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# *Re Riad Salame & Others*

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## Confidential Investigative Report into the Corrupt Practices in the Banking Industry in the Lebanese Republic

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**METROPOLITAN POLICE SERVICE**

**INVESTIGATIVE REPORT INTO THE CORRUPT PRACTICES IN THE BANKING  
INDUSTRY IN THE LEBANESE REPUBLIC**

**“RIAD SALAME & OTHERS”**

**28 October 2020**

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#### Acknowledgments

This report has been prepared in conjunction with an agreement entered into with [REDACTED], who has assisted in the sourcing and obtaining of evidence.

The Report itself has been drafted and reviewed by the legal team comprised of Toby Cadman and Carl Buckley.

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**1. Executive Summary**

- 1.1. This report seeks to highlight the corruption and criminality endemic within Lebanon, with a focus on one individual who purports to be responsible for the financial safeguarding of the country and its economy, and yet in reality, an individual who has used the domestic banking framework to personally enrich himself, and his associates, in the sum of hundreds of millions of dollars.
- 1.2. Riad Salame, has in effect, as well as developing a banking and procurement system based entirely on patronage and ambition, implemented a giant Ponzi scheme that has infected the entire Lebanese economy, an economy that is on the verge of complete collapse.
- 1.3. Riad Salame holds the power in Lebanon, and at the same time, it is Riad Salame that is responsible for a substantial amount of the problems the country now faces as rather than being the financial guardian, the safeguard of the economy if you will, he has seen the Central Bank as his own account, and the country as one that is to be plundered and used for his own ends.
- 1.4. The subsequent chapters of this report deal with the evidence that underpins the allegations made, and the basis upon which an investigation into Riad Salame and his UK assets is justified, however, by way of example of the power he holds and the system he operates, the following is a snapshot.
- 1.5. Salame's brother, Raja Salame, has been provide with exclusivity for the contracts from the Central Bank regarding the production of new 'Bank Notes', further, any subsequent notes that

are printed (something that happens every few years given the poor quality of the paper used), result in Raja receiving a further commission.

- 1.6. Salame's son-in-law, Chafic Abillamah, is the 'go-between' or 'broker', between financial firms and applications for banking licences.
- 1.7. Salame exerts significant influence over the CEO of Middle-East Airlines, Mohamed Hout, with the Central Bank being the major shareholder.
- 1.8. Salame is reported to have provided his mistress with her own security detail which he pays for, she has an apartment in Paris, that he has paid for (along with further apartments that he provides for daughters, and the apartment in London that is discussed in detail below).
- 1.9. Even in the knowledge that Salame's salary is twice that of the US Fed Governor, it is simply not possible that he can fund such extravagances on just his salary; he is of course likely to seek to justify such expenditure on the basis that he was independently wealthy following previous employment, however, he simply cannot have earned the hundreds of millions of dollars that would be required.
- 1.10. His wealth is as a result of bribes and as a result of the system that he has developed and implemented within the Lebanese financial structure, a system that he does everything possible to protect.

- 1.11. Of note, is the law that allows the Central Bank to also be the Head of the Special Investigative Commission, and therefore it is the Central Bank, and therefore Salame, who decides what to investigate and how that investigation progresses.
- 1.12. Salame therefore ensures that he, his colleagues, his friends, or his system, can never be investigated.
- 1.13. Such a situation just does not arise, as he is in effect, making up his own standards and determining what is appropriate and what isn't; the IMF have confirmed that they have never seen such practices from a central bank, and further, following a Financial Times analysis of leaked audit reports, Salame was accused of using dubious accounting measures to artificially boost the institutions assets by at least \$6 billion.
- 1.14. As the subsequent chapters of this report demonstrate, Riad Salame heads a complex and well-structured system that in reality, is in reality an organised crime group/family under the guise of being the Governor of the Central Bank.
- 1.15. The evidence compiled and discussed within this report demonstrates how he has sought to mask his wealth through a complex system of off-shore companies, and further, attempting to remain hidden as a beneficiary with companies holding the assets, or those assets being divested and 'given' to other members of his family.
- 1.16. The actions of Salame over the year have demonstrated the clear criminal enterprise being undertaken, and further, again as this report demonstrates, the actions of Salame are not only

criminal in terms of domestic Lebanese law, but constitute criminal offences for the purposes of the UK.

- 1.17. The UK has taken significant steps to ensure that it is not seen, or used, as a safe haven for the assets of those committing criminal offences within other jurisdictions, and thus there is significant legislation that allows an investigation to be opened and a prosecution brought against individuals who although may not have committed the initial offence within the jurisdiction, are still liable for prosecution if it is that the assets, or benefit of that criminal enterprise are held within the jurisdiction.
- 1.18. Attention is draw to the assets discussed within this report, including investment vehicles and tangible assets such as apartments, that are held by Salame and/or members of his family; assets that have not been obtained through legitimate ‘business’, but rather, through the process of criminal enterprise that has been undertaken domestically in Lebanon.
- 1.19. Having regard to the below, the Metropolitan Police are therefore being asked to commence an investigation into Riad Salame and other relevant individuals within his ‘circle’.
- 1.20. Further, the Metropolitan Police are also being asked to use their significant powers to ‘freeze’ assets so as to ensure that they cannot be moved out of the jurisdiction once an investigation is commenced.
- 1.21. Finally, a request is made that consideration be given to the application for an Unexplained Wealth Order (UWO), a significant tool that allows the police and the courts to require an individual to explain and justify that the asset in question has been obtained lawfully.

- 1.22. This is of particular relevance for Salame, both given the value of assets, and the likely argument that he was independently wealthy prior to taking his position as head of the Central Bank.
- 1.23. If such an order is sought and secure, Salame will be required to prove the legitimacy of his funds and the assets subjected to the order; further, it also ensures that the asset cannot be liquidated and the proceeds removed from the jurisdiction.
- 1.24. Lebanon has been brought to its knees both by conflict, and abject financial mismanagement and criminality; its citizens are suffering on account of the elite seeing the country as their own personal source of wealth. This must be brought to an end.

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**2. Introduction**

- 2.1. This report has been compiled pursuant to a Legal Services Agreement between Mr. Nadim Matta (hereinafter: Client), and Guernica 37 International Justice Chambers, The Bloomsbury Building, 10 Bloomsbury Way, London (hereinafter: The Legal Team).
- 2.2. The purpose of this report is to investigate allegations of corruption arising out of the situation in Lebanon, with a view to named individuals being targeted for investigation and eventual prosecution.
- 2.3. This report is to be submitted to the Metropolitan Police Service in London, UK, (hereinafter: MPS) it being intended on providing a basis for the MPS, and for that matter, any other relevant investigative and prosecutorial authority, to open a formal investigation into relevant individuals where there is a credible evidential basis to do so.
- 2.4. It is alleged that the individuals referred to within this report are involved in, and are the beneficiaries of, the historic, and ongoing corruption endemic in Lebanon.
- 2.5. It is acknowledged that the UK does not have jurisdiction in Lebanon, however, the investigation has resulted in the identification of assets and funds that have been purchased or held, within the jurisdiction of the UK, by relevant individuals.
- 2.6. For instance, such individuals have purchased properties in London and/or hold positions in companies domiciled in the UK, and used the illicit funds obtained through criminality in Lebanon to purchase and/or invest in the same.

