 and 13 to 16, 2001.

The purpose of the investigation was twofold:

- ensure the proper application of the provisions respecting the blocking of funds and other financial resources taken against the Afghanistan Taliban, and in particular with respect to European Union Council Regulations No. 467/2001 and 1354/2001 and the Order-in-Council of the French Government No. 2001/875 of September 25, 2001, completed by the Order-in-Council dated October 13, 2001;
- examine local action taken to prevent the use of proceeds of crime (money laundering).

For the first portion of the investigation, our work consisted of checking whether the lists of natural or legal persons which might be associated with terrorist activities published in the above-mentioned texts were used extensively by the BFC-AG. A computer file created by the oversight team on location was also given to the establishment for processing in order to complete the research already begun by the Group<sup>1</sup>. Upon our return to Paris we also looked at additional computer controls on the Saint Martin customer file. The results of the various tests were negative with respect to the natural persons.

However, there is still some doubt surrounding the possible association between a legal person which holds an account, called MIDDLE EAST GROUP, headed by Messrs. El-Yousef Ahmad and Al-Yousef Ghassan, the name of which is almost identical to that mentioned in Report No. 2311 by the joint parliamentary task force on obstacles to the control and repression of financial crime and money laundering in Europe dated October 10, 2001: "Middle East International Group" (M.E.I.G.). According to the parliamentary task force, M.E.I.G. is part of the SAUDI BIN LADEN GROUP, although a connection with Oussama BEN LADEN was not established. Note that MIDDLE EAST GROUP was reported to Tracfin on October 3, 2001.

With respect to local anti-moneylaundering actions more specifically, investigations were conducted in areas considered sensitive - non-resident clients and especially off-shore companies, of which there are many among the customers of the BFC-AG. Other work was also performed on location by us (analysis of head office instructions regarding money laundering, examination of currency transactions carried out by third parties, monitoring of cash deposits, etc.). The results of this work led to a

<sup>1</sup> A file listing persons whose accounts should be blocked pursuant to European Regulations dated March 6, July 5 and October 11, 2001 as well as French Orders-in-Council dated September 26 and October 12, 2001.

very negative opinion of the quality of the money laundering actions, which seemed insufficient and poorly adapted to the nature of the risks incurred.

As these companies are domiciled in off-shore centres, the lack of information on parties involved in them, such as the directors, the lack of up-to-date legal and financial documentation in most files, and the shortfalls in overseeing certain transactions involving large sums of money, and in particular large cash transfers, constitute an offence under section L.563-1 and ff. of the *Code monétaire et financier* (COMEFI) respecting the supervisory obligations of financial organizations.

The same lack of care was observed in the files of customers other than off-shore companies. The mediocre documentation as well as insufficient oversight of transactions carried out by customers are particularly striking. Transactions involving large sums of money which do not seem to have any economic justification and which were particularly complex did not cause the bank to undertake any particular examination (cf. s. L. 563-3 of COMEFI). Furthermore, certain very suspicious transactions in terms of their origin or purpose were not brought to the attention of the authorities, or this was done late or the information reported was incomplete.

In all, the facts described in this report could constitute offences under sections L. 562-2, L. 563-1 and L. 563-3 of the above-mentioned *Code monétaire et financier* as well as sections 2, 5 and 6 of Regulation No. 97-02 of February 21, 1997 of the *Comité de la réglementation bancaire et financière*. These shortcomings demonstrate the need to reinstate operating and oversight rules adapted to the activity in question as soon as possible.

(signed)

Pierre-Laurent CHATAIN

Inspector with the *Banque de France*

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SUMMARY

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1. Presentation of economic context and position of Saint Martin

The BFC-AG carries on business in a very risky environment. According to local authorities, the Island of St. Martin constitutes a potential destination for the laundering of money from drug trafficking or proceeds of crime given the many cash transactions which occur and the Island's location. The following are some of the characteristics of Saint Martin:

- transactions – even ones involving significant amounts - are often carried out in cash by well-off, transient customers, essentially North Americans who are in the habit of paying cash. Also, cheques drawn on Paris banks are very rarely accepted because it takes too long to cash them. The use of flat money is also very well-established with many merchants who do not trust other forms of payment. As a result, multiple cash payments are made daily at the branch's bank machines<sup>2</sup>;
- the simultaneous circulation of the dollar and the franc means that many customers open two accounts in the branch's books—one in U.S. dollars and the other in French francs, which makes the transactions of their holders less transparent;
- the Island's tax system is ambiguous and Saint Martin constitutes a tax haven, especially for its non-resident clientele; in this regard, the tax authorities tolerate the payment of local taxes in dollars for French residents of Saint Martin;
- finally, a large number of the branch's customers who are domiciled in the Dutch part of the Island come from foreign, often far-away countries (China, India, South America) or carry on business through off-shore structures.

In all, in the opinion of the bank itself, money-laundering through the BFC-AG is a very real possibility<sup>3</sup>.

In terms of market share, the Saint Martin BFC-AG has the biggest share, followed by the Banque des Antilles Françaises, Crédit Mutuel and Inchauspé et Cie (cf. table below). The branch has two establishments—one south of Marigot which employs around fifty people (Bellevue) and the other to the north, which employs 3 agents (Howell Center).

Banks	DEPOSITS				JOBS			
	Non-res.	Residents	Total	Mkt. Share	Residents	Total	Total	Mkt. Share

<sup>2</sup> The group of northern islands - Saint Martin and Saint Barthélemy - is the place within the BFC-AG with the most activity in terms of transactions, and in particular currency transactions (Schedule 1 of the internal inspection report dated June 30, 2001, p. 3).

<sup>3</sup> Internal inspection report dated June 30, 2001, p. 3.



<b>BFC-AG</b>	25,035	60,485	85,520	46.7%	11,905	49,804	61,709	54.8%
<b>BDAF</b>	2,053	38,061	40,114	22%	13	29,449	29,462	26%
<b>Crédit Mutuel</b>	598	35,295	35,893	19.6%	25	13,125	13,150	11.6%
<b>Inchauspé</b>	3,544	17,836	21,380	11.7%	156	8,103	8,259	7.3%

Source: statistics from the Pointe-à-Pitre IEDOM as at December 31, 2000, in thousands of Euros

## 2. Handling of lists of accounts to be blocked or monitored

### Steps taken by the BFC-AG

Several initiatives were taken by the CAI Group following the events which took place in the United States on September 11, 2001. The chronology of its work may be summarized as follows (cf. Schedules 1 and 2).

On September 27<sup>th</sup>, the BFC-AG received from Crédit Agricole Indosuez five lists of names for which research was to be carried out to compare them to the bank's client base and discover any similarities. The five lists correspond to those published by French Republic Order-in-Council No. 2001-875 of September 25, 2001 and European Union Commission Regulation No. 1354 of July 4, 2001 (amending Regulation No. 467/2001). The lists drawn up by SICFIN and the FBI were also sent.

On September 28, 2001, the five above-mentioned lists were sent by mail and fax to the Group managers along with instructions from CAI.

On October 3<sup>rd</sup>, a general computer search was begun at the head office on the client base of the BFC-AG for similarities with three of the five files received (EU and SICFIN list in particular). **At this stage, no complete similarity was discovered.** On October 8<sup>th</sup>, the two files left to be checked were sent to the Computer Department for examination.

On October 11<sup>th</sup> the CAI's instructions (asking the subsidiaries to extend the research to the originators and beneficiaries of transactions executed by the bank) were sent to the Banking Services Department (head office Operations Department) along with the 5 above-mentioned lists. **None of the said tests revealed any anomaly.**

On Friday, October 19<sup>th</sup>, new research was begun on the client base following the publication of a new list of names by French Order-in-Council No. 2001-934 of October 12, 2001. **The results of this research were also negative.** However, we note that the official lists and the financial beneficiaries of the off-shore companies were not cross-checked.

In conjunction with these investigations, in October 2001 the CAI Group set up an "oversight committee" to discover possible relationships with customers who might belong to terrorist networks (cf. Schedule 3). That committee, which was chaired by the Vice-Chairman of the Board and included 7 qualified people, decided on the

conservatory or final measures involving customers who were potentially involved or for whom relevant necessary information was missing.

## 2.2 Complementary work

### 2.2.1 Identification of suspicious entities

We conducted a series of complementary computer tests using the Saint Martin BFC-AG's client base.

This work confirmed the presence, among the legal persons who were clients of the bank, of a company called "Middle East Group NV", which appeared suspicious.

That entity does not appear on the official lists published by the French government and the local authorities; the above-mentioned Oversight Committee limited itself to mentioning the name of Middle East in a summary document, referring to a Tracfin report on the entity submitted in October 2001 (Schedule 3 bis), without commenting further. However, Parliamentary Report No. 2311 dated October 10, 2001<sup>4</sup> mentions a company called "Middle East International Group" domiciled in Switzerland (52 Bahnhof-strasse, Zurich), the officer of which is a certain **Hassan BIN LADEN, the brother of Oussama Ben Laden** (cf. Schedule 4)<sup>5</sup>.

Our reading of the file opened at the BFC-AG branch on behalf of "Middle East Group NV" does not allow us to determine specifically whether it is the same body. However, the local bank manager indicated to the Inspector that, according to verbal information given to him, the Middle East Group company set up in Sint Maarten (the Dutch part of the island) has ties to organizations carrying on illegal activities.

In summary, the bank has in its portfolio customers who should be carefully monitored.

<sup>4</sup> Report by Messrs. Peillon and Montebourt, T. 1, Vol. 4, A.N.

<sup>5</sup> cf. Parliamentary Report, Schedule 4.

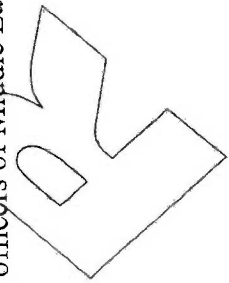
Identification of legal and natural persons referred to in this report and description of financial relationships (1)

YOUSUF ISAM GROUP		MIDDLE EAST GROUP	
Isam Mohamad Yousuf	American born in Jordan. Has run a furniture business, "Island Appliances", in Sint Maarten since 1986. Has two accounts at the bank (USD and FRF) which were opened in February 1995.	Middle East Group NV	Company set up in Sint Maarten under the business name "Ace Home Center" specialized in the import-export of various items (electrical appliances, building and chemical products, etc.). It is run by El-Yousef Yousef Ahmad and Al-Yousef Ghassan. A customer since 1997, the company has 4 USD and FRF accounts.
Mohamad Yusuf Fathi*	American born in Jordan. Owner of 2 supermarkets in the Virgin Islands, on St. Croix and St. Thomas, "Plaza Extra Supermarket". One of the stores is managed by his brother-in-law, Hamed Waleed. Yusuf Fathi has had a USD account since June 1996 (the mailing address is that of Yousuf Isam).	El-Yousef Yousef Ahmad	American born in Jordan. Officer of Ace Home Center and manager of "Liteline Electrical NV", another company which has also been a customer of the bank since 1994. El-Yousef held two personal accounts at the BFC-AG which were closed in 1996.
Hamdan (sic) Diamond Corp.	Off-shore company set up in Anguilla, holder of a USD account since June 1996. Mohamad Yusuf Fathi is its President. The mailing address is that of Yousuf Isam. Hamed Waleed is its agent.	Al-Yousef Ghassan	Runs Ace Home Center with El-Yousef Ahmad. He is the brother of Al-Yousef Sami (cf. infra). Does not have a personal account at the BFC-AG.
Hamed Waleed*	American born in Jordan. Manager of the supermarket belonging to his brother-in-law—Mohamad Yusuf Fathi—in St. Croix. Holder of a non-resident USD account since 1996 (the	Pinguin Air Conditional	Subsidiary of Middle East Group set up in Sint Maarten. Run by El-Yousef Yousef with Ghassan Al-Yousef as agent. The company has 2 FRF and USD accounts.

	<p>mailing address is that of Yousuf Isam). Received two large transfers in 1996 (US\$2.4M) in his account opened in Jordan (Cairo Amman Bank) from Yusuf Fathi and Hamdam Diamond.</p>	<p>Al-Yousef/Sami Hamed</p>	<p>This is the same person related to the Yusuf Isam group (see left column). He is allegedly the connection between this group and Middle East. Sami Al-Yousef is the brother of Ghassan Al-Yousef (above), who runs Middle East's commercial business (Ace Home Center). His USD and FRF accounts were closed in March 2001 after being very active. The person in question was the subject of a second report to Tracfin in October 2001.</p>
<p>Al-Yousef Sami Hamed</p>	<p>Jordanian born in Kuwait. An accountant for a Sint Maarten company (ALDI's Properties) related to the Yousuf Isam group. Holder of a USD account since June 1997. The account shows large movements of cash (over US\$7M between January 1999 and March 2001) in favour of parties with relations to Middle East: ACE Hardware Corp. and Ahmad Yousef Mohamad Yousef.</p>		
<p>Saleh Yacoub*</p>	<p>Owner of a hardware store in the Dutch zone (Ted Door Speciality NV). Opened an account in 1996.</p>		

\*cousins of Yousuf Isam

(1) A review of the file and the financial transactions does not allow us to establish the existence of direct financial relationships between the Yousuf Isam and Middle East groups; however, several transfers made by the two entities over the past few years involve common beneficiaries (Ace Hardware Corp. and Ahmad Yousef Mohamad Yousef, residing in Jordan). Also, another point in common between the two groups seems to be Sami Hamed Al-Yousef, former accountant for the Yousuf Isam group and the brother of one of the officers of Middle East.