- 2.7. Accordingly, there is a basis for the MPS and any other relevant investigatory agency, to exercise their jurisdiction in terms of investigation and where appropriate, prosecution.
- 2.8. The primary target of this report is Mr. Riad Salame, however, such is the nature of the criminal enterprise, there are a significant number of other individuals, including family members of Salame who can be said to be directly involved in the criminality either through taking an active part in the corruption and offending complained of, or, being a beneficiary of such activities.
- 2.9. Having regard to the above, two sections of this report are dedicated to attempting to trace the links both through individuals involved, and thereafter, links through various businesses, properties, and enterprises.
- 2.10. Having established the links between, individuals of interest, the report goes on to provide an overview of the UK Statutory Framework, in terms of what have been identified at this stage as being relevant offences in the opinion of the authors of this report.
- 2.11. It is not suggested that the offences highlighted are exclusively those that are to be considered, but rather, an overview of that which might be deemed appropriate in terms of the evidence obtained at this stage.
- 2.12. The evidence obtained is discussed in detail after the above overview, and further issues of investigation identified that may be more suited to be undertaken by a formal agency, given the associated resources and powers available.



- 2.13. Finally, the report considers whether interim sanctions ought to be considered e.g. the use of ‘Unexplained Wealth Orders’ and/or the use of freezing orders on bank accounts and assets.
- 2.14. It would appear to be entirely foreseeable, that should news reach relevant individuals that there is to be a formal investigation commenced, that such individuals will seek to divest themselves of relevant assets, or move them outside of the jurisdiction.
- 2.15. It is respectfully suggested that this must be avoided at all costs where possible, both given the values being discussed (in the tens if not hundreds of millions), and importantly, the effect that endemic corruption has had on the ordinary people of Lebanon, their suffering being entrenched all because of the criminality and greed of certain individuals.

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**3. Legal Team**

- 3.1. The report has been drafted and compiled by the team at Guernica 37, the project being led by Mr. Toby Cadman, and Mr. Carl Buckley.

*Toby Cadman*

- 3.2. Toby Cadman is a leading international lawyer with a global reputation, having vast experience in the areas of war-crimes, terrorism, and human rights law. Previously based at the ICTY for a number of years, and having contributed to the work of a number of different international inquiries and tribunals, Toby has both prosecuted and defended a number of high-profile international cases.

*Carl Buckley*

- 3.3. Carl Buckley is an experienced international criminal law and international human rights Barrister, joining Guernica 37 as a Barrister and Director from its inception. Carl has co-drafted a number of submissions to the Office of the Prosecutor at the ICC, including recent Article 15 communications concerning the situation in Syria, seeking to apply the Myanmar jurisdictional judgment.

**4. Background**

- 4.1. This report focusses on the corruption and criminality of specific named individuals, however, it would be inappropriate to consider such issues in isolation, given the widespread and systematic corruption present in the State, to the extent that it can only be properly characterised as being endemic.
- 4.2. Accordingly, to fully appreciate the gravity of that which has, and continues to occur within the state, it is essential that the wider issues are considered so as to give the remainder of this report ‘context’.
- 4.3. We are not dealing with a singular rogue element within the governance structure, we are dealing with a mindset of the ruling and corporate classes that suggests any post of authority provides *carte blanche* for personal and wholly unjustified enrichment beyond that which such individuals are legitimately entitled to.
- 4.4. In highlighting that which is occurring, information has been drawn from a number of credible and independent international sources, including Amnesty International, The Lebanese Transparency Association, Human Rights Watch, World Health Organisation and Transparency International.
- 4.5. Political instability and that which has emanated from it, has affected the Lebanese economy to extreme levels, given it is an economy that is predominantly based on banking, tourism, and real estate, and therefore industries that are ripe for nefarious influence and known for engaging in corrupt practices in certain states and/or parts of the world.

- 4.6. Specific to Lebanon, it is of note that in 2019 when compiling its Corruption Perceptions Index, Lebanon ranked 137<sup>th</sup> out of 180 countries,<sup>1</sup> and is therefore seen as being one of the most corrupt countries in the world.
- 4.7. It is perhaps appropriate to consider the historical context so as to gain an understanding of the political position in Lebanon and contextualise that which it is facing currently.
- 4.8. In 1920, following the division of the Ottoman Empire at the end of the First World War, the League of Nations granted France a mandate for Syria and Lebanon, known as the 'French Mandate for Syria and Lebanon'.
- 4.9. The Mandate proclaimed the State of Greater Lebanon out of the provinces of Mount Lebanon, North Lebanon, South Lebanon, and the Bika.
- 4.10. In 1943 an unwritten National covenant set out the foundations of the state using the 1932 census to distribute seats in parliament with a ratio of sixth to five in favour of Christians adopted.
- 4.11. The intention being that the President would be a Maronite Christian, the Prime Minister a Sunni Muslim and the Speaker of the Chamber of Deputies a Shia Muslim.
- 4.12. Lebanon declared its independency from both France and Syria in 1943. On the 1<sup>st</sup> January France agreed to the transfer power back to the Lebanese government. However, in 1958,

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<sup>1</sup> 'Corruption Perceptions Index' (Transparency International, 2019) <<https://www.transparency.org/en/cpi/2019>> accessed 29 September 2020

President Camille Chamoune turned to the US for assistance and requested that troops to be sent to help preserve their independence.

- 4.13. The 1943 National Pact established the system of power sharing. Lebanon's government is designed to represent all religious groups, there are 18 different religious communities represented by the nearly 100 political parties, each with their own civil laws and court systems<sup>2</sup>. The number of seats in parliament is split between Christians and Muslims. Religion plays a key role in Lebanese politics resulting in a power-sharing sectarian political system.
- 4.14. In April 1975, Phalangist gunmen, a Christian militia, attacked a bus in the Ayn-al-Rummanah district of Beirut resulting in 27 deaths. There was a growing division between those who supported the right of the Palestinian resistance to stage operations against Israel from Lebanese soil and those who opposed it<sup>3</sup>. This clash developed into a fight over the Lebanon political system and started the Lebanese civil war.
- 4.15. During the war, in 1978 and 1982, Israeli forces invaded southern Lebanon to expel Palestinian fighters that had been attacking Israel.
- 4.16. As a result of the growing insecurity and economic advantages, the size of these militias doubled, the militia salaries became an attractive alternative to poverty. The funding came from illegal activities including, but not limited to, robbing banks, and the smuggling of drugs and oil.