## 2.2.2 History of the most significant transactions and steps taken by BFC-AG

At this point, it seems useful to describe how the various accounts of the suspect entities have been operated over the past few years, what their situation is today, and how the bank reacted to them.

### YOUSUF Isam Group

#### Island Appliance

Yousuf Isam is the owner in the Dutch zone of a business specialized in the sale of furniture called "Island Appliances". Two franc and dollar accounts were opened in February 1995 with the BFC-AG. Beginning in July 1996, the bank was intrigued by the very large cash transfers in the account of the party in question. However, the explanations provided by Mr. Isam were enough to appease the bank's concerns even though it does not have any accounting document allowing it to justify the fluctuations observed in the account given the stated business activity<sup>6</sup>. However, transactions which should have raised concerns are still taking place in the account without triggering the slightest reaction (cf. table infra). It was not until May 1998 that the bank made a suspicious transaction report to Tracfin (Schedule 5).

Noteworthy transactions observed in the account of YOUSUF Isam (Island Appliances)					
Account Nos.	Date	Transaction	Amount	Beneficiary	Inspector's comments
60.63541.90.40 USD	04-07/96	Cash deposit	US\$1.6M	Himself	
	1996	Transfer	US\$1.4M	Himself (Cairo Ammam Bank in Jordan)	<b>Information only brought to the attention of Tracfin in May 1998</b>
	01/97	Cash deposits	US\$1.5M	Himself	<b>These amounts were deposited in 10 consecutive transfers. At this point, at least a monitoring file should have been set up (s.</b>

<sup>6</sup> The file only contains one sheet dated December 1992 which merely mentions the total assets; it was only by letter dated July 16, 2001 that the BFC-AG asked for the usual accounting and financial documents for the first time.



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					L. 563-3 of the CMF).
	02/97	Transfer	US\$2M	Sixteen Plus Corp. (Nova Scotia Bank AWI)	Information only brought to the attention of Tracfin in May 1998
	09/97	Transfer	US\$2M	Ibid	Ibid
	04/98	Transfer	US\$220K	Mohamad Abdel Qader (at West Bank-Israel)	
	10/07/98	Transfer	US\$300K	Ayed Yousef (Winward Island Bank/Sint Maarten)	Transaction not brought to the attention of Tracfin (s. L. 562-3 of the CMF)
	15/07/99	Transfer	US\$200K	Adnan Rahal	Ibid
	9/08/99	Transfer	US\$400K	Himself	Ibid
60.20186.90.00 FRF					This account is not very active.

Hamed Waleed

Hamed Waleed is the manager of a supermarket in St. Croix (U.S. Virgin Islands) belonging to his brother-in-law, Mohamad Yusuf Fathi (see infra). The party in question opened a dollar account at the BFC-AG in June 1996 in order to, according to him, avoid a certain tax on bank accounts in the Virgin Islands. His brother-in-law has a power of attorney over the said account. Mr. Waleed was the subject of a suspicious transaction report on May 28, 1998. Nonetheless, beginning in 1996, large sums of cash which seemed inconsistent with his status as the mere manager of this customer should legitimately have given rise to an information file under s. L. 563-3 of the *Code monétaire et financier*.

Notable transactions observed in account No. 60-63878.90 of Hamed Waleed				
Date	Transactions	Amount	Beneficiary	Inspector's comments
06 to 12/96	Cash deposits	US\$1.1M	Himself	These large cash transfers were not mentioned in the May 1996 report to

				Tracfin <sup>7</sup>
08/96	Transfer	US\$400K	Himself (Cairo Amman Bank/Jordan)	This transaction did not lead to a request for additional information from the party in question (s. L. 563-3 of the CMF).
04-05/98	Cash trans.	US\$865K	Himself	

Mohamad Yusuf Fathi

This customer owns two supermarkets in the U.S. Virgin Islands (St. Croix and St. Thomas), one of which is run by his brother-in-law, Hamed Waleed. He is also President of Hamdam Diamond Corp. (cf. infra). The party in question opened a non-resident dollar account in June 1996 also for the tax reasons mentioned above. As for the customers mentioned above, significant cash transactions were observed in his account during the first few months after it was opened (US\$420K from June to December 1996). Questioned by the bank, Mr. Yusuf merely said that his business was in good health<sup>8</sup> and that its annual sales were US\$55M with a net profit of US\$9M, which is inconsistent with the 1995 balance sheet<sup>9</sup>. In 1996, the bank nonetheless concluded that the prosperous economic activity *seemed to justify* the transactions recorded in its books<sup>10</sup>.

The BFC-AG never obtained the slightest recent accounting information about this relationship<sup>11</sup>. No analysis of the correlation between the movements, especially those in cash, observed in the account and the business affairs was therefore conducted. Here again, it was not until May 1998 that the transactions carried out by this customer which should have raised flags were brought to the attention of Tracfin.

Hamdam Diamond

The account of this off-shore company registered in Anguilla (BWI), which was set up for tax reasons according to the statements of its President (Mohamad Yusuf Fathi), was opened in June 1996. The dollar account was to have been increased monthly through transfers of US\$5 to 10K to begin with. Very early on, the transfers began to be far greater than what was initially stated. In the absence of any accounting data as well as

<sup>7</sup> The report in question indicates that the party deposits US cash exclusively and only mentions the sum of US\$865K deposited between April 22 and May 12, 1998.

<sup>8</sup> Report on an interview written by one of the bank's agents (Mr. Gumbs) dated July 22, 1996.

<sup>9</sup> The Dec. 31, 1995 balance sheet of United Corporation (Plaza Supermarket) indicates sales of US\$36M and a profit of only US\$638K.

<sup>10</sup> Above referred-to report.

<sup>11</sup> The only balance sheet is that of December 31, 1995 mentioned above.

close monitoring, the bank was unable to understand the relevance of the movements of cash through the account beginning in 1996. Here again, it was not until May 1998 that this company was the subject of a suspicious activity report (see Schedule 5 supra), which report does not mention all the suspicious transactions observed in the customer's account, and in particular during fiscal year 1996. In addition, the bank very recently closed the account of Hamdan Corp. (a prior notice of closure was sent last September 28<sup>th</sup>) due to [Translation] "suspicious transfers to Jordan", [Translation] "unjustified cash deposits" and, more generally, on the grounds that the movements [Translation] "did not correspond to what was stated when the account was opened"<sup>12</sup>.

**Notable transactions observed in the account of HAMDAM DIAMOND CORP.**

Account No.	Date	Transactions	Amount	Beneficiary	Inspector's comments
60.63887.90.40 USD	22/07/96 to 31/07/96	Cash transfers	US\$600K	Hamdam Diamond	There were 6 transfers, including two of US\$200K each which were not reported to Tracfin <sup>13</sup>
	01/08/96 to 21/08/96	Ibid	US\$1.7M	Hamdam Diamond	10 cash transfers made in 10 days which were not mentioned in the Tracfin report
	09/96	Transfer	US\$2M	Hamed Waleed (Cairo Amman Bank/Jordan)	Transaction only reported to Tracfin in May 1998
	04-05/1998	Cash transfer	US\$560K	Itself	

<sup>12</sup> BFC-AG internal memo.

<sup>13</sup> Report No. 98-1 only indicates that the account only shows cash in USD and only mentions transfers involving fiscal year 1998 (US\$560K).



As the above table shows, we can see that transactions of significant amounts could have triggered a suspicious activity report well before the May 28, 1998 report, which was clearly late, or at least the setting up of an information file based on s. L. 563-3 of the COMEFI.

#### Al-Yousef Sami

An accountant in his country for ALDI's Property NV (set up in the Dutch zone)<sup>14</sup>, Al-Yousef Sami opened a non-resident dollar account in May 1997. This person, who is involved with the Yousuf Isam group as an accountant, has a close relationship with the Middle East company. He seems to be the brother of Al-Yousef Ghassan, officer of Ace Home Center (trade name of Middle East) and the agent of El-Yousef Yousef Hamad, second officer of Ace Home Center. Al-Yousef Sami therefore constitutes one of the connections between the Yousuf Isam group and Middle East.

An examination of the account indicates several transfers in favour of Ace Hardware Corp., a company set up in the United States, which is related to Ace Home Center (Middle East)<sup>15</sup>; over US\$3M was transferred to this company between January 1999 and March 2001 at the initiative of Sami Al-Yousef. During the same period, this same company, Ace Hardware, received transfers from Middle East (although in smaller amounts).

Note especially that very large cash movements which went through the account of Al-Yousef Sami after the first suspicious activity report on him (Report No. 98-1 dated May 28, 1998, Schedule 5, supra) should have caused the bank to react once again. **The cash transfers observed in his account recently (US\$7M between January 1999 and March 2001) were not brought to the attention of Tracfin, contrary to s. L. 562-3 of the Code monétaire et financier even though they were, in frequency and amount, much more significant than the amounts which led to the 1998 report<sup>16</sup> and were unrelated to his known activity given the lack of financial or accounting records;** it is true that suspicious activity report No. 01-02 dated October 3, 2001 on the Middle East group mentions Al-Yousef Sami a second time but very briefly (Schedule 5 bis)<sup>17</sup>. Furthermore, although the bank claims to regularly inform local authorities about the various transactions, these precautions do not exempt it from its legal obligations regarding Tracfin.

The same lack of an additional report was observed with respect to transfers made from 1999 to 2001 by Sami Al-Yousef in favour of Ahmad Yousef Mohamad Yousef,

<sup>14</sup> The BFC-AG never obtained the slightest justification of revenues for this customer.

<sup>15</sup> It is impossible, given the state of the files, to know whether Ace Hardware is a mere supplier of Ace Home Center or whether that company is part of the Middle East group: however, this second possibility is likely.

<sup>16</sup> In its suspicious activity report, the BFC-AG limited itself to indicating, without further details, that the party in question [Translation] "*deposits exclusively in US cash. The frequency and size appear suspicious given the stated business.*"

<sup>17</sup> In particular, it mentions that he is the agent of Middle East, his ties to Yusuf Isam and the fact that he has a history with the bank. Here again, no information was given about the movements of cash.

domiciled in Jordan<sup>18</sup>. In the first Tracfin report, only 3 transfers for a total of US\$665K were mentioned (cf. Schedule 5 bis, supra). For the period in question, there were in fact more than 10 transfers for a total of over US\$3M (cf. table below setting out the most significant transactions).

Note that the account of Sami Al-Yousef was closed in March 2001 at the initiative of the bank.

Account of Al-Yousef Sami Hamed					
Account Nos.	Date	Transactions	Amount	Beneficiary	Inspector's comments
60.64137.90.40 USD	01/99- 03/01	Transfers	US\$7M	Himself	<b>None of these cash transfers were reported to Tracfin. We sometimes see several partial transfers the same day. Also, most of these transactions should not have been carried out by the party in question, but by a third party, Yousef Hamad.</b>
	03/99	Transfer	US\$200K	Ahmad Yousef Mohamad	
	07/99	Transfer	US\$300K	Ibid	<b>These transactions were not reported to Tracfin.</b>
	08/99	Transfer	US\$270K	Ibid	
	11/99	Transfer	US\$275K	Ibid	
	12/99	Transfer	US\$650K	Ibid	
	05/00	Transfer	US\$400K	Ibid	
	09/00	Transfer	US\$500K	Ibid	
	01/01	Transfer	US\$675K	Ibid	

Middle East NV Group

Ace Home Center

<sup>18</sup> He is the beneficiary of transfers made at the initiative of Middle East and its affiliates.



A company registered in Sint Maarten (Dutch part) since 1994. It is the trade name for Middle East Group NV. The purpose of this company includes the import/export of hardware and constructions materials as well as the petroleum product and industrial chemical business. This company is run by El-Yousef Yousef Hamad and Al-Yousef Ghassan, born respectively in Jordan and Kuwait but both American nationals. The agent is Al-Yousef Sami Ahmed (mentioned above).

In 1997 Ace opened two accounts in dollars and francs which were closed in September 2000<sup>19</sup>. We have no comments to make on their past operations.

Pinguin Air Cond.