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<sup>2</sup>Overview of Corruption and anti-corruption in Lebanon' (Transparency International,2012) <<https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-lebanon.pdf>> accessed 30 September 2020

<sup>3</sup>Chronology for Maronite Christians in Lebanon' (UN High Commissioner for Refugees, 2004) <<https://www.refworld.org/docid/469f38b3c.html>> accessed 2 October 2020

- 4.17. In 1979 during the civil war the formation of Hezbollah began, a Shiite Muslim political party and militant group influenced by the theocratic government in Iran; the party developed, and became involved in a conflict with the Israeli occupation, and shaped into a coherent organisation two years later.<sup>4</sup>
- 4.18. In 1983 Hezbollah earned a reputation for extremist militancy bombing barracks housing U.S. and French troops in Beirut, resulting in 300 deaths.<sup>5</sup>
- 4.19. In 1989 the Tarif agreement put an end to the 15-year civil war which cost 150,000 lives and 300,000 casualties.<sup>6</sup> The agreement introduced accountability mechanisms, establishing the transfer of authority from the president to the cabinet and increased the number of Muslim members of parliament, with the aim of removing the sectarian political system. Hezbollah was the only military that maintained its arm.<sup>7</sup>
- 4.20. However, this agreement did not address the main political conflicting issues that led to the war namely: the sectarian division in Lebanon, the Palestinian refugee issue, or the presence of Syrian forces on Lebanese soil.
- 4.21. Despite the 1989 Tarif agreement Lebanese sectarian politicians dominated the country protecting their own interests through both legal and illegal financial incentives, undermining the

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<sup>4</sup> 'What is Hezbollah?' (Council on Foreign Relations, 2020) <https://www.cfr.org/background/what-hezbollah?>> accessed 2 October 2020

<sup>5</sup> Ibidem

<sup>6</sup> 'Overview of Corruption and anti-corruption in Lebanon' (Transparency International, 2012) <<https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-lebanon.pdf>> accessed 30 September 2020

<sup>7</sup> 'Thirty years after Taif, Lebanese seek end to Sectarian politics' (ALJAZEERA, 2019) <<https://www.aljazeera.com/news/2019/10/22/thirty-years-after-taif-lebanese-seek-end-to-sectarian-politics/?gb=true>> accessed 30 September 2020

system of governance. This includes bribery to obtain favourable judicial decisions, the buying of votes, theft of state funds, and drug-trafficking. The power divides fuelled armed conflicts and the use of assassination to settle political disputes.

- 4.22. After the civil war Syrian troops remained in Lebanon predominately at the port of Beirut, a fact in itself that led to further corruption in that importers would have to pay custom duties to Syrian troops and accordingly Lebanon became a ‘cash cow’ for Syria, misappropriating funds and further, becoming a corrupting influence within and of, Lebanon’s phone company, gas business and casinos.
- 4.23. “The Lebanese Transparency Association reports that petty bribery in customs transaction is a widespread problem.<sup>8</sup> The WEF Global Competitiveness Index gives Lebanon a poor score for the heavy burden of its customs procedures.<sup>9</sup>
- 4.24. In 2004, the UN Security Council passed resolution 1559, demanding the 20,000 Syrian troops leave Lebanon to end its influence on Lebanese politics, Syria dismissed this request.<sup>10</sup>
- 4.25. After the politically motivated assassination of former Lebanese Prime Minister Rafik Hariri, by a suicide bomber in February 2005, the country fell into a deep 18-month political crisis. Hariri

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<sup>8</sup> ‘Corruption Perceptions Index’ (Transparency International, 2019) <<https://www.transparency.org/en/cpi/2019>> accessed 29 September 2020

<sup>9</sup> ‘Overview of Corruption and anti-corruption in Lebanon’ (Transparency International, 2012) <<https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-lebanon.pdf>> accessed 30 September 2020

<sup>10</sup> (United Nations, 2004) <<https://www.un.org/press/en/2004/sc8181.doc.htm>> accessed 2 October 2020

had been seeking to end Syria's domination and was likely to be re-elected in the upcoming parliamentary election.

- 4.26. The assassination sparked anti-Syrian rallies the 'Cedar Revolution' calling for Syria to withdraw its troops from Lebanon. Eventually in April Syria was forced to withdraw its troops after years of diverting millions of dollars from the Lebanese economy.
- 4.27. In June 2005, 'March 14' an anti-Syrian Alliance led by Saad Hariri (Rafic Hariri's son) won a parliamentary majority, Fouad Siniora became Prime minister. This created a sectarian divide between Western states and Saudi Arabia who backed 'March 14' and the rival alliance of 'March 8' Syria's Lebanese allies dominated by Hezbollah. The division of these two camps heavily impacted Lebanese political life.
- 4.28. In July 2006, a war between Hezbollah and Israel broke out after Hezbollah under the leadership of Sheik Nasrallah, killed eight Israeli soldiers and kidnapped a further two. In response Israel launched a military attack, bombing southern Lebanon and Beirut international airport. Lebanon further retaliated by launching rockets into Israel.
- 4.29. During this conflict, pro-Hezbollah groups protested for a power-sharing national unity government. As a result, following Emile Lahoud's presidential term ending in October 2007, the country was left without a president. The position remained unoccupied due to conflicting opinions from opposing factions on the new government.
- 4.30. Further to the damage done politically with a process becoming frustrated, the hostilities had a significant effect on the Lebanese economy following a significant reduction in tourism and trade,



the deaths of approximately 1,000 Lebanese civilians, and destruction of public and privately property to a value of approximately 10% of the State's GDP.<sup>11</sup>

- 4.31. In 2008 this crisis came to an end following an agreement secured in Doha between 'March 14' and 'March 8', which established a national unity government.
- 4.32. However, The Global Integrity Report 2009<sup>12</sup> categorised Lebanese regulations of political party financing as "very weak". The lack of regulation contributing to the political corruption in Lebanon, preventing individuals being held accountable and thus allowing the previously witnessed corruption to become further entrenched.
- 4.33. The Lebanese Court of Account purports to oversee the use of public funds and ensure compliance with laws and regulations. However, the position of President of the Court remained vacant between 2005 and 2010, meaning no annual reports revealing information around activities and proposals were published during this 5-year period, allowing the opacity concerning corruption and work on the basis of patronage to proliferate.
- 4.34. The Syrian conflict that began in March 2011 has heavily impacted Lebanon with Hezbollah and its allies backing Assad's regime, while Hariri and his partners support the uprising against him. Having severe implications for Lebanon's ability to import goods and, ultimately, its food

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<sup>11</sup> On the [2007 Global Integrity Index](#), Lebanon received the score of 45/100 and is considered as a "very weak country" in terms of integrity - (The Lebanese Transparency Association) <<http://www.transparency-lebanon.org/En/Corruption/52>> accessed 30 September 2020

<sup>12</sup> <https://www.globalintegrity.org/resource/gir2009-lebanon/>

security. 200,000 Lebanese fell below the poverty line, and another 220,000-320,000 mostly young and low-qualified Lebanese became unemployed.