This is a subsidiary of Middle East which was set up in 1997 to separate, within the group, activities involving the installation and repair of refrigerators and air conditioners. Presided by El-Yousef Yousef Ahmad and managed by Al-Yousef Ghassan, this company, which is registered in Sint Maarten, has had two demand accounts in dollars and francs since March 1998. Their operation led to a suspicious activity report on October 3, 2001 by the BFC-AG (cf. Schedule 5 bis, supra). The report deals with a transfer of US\$450K on June 13, 2001 in favour of Ahmad Yousef Mohamad Yousef, domiciled in Jordan (Cairo Amman Bank).

El-Yousef Yousef

El-Yousef Yousef Ahmad, who runs Liteline Electrical in Sint Maarten, opened two accounts in dollars and francs in April 1994 which he closed two years later<sup>20</sup>. He is one of the two officers of Ace Home Center. An examination of his account shows significant cash transfers for a total of over US\$1.1M beginning in 1995. The account also only had cash transfers credited to it. However, there were few transactions in the account for fiscal year 1996. Note also three significant transfers of US\$152K, US\$100K and US\$200K which took place in July and November 1995 and which did not lead to any request for information. Although El-Yousef Yousef is mentioned in the October 3, 2001 report to Tracfin, the details of the above-mentioned transactions, and especially the cash transfers, were not reported to the authorities.

Ahmad Yousef Mohamad Yousef

In July 2001, the BFC-AG was approached by an off-shore company set up in Anguilla since 1994, "The Nablus Commercial Corporation", to open a current account. As the bank was unable to obtain sufficient information about this company (corporate purpose, accounting data, how the account would operate), it rightly did not want to grant its request. However, it is unfortunate that the connection between this company and the Middle East group was not noticed and brought to the attention of the authorities. The

<sup>19</sup> Account Nos. 60.64352.90.40 and 60.22486.90.00.

<sup>20</sup> Account No. 60.63364.90 and 60.35079.90.

officer of this company is none other than Ahmad Yousef Mohamad Yousef and its manager is, Al-Yousef Sami, well known to the bank.

As we saw above, Ahmad Yousef Mohamad seems to be the point in common for several transfers made to him by various parties (Ace Home Center, Penguin Air Cond., Al-Yousef Sami). It would have been advisable to inform Tracfin of the attempt by Nablus to set up a business relationship<sup>21</sup>.

In conclusion, these findings cause us concern with respect to the reaction of BFC-AG of St. Martin over the past few years regarding the entities described above. Late and incomplete suspicious activity reports, the lack of additional suspicious activity reports about questionable transactions and the lack of close monitoring of accounts which had been reported for suspicious activity all are the more serious in that they occurred in a highly sensitive context.

### 3. Anti-money laundering action

Our work brought to light other problems with the actions taken to prevent money-laundering, which appear to be very insufficient and inappropriate to the nature of the risks incurred by the BFC-AG.

The main shortfalls were observed in the management of accounts opened for off-shore companies, the local monitoring of suspicious transactions and the oversight of sensitive customers other than companies set up in an off-shore centre, as well as the overall supervisory activity set up by the Group.

#### 3.1 Shortfalls in the management and monitoring of accounts opened for off-shore companies

At the time the investigation was carried out, the Saint Martin branch had a portfolio of 75 accounts opened for off-shore companies (113 if we include 38 accounts closed more recently), the assets of which are broken down as follows:

Sight accounts	Total deposits	Securities	Total deposits and securities	Total commitment
19,971	52,267	1,974	54,241	8,409

*In kF: assets held as at October 29, 2001*

In this regard, our examinations highlight serious shortfalls in the management and monitoring of the above-mentioned accounts which may be summarized as follows:

- legal documentation which was incomplete or had been out-of-date for a long time;

<sup>21</sup> Nablus Commercial Corp. was not mentioned in any suspicious activity report. Also, although the name Ahmad Yousef Mohamad was given to Tracfin as the recipient of suspicious transfers, the copy of his identification papers, which are in the Nablus file, was not given to it.

- a frequent lack of information regarding the economic activity of several companies;
- very insufficient identification of the beneficial owners;
- non-existent monitoring rules.

All these points are discussed in detail below.

### 3.1.1 Failure to oversee portfolio development

Beginning in the 1990s, the Saint Martin BFC-AG set up a policy to actively develop business relationships with off-shore companies set up in the many Caribbean islands. At first, this job was given to a single agent who, over many years, opened accounts for more than thirty companies (approximately one-third of the portfolio) without apparently using any judgement or care with respect to a type of clientele which by definition is very questionable. This situation then spread to all other "commercial" [agents] who were in turn in charge of opening accounts for off-shore companies.

This active policy to solicit "sensitive" companies was implemented without any oversight by local authorities or internally, which aggravated the situation. From the beginning, no file monitoring system was set up to ensure the relevance and completeness of the information collected and the updating of files, and in particular from a legal point of view (renewal of the agents' authority, in particular<sup>22</sup>). Lastly and especially, the transactions carried out by the off-shore companies—which, as we will see below, were often unusual if not suspicious—were not monitored. A certain number of reports have been made to Tracfin over the past few years based on s. L. 562-2 of the *Code monétaire et financier* (Schedule 5 ter) but they are few and far between compared to the transactions which appear to us to be suspicious and which could rightly have triggered other suspicious activity reports.

### 3.1.2 Late recognition of risks incurred and not followed by tangible effects to date

It was not until 1998/1999 that the branch began to express concern about the quality of the information gathered about its off-shore customers and the nature of the transactions appearing in its books. The first file reviews conducted locally highlighted various shortfalls. As a result, a memo dated December 29, 1999 addressed to the Pointe-à-Pitre head office mentions, for the first time, the underlying risks incurred by the BFC-AG regarding a dozen companies which [Translation] "should be monitored given their movements of cash". Several entities stood out – and still stand out – due to their transfers of significant amounts of cash in their accounts, done only once in some cases, which were not explained in terms of their business activities (cf. Schedule 6).

<sup>22</sup> This precaution was all the more necessary as, in most off-shore companies, the agents' authority expires after one year.



Faced with this, the branch's reaction essentially consisted of asking for additional information from the most active companies in the form of a circulated letter which was identical for everyone<sup>23</sup>. Around twenty accounts which had been inactive for six months were also closed by the branch without notice. An action plan was also drawn up [Translation] "for companies which had been credited large amounts, and in particular cash" to visit the company's offices with the normal contact person [Translation] "in order to compare the consistency between the recorded movements and the company's actual activities (...)".