- 4.35. This has only been exacerbated further by the fact that Lebanon has taken in over two million refugees, placing massive pressure on public services such as water and electric which has in turn contributed to pushing the economy into crises.
- 4.36. This increased pressure on utilities has also served to highlight the already established problems in that the lack of electricity was and remains a huge problem in Lebanon it arising as a result of both the lack of capacity of state-owned electricity services, and importantly, the wholesale theft of electricity that individuals in power are aware of, and have either turned a blind eye to, or have been an active participant.
- 4.37. ‘Transparency International’s 2011 Corruption Perception Index ranked Lebanon as the 134 most corrupt country in the world, out of the 183 countries and territories assessed, with a score of 2.5 on a scale from 0 (highly corrupt) to 10 (very clean). Lebanon is the 15 most corrupt country in its region, only scoring better than Yemen, Libya and Iraq<sup>13</sup>.
- 4.38. In 2012, offshore hydrocarbon resources were discovered in Lebanon which could have contributed to restoring the economy. However, the structure of Lebanese political system has resulted in these resources being underexploited, and in any event, the reality of the situation is that the benefit of such resources would not be felt by those in need, namely ordinary citizens,

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<sup>13</sup> <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-lebanon.pdf>

but rather, would have gone to further enrich the political and ruling classes who were already seeing the economy as their own personal bank from which they could make endless withdrawals without the need for deposits.

- 4.39. Despite the lack of exploitation of these resources, Lebanon has relied on the extent to which it can, on the resource, however, Lebanon oil prices dropped, and the number of remittances from Lebanese expatriates in neighbouring oil-countries declined. This decrease led to the Lebanese banks finding alternative solutions to fund the country's debt.
- 4.40. Lebanese banks are known for having the most sophisticated banking systems in the region, the country's source of dollars comes from wealthy investors in the central bank, which maintains the link to the Lebanese pound.<sup>14</sup>
- 4.41. However, the Central Bank of Lebanon banking system 'the financial engineering policy' since 2015, has been described as a 'state sponsored Ponzi scheme' and arguably is the catalyst behind the country's economic hardship. In just one example, the governor inflated the institution's assets by over \$6 billion in 2018.<sup>15</sup>
- 4.42. At its simplest the scheme would work as follows: The Central Bank would make a loan to other banks at 2% interest, the bank would then loan back the funds to the Central Bank at 8% interest.<sup>16</sup> These rates kept on increasing to attract funds to pay for the government's debt

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<sup>14</sup> <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-lebanon.pdf>

<sup>15</sup> <https://uk.reuters.com/article/lebanon-crisis-centralbank/lebanese-central-bank-governor-inflated-assets-as-liabilities-grew-audit-idUKL5N2ET1QD>

<sup>16</sup> 'What's behind Lebanon's economic crisis?' (TRTWorld, 2020) <<https://www.trtworld.com/magazine/what-s-behind-lebanon-s-economic-crisis-35874>> accessed 2 October 2020

problem and volume of imports. This scheme made it easier for government to borrow money but created a further problem to be addressed.<sup>17</sup>

- 4.43. Between 2017 and 2019 the bank's profit increased by 70%. The dividends paid out went to the bank's shareholders, many of whom, were politicians, resulting in those individuals being dissuaded from scrutinising the Bank's or its practices, given the returns on their investments.
- 4.44. The corrupt practices have resulted in numerous bank bailouts since 2015 including to the Audi bank, Bankmed (owned by Rafik Hariri's family), and the AM bank.<sup>18</sup>
- 4.45. However, given the lack of transparency on bank investments, following the adoption of the banking secrecy law in 1956, it is difficult to quantify the amount loaned over the last five years and thus the true magnitude of the problem, both that facing ordinary citizens, and the extent to which individuals have become unlawfully enriched, remains unknown.
- 4.46. In one example, the bailout loan to 'Bankmed' in 2015 was not revealed until a year later, it being suggested as purely coincidental that the bailout came at the same time that Riad Salameh needed the support of Hariri's family in his bid to become President.
- 4.47. The International Monetary Fund described Lebanon's central bank as "the linchpin of financial stability" in an October 2019 report "but at the cost of intensifying sovereign-bank linkages,

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<sup>17</sup> 'What is behind Lebanon's deepening financial crisis?' (International Banker, 2020) <<https://internationalbanker.com/finance/what-is-behind-lebanons-deepening-financial-crisis/>> accessed 2 October 2020

<sup>18</sup> 'Bankmed on the significance of the Lebanese banking sector' (World Finance, 2015) <<https://www.worldfinance.com/banking/bankmed-on-the-significance-of-the-lebanese-banking-sector>> accessed 30 September 2020

which pose risks to banking sector stability, and weighing down its balance sheet while protecting banks' profitability."

- 4.48. The government continued to increase their debt by ill-conceived spending measures turning to public hiring to buy votes.
- 4.49. In October 2017, the government proposed a tax on the usage of WhatsApp message for the government to pay off debts.<sup>19</sup> A few weeks later Saad al-Hariri resigned. This led to a protest from Lebanese civilians angered at the corruption and sectarian system. This triggered investors to move their money out of the country; capital flight only making a precarious situation worse.
- 4.50. The May 2018 election after nine years of political paralysis (political factions opposing the voting) more than 70 of the 128 seats went to Hezbollah and its allies.
- 4.51. In January 2019, Hassan Diab backed by Hezbollah, took office.
- 4.52. At this point half of the government's fiscal revenues were being used to service its debt burden, both domestically and externally, totalling approximately \$12billion. The remaining money going to public-sector salaries.

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<sup>19</sup> 'What's behind Lebanon's economic crisis?' (TRTWorld, 2020) <<https://www.trtworld.com/magazine/what-s-behind-lebanon-s-economic-crisis-35874>> accessed 2 October 2020

- 4.53. In November 2019, the World Bank warned<sup>20</sup> prior to the currency crash and pandemic, that the portion of Lebanon's population living in poverty could increase from 30 percent to 50 percent if the government did not act immediately.
- 4.54. The outbreak of Covid-19 this year forced everyone into lockdown and has plunged Lebanon further into financial ruin. The poverty and corruption have fuelled violent protests with banks being bombed and burned.
- 4.55. Human Right Watch warned that millions of Lebanese people were at risk of going hungry if no immediate steps were taken.
- 4.56. In March, Lebanon failed to make a payment for foreign bonds the first default in its history. Lebanon released an 'economic recovery plan' on the 30<sup>th</sup> April stating they are seeking \$10 billion from the International Monetary Fund. This is very unlikely due to Lebanon not adhering to the funders required reforms. Reforms needing to be implemented so as to tackle the systemic corruption.
- 4.57. It is evident that Lebanon is plagued with corruption with its main institutions being used as a source of enrichment by individuals, from political parties, public administration, the police, and parliament. The scales of the losses cannot be quantified due to the secrecy and the complexity of the schemes being used, the only assessment being that it runs into the billions of dollars.

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<sup>20</sup> <https://www.worldbank.org/en/news/press-release/2019/11/06/world-bank-lebanon-is-in-the-midst-of-economic-financial-and-social-hardship-situation-could-get-worse>

- 4.58. Consequently 50% of Lebanon's population is living in poverty, a fact only made worse by the staggering debt burden of the country a burden that has been created to a substantial extent by the endemic corruption.
- 4.59. A prime example of the corruption and mismanagement came to the fore this year (2020) with the Beirut port explosion on 4 August, where a massive explosion ripped through the port in Beirut, destroying the port that supplies 85% of the country's food, killed over 200 people, and has had a significant effect on over 1.5 million people who already struggling, will now fall below the poverty line if they hadn't already, which will in turn create hundreds of thousands of potential refugees.<sup>21</sup>
- 4.60. The investigation into the explosion is still ongoing, however, it is commonly accepted that it was caused by approximately 3,000 tonnes of ammonium nitrate that had been stored in unsafe conditions; something that the Government was aware of, but had neglected since 2013.<sup>22</sup>
- 4.61. The explosion and its circumstances are not the subject of this report, however, it is important contextual information, in that it exemplifies the decades of systematic negligence, nepotism, corruption, political division, and the abject lack of accountability for those in the ruling and corporate classes in Lebanon.

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<sup>21</sup> Lebanon Emergency appeal 2020' (World Health Organisation, 2020) <<https://www.who.int/emergencies/funding/appeals/lebanon-explosion-2020>> accessed 30 September 2020

<sup>22</sup> 'Explosives, and a Loan from a Notorious Bank: Questionable Connections Surround Beirut Explosion Shipment' (Organised Crime and Corruption Reporting Project, 21 August 2020) <<https://www.occrp.org/en/investigations/a-hidden-tycoon-african-explosives-and-a-loan-from-a-notorious-bank-questionable-connections-surround-beirut-explosion-shipment>> accessed 2 October 2020

- 4.62. The explosion, and indeed the COVID-19 pandemic have not caused the problems facing Lebanon, these problems have existed for many years, the consequences have however been accelerated.
- 4.63. Prior to these two developments, Lebanon was at the advanced stages of an economic crash, with its debt-GDP ratios being the third highest in the world, with unemployment levels at approximately 25%.
- 4.64. Its economic growth had already reduced to 0% with national debt being over \$93 billion.<sup>23</sup>
- 4.65. The Lebanese pound had previously lost approximately 80% of its value against the dollar, whilst at the same time, the price of basic goods has been the subject of significant inflator rises.<sup>24</sup>
- 4.66. The position is now only more precarious with a country on the very of complete collapse from an economic perspective, and given its political make up, no clear route to recovery, with its system of sectarian power sharing fuelling the networks based on patronage, and hindering the system of governance, thus hindering any process of reform.
- 4.67. What is clear however, is that entrenched criminality cannot be denied, with many schemes, or assets obtained as a result of those schemes found distributed across the world.

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<sup>23</sup> 'Lebanon Economic Bank' (The World Bank, 2013) <<https://www.worldbank.org/content/dam/Worldbank/Feature%20Story/mena/Lebanon/lebanon-IEM-spring-2013.pdf>> accessed 30 October 2020

<sup>24</sup> 'Breaking Lebanon's FX peg could be ruinous for hugely indebted country' (Reuters, 30 October 2019) <https://www.reuters.com/article/us-lebanon-markets-currency-analysis-idUSKBN1X925Q> accessed 2 October 2020



**5. UK Statutory Framework**

- 5.1. A complete analysis of the UK statutory framework in terms of the Proceeds of Crime Act and relevant offences contained therein, and other relevant legislation, is beyond the scope of this submission; nor is there an intention to address relevant evidential considerations over and above that which is contained in the below Chapter where the evidence itself is discussed.
- 5.2. However, it is appropriate to highlight the most obvious offences and their elements for contextual purposes, and further, to provide the Metropolitan Police and/or relevant investigative agency with a framework upon which this submission can be understood.
- 5.3. On the basis that we are highlighting instances of corruption, with monies stolen from Lebanese citizens being used by a number of individuals for the purposes of personal enrichment, the immediate offences to be considered, are those involving what can generically be referred to as 'Money Laundering' offences, and those relevant to the possession and divestment of 'Criminal Property'.
- 5.4. Further, we acknowledge that consideration may need to be given to the statutory position prior to 24 February 2003, in that some of the criminal behaviour may have occurred prior to this date, this being the date upon which Part 7 of the Proceeds of Crime Act 2002 came into force, however, for the purposes of this submission, an assumption is made, for illustrative purposes, that it is those offences under the 2002 Act that are relevant, rather than those under the Criminal Justice Act 1988 and/or the Drug Trafficking Act 1994.

*Money Laundering Offences*

5.5. Relevant offences at this stage, are those contained within sections 327, 328, and 329 of the Act, namely offences of:

- a) Concealing;
- b) Arrangement; or
- c) Acquisition, use, and possession.

5.6. All such offences come under the umbrella of ‘Money Laundering’, noting that it also encompasses the ‘counselling, aiding or abetting or procuring.

5.7. The starting point perhaps, is that the Crown are required to show that the proceeds said to have been laundered are ‘Criminal Property’, for the purposes of s.340 of the act, and in particular, s.340(2) and (3). That definition being as follows:

*“(2)Criminal conduct is conduct which—*

*(a)constitutes an offence in any part of the United Kingdom, or*

*(b)would constitute an offence in any part of the United Kingdom if it occurred there.*

*(3)Property is criminal property if—*

*(a)it constitutes a person’s benefit from criminal conduct or it represents such a benefit (in whole or part and whether directly or indirectly), and*

*(b)the alleged offender knows or suspects that it constitutes or represents such a benefit.”*

- 5.8. As is highlighted in section discussing the evidence, it is submitted that there is no doubt that the monies subject to this investigation satisfy the definition of criminal property having regard to the following.