**However, these initiatives, which show the state of many files at the time, did not lead to their being updated in any notable manner, as the CAI Group's inspection found.**

A new internal report, more in-depth this time, was drawn up in November 2000 during an internal inspection<sup>24</sup>. One specific point was developed in particular with respect to off-shore companies and major shortfalls were noted at that time. Several recommendations were made, including to:

- pursue the closure begun in 1999 of accounts for which there was insufficient information regarding the business and shareholders;
- ensure the economic reality of the cash transactions in accounts showing cumulative movements greater than 500 KF in a quarter;
- begin specific monitoring of companies registered in the Dutch West Indies as off-shore companies.

Nonetheless, here again, we note that the work on the files has not shown significant progress over the past few months, seemingly for two reasons:

- firstly, as surprising as it may seem, the detailed results of CAI's inspection mentioned above were only given to the Saint Martin branch very late (the report dates back to November 2000) and in two successive parts<sup>25</sup>: first, on April 17, 2001 with respect to recommendations No. 124, 125, 130, 131 and 133<sup>26</sup> and then on August 24, 2001 with respect to recommendation No. 134<sup>27</sup> (cf. Schedule 7);

<sup>23</sup> One batch of letters was sent during February 2000 to 57 companies. Other than "administrative" information, each company was asked to declare its beneficial owners and its purpose in order to determine the correlation between the activity and the transfers in question.

<sup>24</sup> We note that this is the only internal money-laundering investigation which the agency has conducted since the Act of 1990.

<sup>25</sup> Verbal information was merely give to the branch manager by telephone, after the CAI's audit.

<sup>26</sup> Dealing respectively with 43 accounts which could constitute tax fraud, 6 accounts of individuals carrying on a business activity, cash transactions for which the origin of the funds is unknown, the lack of specific monitoring of 29 accounts of Dutch companies, and the fact that the documentation regarding the off-shore companies was incomplete.

<sup>27</sup> The FRAP in question reports that the list of off-shore company accounts is incomplete.

- the branch also did not have tailored methods for correcting the situation, despite its repeated requests to head office. Several recent documents demonstrate the impossible situation in which the Saint Martin branch was and still is to [Translation] “raise the bar” given a level of staff considered very inadequate<sup>28</sup>. The internal oversight report as at June 30, 2001 also noted in this regard that [Translation] “... the recommendation of FRAP 133 could not be implemented specifically following the departure of the person in charge of this area due to a lack of staff”<sup>29</sup>.

This discovery of a lack of staff caused the head office to react strenuously at the last Board meeting which was held at Pointe-à-Pitre on October 30, 2001. Regardless, the above explanations constitute a reason for the lack of visibility as to the specific identity of the beneficial owners in over 70% of the files of off-shore companies, the lack of understanding of the actual business activity of several customers as well as the lack of up-to-date legal documentation.

### 3.1.3 A situation involving major, unresolved risks

We conducted an in-depth examination of the current situation, based on the latest data provided by the Saint Martin branch. It appears from this work that the management of the files of companies set up in off-shore centres – as of November 2001 – contained serious flaws:

#### 3.1.3.1 Very incomplete knowledge of customers

Using an up-to-date list of the off-shore companies provided by the BFC-AG at our request, we worked on drawing up a list of files for which the bank did not have a trust declaration, a document which gives the declared identity of the beneficial owners of the off-shore company. As can be seen in Table 1 below, **the document in question is missing in approximately 74% of the files.**

Section L. 563-1 of the *Code monétaire et financier* does not require that establishments obtain formal proof of the identification of the beneficiaries or beneficial owners of legal entities domiciled in off-shore centres. However, unless the files contain either proof establishing the identity of the parties in question or information corroborating the knowledge of those persons (reports on visits, for example, confirming inquiries made and information gathered), we conclude that the bank did not fulfil its obligation to find out the true identity of customers who asked to do business with it.

<sup>28</sup> The monthly memo dated April 2001 written by the Saint Martin branch manager and sent to head office mentions [Translation] “serious staffing problems”. The May 2001 memo is even more explicit: [Translation] “the recommendations and actions suggested by the CAI inspection which were brought to our attention at the end of April 2001 through the inspection of the BFC cannot all be carried out by the end of June 2001 due to a lack of staff”. Lastly, the June 2001 memo notes the fact that the remarks and needs expressed above were not taken into account.

<sup>29</sup> FRAP 133 is one of the most important as it involves the updating of the files of off-shore companies (Schedule 1 of the internal oversight report as at June 30, 2001, p. 3).



Table No. 1

Portfolio of Off-Shore Companies of the Saint Martin BFC-AG

Situation as at November 13, 2001 according to the lists provided by the Saint Martin BFC-AG (active files only)

The names in grey correspond to particularly sensitive companies (reports made to Tracfin, significant or suspicious movements of cash observed in the accounts by the bank or this investigation, etc.)

Name of Off-Shore Company	Place Registered	Beneficial Owner	Directors	Shareholders	BFC-AG's Comments
ADVANCED CONSULTECH	Panama	Ronald Maasdam	-	Ronald Maasdam (Unknown)	
AIRA CORP. Limited	Tortola (AWI)	Unknown	-		Trust declaration to be obtained
AVV TAMARINDO	Aruba	Ricardi Dinares (Unknown)	-	Unknown	Trust declaration to be obtained
BE Limited	Anguilla (BWI)	Unknown	Unknown	Unknown	Legal review to be done immediately
BEST HOTELS CARIBBEAN Ltd.	Anguilla (BWI)	Unknown	Unknown	-	Trust declaration to be obtained
CARIBBEAN CONSULTANCY CORP. Ltd.	Nevis	Ronald Maasdam (Unknown)	-	Ronald Maasdam (Unknown)	
CARIBBEAN SAILMAKERS Ltd.	Tortola (AWI)	Unknown			Incomplete legal file
CELTIC Limited	Anguilla (BWI)	Unknown	Unknown		Account being closed
CHASE MARKETING Ltd.	Anguilla (BWI)	Unknown	Unknown	Unknown	Account being closed

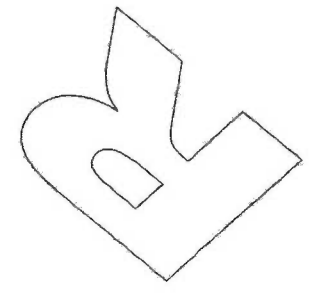
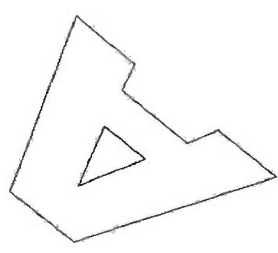
CHASSID INVESTMENT Inc.	Panama	Unknown		Unknown	Account being closed
COLNE COMPANY Ltd.	Anguilla (BWI)	Unknown		Unknown	Trust declaration to be obtained
COMBI PHARM INT'L AVV	Aruba	Unknown		Unknown	Ask for complete legal file
COMM SYSTEMS Ltd.	Anguilla (BWI)	-	Unknown	Unknown	Trust declaration to be obtained
DHIG Ltd.	Sint Maarten	Unknown	Unknown	Unknown	File reported to TRACFIN
DOLPHIN INTERNATIONAL Ltd.	Anguilla (BWI)	Unknown	Unknown	-	Account blocked. Review complete legal file
EC GENERAL ENGINEERING CONSULTANT Ltd.	Anguilla (BWI)	Ronald Maasdram (Unknown)		-	Trust declaration to be obtained
EMERALD COMMUNICATION Ltd.	Not indicated	Unknown	Unknown	Unknown	Complete file update to be done
FUN CARAIBES Inc.	Anguilla (BWI)	Unknown		-	Trust declaration to be obtained
GALFETO Ltd.	Anguilla (BWI)	Unknown		-	Trust declaration to be obtained
GEOMETRIC Ltd.	Tortola (AWI)	Unknown		-	File reported to TRACFIN
HAMDAM DIAMOND Corp.	Anguilla (BWI)	Unknown		-	File reported to TRACFIN. Account to be closed.
HANMAN INTERNATIONAL Ltd.	Bahamas	Unknown		-	Very incomplete file. Closure

						notice
HARTWOOD TRADING Ltd.	Nevis	Harry Blondin (Unknown)	-	-	-	Trust declaration to be obtained
INTERMOTORBIKES AVV	Aruba	Unknown	Unknown	-	-	Ask for complete legal file
INTERNATIONAL DEVELOPMENT (...)	Anguilla (BWI)	Unknown	Unknown	-	-	Documents requested
ISLAND DISTRIBUTORS Comp. Ltd.	Anguilla (BWI)	Unknown	-	-	-	Trust declaration to be obtained
ISLAND HARBOR MANAGEMENT Comp.	Delaware (USA)	Unknown	Unknown	Unknown	Unknown	Update to be done. Does not appear to be an off-shore company
ISLAND PROPERTIES Ltd.	Anguilla (BWI)	Unknown	-	-	-	Trust declaration to be obtained
LIONS HOLDING Ltd.	Anguilla (BWI)	Unknown	-	-	-	Trust declaration to be obtained
MAIDSTONE Comp. Ltd.	Anguilla (BWI)	Unknown	-	-	-	Account being closed
MELMIK AVIATION Ltd.	Unknown	Unknown	Unknown	Unknown	Unknown	This is not an off-shore company.
METROPOLE HOLDING Ltd.	Anguilla (BWI)	Unknown	-	-	Unknown	Impossible to obtain legal documents. Account being closed
NACO Ltd.	Anguilla (BWI)	Unknown	-	-	-	Trust declaration to be obtained
NORTHERN INDUSTRIES	Anguilla	Unknown	-	-	-	Legal documents

Ltd.							requested
OVERSEAS PROJ. MANAG. SERVICES Ltd.	Saint-Vincent	Unknown	-				Incomplete legal file. Expected to be closed
PANDAROSA HOLDING Ltd.	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Update to be done. Likely to be closed.
PEARLGEMS INTERNATIONAL Co	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Impossible to update. The company has large deposits. The account is blocked.
PORT DE PLAISANCE HOTEL	Sint Maarten	Unknown	-				Incomplete file. Report sent to TRACFIN
RENÉE INTERNATIONAL Ltd.	Tortola (AWI)	Unknown	-				Legal documents requested
SMB BOATPHONE HOLDINGS Ltd.	Tortola (AWI)	Unknown	-				Incomplete legal file. Account blocked
STANTON Ltd.	Anguilla (BWI)	-	-				Status of beneficial owner unknown
SUNNY SAND Ltd.	Tortola (AWI)	Unknown	-				Account blocked, being closed
THE MONEY GAME	Sint Maarten	Unknown	Unknown	Unknown	Unknown	Unknown	Trust declaration requested.
TIMOR SERVICES Ltd.	Tortola (AWI)	Unknown	-				Incomplete file



TRANSCARIB IMPEX Ltd.	Tortola (AWI)	Barker (Unknown)	-	-	Trust declaration requested
TRISPORTS INTERNATIONAL Ltd.	Tortola (AWI)	Unknown	-	-	Trust declaration to be requested
TROPICAL FASHIONS Ltd.	Anguilla (BWI)	Unknown	-	-	
TROPICAL SUNRISE HEALTH FOOD Co.	Aruba	Unknown	Unknown	Unknown	File cannot be found. Requires immediate attention
UNITED ENTERPRISES Ltd.	Anguilla (BWI)	Unknown	-	-	Update in progress
VINCHI Limited	Unknown	Unknown	Unknown	Unknown	File to be reconstituted
WEST INDIES FOOD SERVICES Ltd.	Nevis	Unknown	Unknown	-	Trust declaration requested
WOODSTONE HOLDING Ltd.	Anguilla (BWI)	Unknown	Unknown	-	Account to be closed



AWI: American West Indies  
 BWI: British West Indies



This oversight is doubly serious given the lack of information about the shareholders and directors in approximately 29% of the files (respectively 33 and 32 files out of 115)<sup>30</sup>.

**The customer's activity is also unknown in over 50% of the files, as shown in Table 2 below.**

### 3.1.3.2 Questionable file management

A review of the off-shore files – whether active or recently closed – showed serious insufficiencies as a result of very careless management in the files over several years along with a lack of oversight. According to our calculations, **over 90% of the files were incomplete as of mid-November 2001** (cf. Table No. 3 below and Schedules 8 and 8 bis).

Among the legal documents most often missing, we note:

- signature anomalies (signature cards missing, copies of articles unsigned);
- authority of agents expired a long time ago or non-existent;
- no copy of ID cards of several agents.

Often there is more than one such legal document missing for the same file. Several files did not even have very minimal documentation<sup>31</sup>. One file of an off-shore company cannot be found<sup>32</sup>.

Incidentally, we noticed that the BFC-AG carries out several transactions without legal foundation, i.e. without knowing in fact whether the persons performing such transactions are authorized to do so.

### 3.1.3.3 Lack of financial data for almost all companies

Our investigations showed a **lack of accounting and financial data in most off-shore company files** while the few balance sheets we examined were often old and had not been used.

Accordingly, the bank could not have conducted a coherent monitoring of the cash deposits and the business activities or financial situation of its clients.

<sup>30</sup> This figure takes into account the recently closed files.