*Criminal Conduct*

- 5.9. ‘Criminal Conduct’ for the purposes of the Act is that conduct which would constitute an offence in the UK.
- 5.10. Importantly for the purposes of this proposed investigation, is the acceptance that offences which may have been committed abroad, in terms of their status as a ‘predicate offence’, are relevant predicate crimes for the purposes of UK legislation, if the laundering acts committed within the jurisdiction of the UK, where that predicate offence committed in another jurisdiction (and therefore, from which proceeds were generated), would also constitute an offence in any part of the UK if it was to occur here.
- 5.11. Again therefore, it is the position of this submission that the relevant conduct said to constitute a ‘predicate offence’, committed in Lebanon, would amount to an offence in the UK, and therefore the relevant criteria have been satisfied.
- 5.12. It is clear therefore, that the cross-border nature of the conduct being complained of is not a barrier to an investigation being commenced.

*Criminal Property*

5.13. Consideration will also need to be given as to whether the property highlighted is in fact ‘Criminal property’ for the purposes of the act, and therefore, it must be shown that the property:

- a) Constitutes benefit from criminal conduct, or that it represents such benefit (in whole or in part, and whether directly or indirectly); and
- b) The alleged offender knows or suspects that it constitutes or represents such benefit.

5.14. So as to enable prosecutors to target those who have enjoyed illicit gains, the definition of property which may comprise benefit, is widely defined, as per s.340(9) and (10) of the act in that:

*“(9)Property is all property wherever situated and includes—*

*(a)money;*

*(b)all forms of property, real or personal, heritable or moveable;*

*(c)things in action and other intangible or incorporeal property.*

*(10)The following rules apply in relation to property—*

*(a)property is obtained by a person if he obtains an interest in it;*

*(b)references to an interest, in relation to land in England and Wales or Northern Ireland, are to any legal estate or equitable interest or power;*

*(c) references to an interest, in relation to land in Scotland, are to any estate, interest, servitude or other heritable right in or over land, including a heritable security;*

*(d) references to an interest, in relation to property other than land, include references to a right (including a right to possession).”*

5.15. Property is obtained by a person if he obtains an interest in it, and therefore outright ownership is not necessarily required.

5.16. Further, and of importance in terms of the instant case, the legislation makes no distinction between the proceeds of the defendant’s own crimes and of crimes committed by others as per s.340(4):

*“(4) It is immaterial—*

*(a) who carried out the conduct;*

*(b) who benefited from it;*

*(c) whether the conduct occurred before or after the passing of this Act.”*

5.17. This is of particular relevance to the instant case, in that there are named individuals who have been identified as ‘having the benefit’ of criminal conduct, but might not have necessarily engaged in that initial conduct e.g. have not taken part in the initial corruption that gave rise to substantial funds being taken, but have had the benefit of that which was purchased with those funds, or

have had the benefit of an investment made with those funds, in the knowledge that the original funds themselves were no legitimate.

- 5.18. Again, the submission of this complaint is that the definition, both in terms of what constitutes property, and thereby criminal property, is adequately satisfied having regard to that which is outlined below.

*Proving that Proceeds are the Benefit of Criminal Conduct*

- 5.19. It is commonly accepted, particularly initially, that proving that ‘proceeds’ are the benefit of ‘criminal conduct’, will usually be done by circumstantial evidence.
- 5.20. It is anticipated that offences collated as ‘Money Laundering’ in the instant case, will be stand-alone offences, rather than offences on the indictment with the underlying criminal conduct, for jurisdictional reasons i.e. the underlying offence was committed outside of the jurisdiction.
- 5.21. In terms of a stand-alone charge, there are two ways of demonstrating criminality to the required standard, firstly, by proving the offending that gave rise to the criminal property, and secondly, by relying upon circumstantial evidence
- 5.22. Further, it is not necessary to prove that the property itself is the benefit of a particular of specific ‘crime’, or act of ‘criminal conduct’, but rather that the property is simply the benefit of ‘a crime’.
- 5.23. It is however required that, as a minimum, sufficient circumstantial evidence is adduced from which inferences can be drawn to the required standard that the property in question has a criminal origin.

5.24. Commonly accepted examples of the ‘criminal origin’ being:

- a) Accomplice evidence;
- b) Circumstantial evidence and/or other evidence;
- c) Forensic evidence (e.g. contamination of cash with drugs) from which inferences can be drawn that money came from drug trafficking;
- d) Evidence of complex audit trails, from which an accountancy expert may be able to conclude that the complexity of the transactions indicate that the property was the proceeds of crime. (Archbold 2006 10-66). While this was not a money laundering prosecution, by analogy, it would seem permissible for a witness to give expert evidence that the facts lead him to the conclusion that the property was the proceeds of crime);
- e) Evidence of the unlikelihood of the property being of legitimate origin - Where the prosecution proves D has no legitimate explanation for possessing the property in question a jury may be willing to draw an inference that it is proceeds of crime;
- f) Criminals often attempt to launder proceeds through a cash intensive business. Where the cash flows appear too large or the profit margins too high this may be capable of giving rise to expert evidence that the business will usually give rise to a particular level of profit and the profits are clearly excessive which together with other available evidence can be sufficient to prove the underlying criminality.

5.25. Of particular relevance to the instant case, are Parts (b) and (e).

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- 5.26. It is on the basis of (e) that it is suggested, in part 8 of this submission, that consideration ought to be given to the application for an Unexplained Wealth Order(s), in terms of the main individuals highlighted.
- 5.27. As was highlighted at the beginning of this section of the report, the law in respect of the Proceeds of Crime is significant and complex, and therefore, no attempt has been made to address the finer nuances of the relevant offences, defences, and obligations on individuals as this is outside of the scope of this submission.
- 5.28. Instead, a ‘broad brush’ approach has been taken, so as to provide a contextual basis for the following evidential discussion.

STRICTLY CONFIDENTIAL



**6. Individuals of Interest**

- 6.1. The purpose of this Chapter is to draw attention to individuals who have been identified as relevant individuals of interest to the investigation, and therefore, individuals of interest to any formal investigation that may be commenced.
- 6.2. It is not suggested that the list is exhaustive, as given the level of endemic corruption in Lebanon, and the intricacies of the relationships between various individuals and businesses, it is simply impossible, in the time allowed to consider the same.
- 6.3. However, a basic organogram of individuals, businesses, and the basis upon which they are linked has been drafted, and is appended to this submission.
- 6.4. This Chapter, as noted, will focus on some of those individuals, and provide further information, concerning their relationships, and transactions that have given rise to suspicion growing in terms of their criminal behaviour.
- 6.5. Further, it also important to note, that for some of the individuals noted below we have not necessarily been able to trace any UK held assets or relevant interests, however, they remain cited because they provide important contextual information, and further, there may well be relevant assets to be targeted that can be identified with the resources of a formal investigative agency.