<sup>31</sup> Note in particular: Inter Motorbikes AVV; Métropole Holding Ltd.; B.E. Limited; Dolphin International Ltd.; Emerald Communication Ltd.; Vinchi Ltd.

<sup>32</sup> Tropical Sunrise Health Food Co.

Table No. 2

List of Off-Shore Companies of which the Business is unknown by the Saint Martin BFC-AG

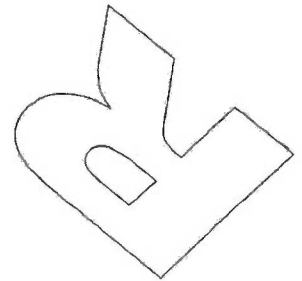
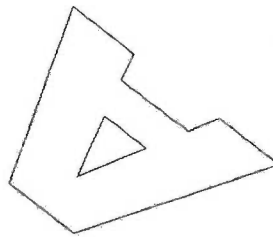
Selection based on statements provided by the Bank as at November 13, 2001 (see Schedule...). This list takes into account the files of off-shore companies which were closed in 2000 and 2001.

Companies whose head office is in a country considered to be uncooperative by the FATF are shown in grey

Name of Off-shore Company	Business Activity	Comments	Date Account Closed
AMERY COMPANY Ltd. (Anguilla)	Unknown		June 26, 2000
AMPARA AVV	Unknown		December 5, 2000
ASW CORPORATION (Anguilla)	Unknown		October 16, 2000
BE LIMITED (Anguilla)	Unknown		
BEST HOTELS CARIBBEAN Ltd. (Anguilla)	Unknown		May 15, 2001
BLIXEN Ltd.	Unknown		
BOSTAR INSURANCE	Unknown		
BROKERAGE NV	Unknown		March 24, 2000
BRAVO CARAIBES INVESTMENTS Ltd.	Unknown		November 27, 2000
CARIBBEAN ISLAND TRADING CY Ltd.	Unknown		
CARIBBEAN SAILMAKERS Ltd.	Unknown	Very incomplete file (closure notice expected to be sent)	
CELTIC LIMITED (Anguilla)	Unknown	Account being closed	
CHASE MARKETING Ltd. (Anguilla)	Unknown	Account being closed	
CHASSID INVESTMENT INC.	Unknown	Account being closed	

	Unknown	Incomplete legal file	Closed in 2000
(Panama) CHESTNUT OVERSEAS Ltd.	Unknown	Incomplete legal file	Closed in 2000
(Nevis) COLNE COMPANY Ltd.	Unknown		
(Anguilla) COMBI PHARM INT'L AVV	Unknown	Complete legal file requested by the bank	September 26, 2001
DEFEREX CORPORATION Ltd.	Unknown	File sent to Tracfin in 1999	September 4, 2000
DEFIS IMPORT EXPERT Ltd. (Anguilla)	Unknown		September 4, 2000
DEVELOPMENT CONSULTANT Ltd.	Unknown		
DHIG Ltd.	Unknown	File sent to Tracfin in 1999	
DIAMOND HOLDING Ltd. (Anguilla)	Unknown		
DOLPHIN INTERNATIONAL Ltd. (Anguilla)	Unknown	Complete file to be reviewed from a legal perspective	Account closed
ELLESMERE HOLDING Ltd. (Anguilla)	Unknown		
EMERALD COMMUNICATION	Unknown	Complete update of file expected to be done by the bank	
ERIE Ltd. (Anguilla)	Unknown	Report to Tracfin in 2001	March 23, 2001
EUROCROWN INSURANCE BROKERAGE	Unknown		
HANMAN INTERNATIONAL Ltd. (Bahamas)	Unknown	Very incomplete legal file	
INTERAMERICANA SALES and TRADING CO Ltd. (Cayman)	Unknown		September 4, 2000
INTERIORS LIMITED (Anguilla)	Unknown		
LIONS HOLDINGS Ltd. (Anguilla)	Unknown		June 26, 2000

TREBIZONDA HOLDING (Anguilla)	Unknown		January 29, 2001
TROGON TRADING Ltd. (Gibraltar)	Unknown	File cannot be found.	
TROPICAL SUNRISE HEALTH FOOD CO.	Unknown		August 2, 2000
TYSON ASSETS INC. (Bahamas)	Unknown	Empty file. According to the bank, to be	
VINCHI LIMITED	Unknown	reconstituted	November 27, 2000
VISTA MARE Ltd. (Anguilla)	Unknown		
WEST INDIES FOOD SERVICE Ltd. (Nevis)	Unknown		
WOOSTONE HOLDING Ltd. (Anguilla)	Unknown	Expected to be closed	
WORLD ENTERTAINMENT HOLDING Ltd.	Unknown		December 14, 2000
YNT ENTERPRISES Ltd. (Anguilla)	Unknown		September 26, 2001





METROPOLE HOLDING Ltd. (Anguilla)	Unknown	Expected to be closed.	File closed
MISSION HOLDING Ltd. (Nevis)	Unknown		Account closed
MULET Ltd. (Anguilla)	Unknown		
OVERSEAS PROJMANAG SERVICES Ltd. (Saint-Vincent)	Unknown	Legal file incomplete. Expected to be closed by the bank. St. Vincent is a territory considered uncooperative by the FATF.	
PANDAROSA HOLDING Ltd.	Unknown	Expected to be closed by the bank	
PEARLGEMS INTERNATIONAL CO.	Unknown	Over 3MF of deposits made on behalf of this company	
PORT DE PLAISANCE HOTEL NV	Unknown	Tracfin report in 1999	September 4, 2000
RIO BLANCO HOLDING Ltd. (Anguilla)	Unknown		
SAXTON INTERNATIONAL Ltd. (Anguilla)	Unknown		
SEA BREEZE INVESTMENTS Ltd. (Saint-Vincent)	Unknown	St. Vincent is a territory considered uncooperative by the FATF.	November 24, 2000
SEIL COMPANY Ltd. (Anguilla)	Unknown		
SHANKARS NV Ltd. (Anguilla)	Unknown	Incomplete file. Account blocked pending requested documents	May 23, 2001
SKYPAK Ltd.	Unknown		
SMB BOATPHONE HOLDINGS Ltd.	Unknown	Incomplete file. Account blocked pending requested documents	Account closed April 6, 2000
SNOWDOWN COMPANY Ltd.	Unknown		
SOLEIL LIMITED (Turks and Caicos)	Unknown		
SUNGOLD OVERSEAS Ltd.	Unknown		
SUPERIOR MARKETING (Anguilla)	Unknown		September 4, 2000