*Riad Salame*

- 6.6. Riad Salame, is the Governor of the Central Bank of Lebanon (Banque du Liban), and is believed to have benefited in the sum of 100's of millions of dollars, from the endemic corruption within Lebanon.
- 6.7. Salame has been previously characterised as being the *de fact* head of an organised criminal gang, and therefore analogous to the head of a Mafia crime family.
- 6.8. Transactions, and investments made by him, his son Nady Salame, and his nephew Marwan Issa El Khoury, have been at the forefront of numerous reports by journalists and political commentators alike, such is the wealth he has amassed in comparison to his income.
- 6.9. Through a Luxembourg-registered shell company, Fulwood Invest, he holds property in England, including a large office building in Bristol and another in London. Salame's son and nephew apparently use Fulwood as a vehicle to invest 8-figure sums in British real estate. Salame claims he had substantial wealth prior to taking the central bank job, which he has held since 1993, and is merely investing it.<sup>25</sup>
- 6.10. Fulwood appears to be different from another UK-based investment vehicle controlled by Salame's son that was bought by a Lebanese bank, Bank Audi in 2017 in a transaction in exchange for a "sweetheart deal" from the Central Bank.<sup>26</sup> Bank Audi has a dual listing on the LSE.<sup>27</sup>

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<sup>25</sup> <https://thebristolcable.org/2020/08/bristol-offshore-property-secretly-owned-by-controversial-governor-of-bank-of-lebanon/>

<sup>26</sup> See Ponzi Scheme document.

<sup>27</sup> <https://www.londonstockexchange.com/stock/BQAD/bank-audi-s-a-l/company-page>

- 6.11. Yet another shell company, Merrion Capital, registered in Panama, owned a luxury apartment in London on Nady's behalf until it transferred the property to him in, also in 2017. It was dissolved two months later. (It is possible this is the same entity that dealt with Bank Audi, but not clear.)<sup>28</sup>
- 6.12. Salame controls at least two other Luxembourg-registered companies. One, BR 209 Invest is owned by an intermediary company, Comtec, and owns subsidiaries Louise 209A 1 and 2, among several others, all directed by Nady, el Khoury, or both. It invests in French and German properties. Another separate entity, Stockwell Investissement, is mostly focussed on Germany. Nady and El Khoury are the directors of almost every entity owned by Salame.<sup>29</sup>
- 6.13. An Irish company, Ardstone Capital, appears to handle transactions for several of Salame's companies.<sup>30</sup>
- 6.14. Nady was also a director at Crossbridge Capital, which has ties to several prominent Lebanese businessmen and officials, including Bank Audi as well as Nabil Aoun, former president of the Lebanese Broker Association, Rami El Nimer, chairman and general manager of Lebanon's First National Bank (FNB), and Roland El Hraoui, another FNB shareholder. He left in 2015, though he continues to be a shareholder in the Maltese parent.<sup>31</sup>

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<sup>28</sup> <https://www.occrp.org/en/investigations/lebanons-offshore-governor>

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

- 6.15. The Swiss Leaks cache revealed Salame with an account containing \$4.6M at HSBC in 2007 held through a British Virgin Islands company called Naranore Limited.<sup>32</sup> He also had a separate personal account. At the same time, his younger brother, Raja, held both a personal account and an account with \$5.8M through another British Virgin Islands company, Forry Associates. Both companies were nominally owned by Nomihold Securities and administered by Mossack Fonseca, the Panama Papers law firm.<sup>33,34</sup>
- 6.16. The Nomihold that owns Naranore holds stakes in Elle Business, Gingest Marketing, Sedata Trading, Intergroup Consultants, Baling Overseas, Vernwood Properties (which has another shareholder, Fenchurch Trust, which appears to be Jersey-registered<sup>35</sup>).<sup>36</sup>
- 6.17. The Nomihold that owns Forry also holds shares of Pacer Investments, Ponensa Holding (both of which have another shareholder, Solidarity Alliance Foundation, which is owned by Russian Billionaire Rashid Sardarov<sup>37</sup>), Monatu Holdings, Manello International, Sapphire Assets Management, Savcel Trading Company, Fora Limited, Adaqual Marketing (these three are also linked to a Turkish woman, Dezi Torel<sup>38</sup>), Downholm Limited, Stallions International Holdings,

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<sup>32</sup> <https://offshoreleaks.icij.org/nodes/10202337>

<sup>33</sup> <https://www.occrp.org/en/investigations/lebanons-offshore-governor>

<sup>34</sup> As a clarifying point, the ICIJ Leaks website lists multiple companies named Nomihold Securities Inc. The two companies here are owned by two different entities, each with several other subsidiaries, as displayed on the website and there is nothing to tie either to the Salames. It is not clear how OCCRP made the connections. See <https://offshoreleaks.icij.org/nodes/12002958> and <https://offshoreleaks.icij.org/nodes/12190204>.

<sup>35</sup> <https://companycheck.co.uk/director/908332689/FENCHURCH-TRUST-LIMITED/summary>

<sup>36</sup> <https://offshoreleaks.icij.org/nodes/12002958>

<sup>37</sup> <https://panamapapers.investigativecenters.org/namibia-russia-land/>

<sup>38</sup> <https://offshoreleaks.icij.org/nodes/12145666>

Calpac International, Kendfell holdings, Carmeco Business (which has also has Turkish shareholders, the Kurttepelis<sup>39</sup>), and Owell Global Investments.<sup>40</sup>

6.18. Additionally, there is another Nomihold that has been involved in litigation in England over an arbitral decision at the LCIA and several others listed on the Panama Papers website.<sup>41</sup> This raises the possibility that Nomihold was just a dummy name used by Mossack Fonseca for a variety of clients and does not itself relate to the Salame's.

6.19. Another company linked to the family is Bet S.A., which owns ZEL, a French property investment company directed by Raja.<sup>42</sup>

6.20. Salame's 'protégé' at the Central Bank, former Miss Lebanon Marianne Houwayek also has ties to the UK. She allegedly has helped Salame offshore much of his money and herself controls a Panama company, Rise Invest, that was administered by Mossack Fonseca.<sup>43</sup> Her husband, Alexandros Adrianopoulos, runs a restaurant named Onima in Mayfair. The restaurant is owned by Lemonthree Limited, a UK company owned half each by Houwayek and her husband.<sup>44</sup><sup>45</sup>

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<sup>39</sup> <https://offshoreleaks.icij.org/nodes/10099236>

<sup>40</sup> <https://offshoreleaks.icij.org/nodes/12190204>

<sup>41</sup> <http://www.bailii.org/ew/cases/EWHC/Comm/2012/130.html>,  
<https://offshoreleaks.icij.org/search?utf8=%E2%9C%93&q=nomihold&e=&commit=Search>,

<sup>42</sup> <https://www.occrp.org/en/investigations/lebanons-offshore-governor>.

<sup>43</sup> <https://offshoreleaks.icij.org/nodes/10166378>

<sup>44</sup> <https://www.occrp.org/en/investigations/lebanons-offshore-governor>.

<sup>45</sup> <https://beta.companieshouse.gov.uk/company/10473885/persons-with-significant-control>

- 6.21. Another former deputy, Saad Andary, was named in the Panama Papers and has a British Virgin Islands-registered company named Finavestment Holdings.<sup>4647</sup>
- 6.22. Though it does not tie him to the UK, one point of note is that it appears Salame has received payments from a company, Cham Holding, controlled Rami Maklouf.<sup>48</sup>
- 6.23. here is little public evidence of exactly how Salame has enriched himself, beyond what is contained in the 'Ponzi Scheme' and 'Translations' documents. He claims his wealth predates his time as Central Bank Governor, when he was a banker at Merrill Lynch.<sup>49</sup> It appears that he may have gained from the Paris Donor Conferences, per US Diplomatic leaks, though this may refer to his political position in Lebanon.<sup>50</sup>

*Nabih Berri*

- 6.24. Nabih Berri is the Speaker of the Parliament in Lebanon. He was formerly a warlord in the Civil War and remains Syria's closest ally in the country. There are lasting allegations that he has abused his office to massively enrich himself.<sup>51</sup> His personal wealth is near \$80M.<sup>52</sup>

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<sup>46</sup> <https://www.occrp.org/en/investigations/lebanons-offshore-governor>

<sup>47</sup> <https://offshoreleaks.icij.org/nodes/10123711>

<sup>48</sup> <https://daraj.com/en/44709/>

<sup>49</sup> <https://www.occrp.org/en/investigations/lebanons-offshore-governor>

<sup>50</sup> [https://wikileaks.org/plusd/cables/07BEIRUT166\\_a.html](https://wikileaks.org/plusd/cables/07BEIRUT166_a.html)

<sup>51</sup> <https://www.timesofisrael.com/lebanons-decades-old-political-class-under-fire-in-protests/>

<sup>52</sup> <https://www.algemeiner.com/2019/06/03/the-grotesque-antisemitism-of-lebanons-nabih-berri/>

- 6.25. His son, Maisaa (Maysa) Berri was named in the Panama Papers. He is listed as an officer of two companies registered in the British Virgin Islands, Numbase Group and Muzeit Limited. Each has another officer, Ayman Jomaa, and has done business with Rawi & Co, an accountancy based in London.<sup>53</sup> Ayman Jomaa is Berri's son-in-law.<sup>54</sup>
- 6.26. Berri himself has been documented holding up aid from the Paris Conferences, though with no clearly corrupt purpose.<sup>55</sup>
- 6.27. His brother, Yasser, serves as Vice President of the Development and Reconstruction (CDR) has been documented trying to influence CDR decisions in a way that would benefit Berri-allied companies.<sup>56</sup> The CDR has itself been tied to corruption, including an incident that kept Lebanese traffic signals from working properly.<sup>57</sup> There are a host of other allegations of corruption at the CDR and contracts are apparently awarded based on the basis of sectarian quotas.<sup>58</sup>

*Gebran Bassil*

- 6.28. Gebran Bassil is a former Lebanese Energy Minister and Foreign Minister and the son-in-law of former President Michel Aoun.

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<sup>53</sup> <https://offshoreleaks.icij.org/nodes/10158992>; <https://offshoreleaks.icij.org/nodes/10205256>

<sup>54</sup> <https://lebanon.mom-rsf.org/en/owners/individual-owners/detail/owner/owner/show/berri-family/>

<sup>55</sup> [https://wikileaks.org/plusd/cables/07KUWATT896\\_a.html](https://wikileaks.org/plusd/cables/07KUWATT896_a.html)

<sup>56</sup> [https://wikileaks.org/plusd/cables/06BEIRUT2920\\_a.html](https://wikileaks.org/plusd/cables/06BEIRUT2920_a.html)

<sup>57</sup> <https://www.aljazeera.com/news/2020/07/dying-light-lebanon-crisis-failing-traffic-signals-200712144238025.html>

<sup>58</sup> <https://www.nytimes.com/2019/12/03/world/middleeast/lebanon-protests-corruption.htm>

- 6.29. While serving as Energy Minister, he was involved in the Steamers Scandal wherein he used his position to push for a deal where Lebanese power deficits were made up by purchasing power from ships at exorbitant prices, apparently with kickbacks to the Government and Bassil.<sup>59</sup>
- 6.30. He has also been described in US Diplomatic cables dating back to 2007 as being in politics for the money, receiving gifts from the opposition, possibly participating in a money laundering scheme relating to the IPO of Orange TV.<sup>60</sup>
- 6.31. Bassil himself is not clearly connected to any British assets. However, the Panama papers name several other Lebanese Bassils who appear to have connections to the energy industry in Lebanon.<sup>61</sup> Their holdings are centred on a British Virgin Islands registered company, Manchester International Resources Corp.<sup>62</sup>
- 6.32. The various Bassils attached to Manchester are difficult to connect to Gebran, although there is an image of him at the opening of a youth sports club with a Youssef Bassil, one of the parties mentioned in the leak.<sup>63</sup> It is possible that they are all family members who keep a lower public profile.

*Nada Al-Bustani (Kboury)*

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<sup>59</sup> See generally the translated Anti-Corruption Task Force (ACTF) complaint.

<sup>60</sup> [https://wikileaks.org/plusd/cables/07BEIRUT109\\_a.html](https://wikileaks.org/plusd/cables/07BEIRUT109_a.html)

<sup>61</sup> <https://www.executive-magazine.com/opinion/jbeils-power-pursuits>

<sup>62</sup> <https://offshoreleaks.icij.org/nodes/10142752>

<sup>63</sup> [https://www.lorientlejour.com/article/764376/Inauguration\\_d%2527un\\_centre\\_sportif\\_a\\_Batroun.html](https://www.lorientlejour.com/article/764376/Inauguration_d%2527un_centre_sportif_a_Batroun.html)



6.33. Named in the complaint as Nada al-Bustani, it seems this must refer to Nada Boustani Khoury, another former Energy Minister advisor in the same party as Bassil and the other ministers mentioned.<sup>64</sup>

6.34. She seems to have a positive image as one of the first women to hold a cabinet position in Lebanon, maintains a strong work ethic, and does not appear to have any offshore accounts or assets traceable to the UK. However, she was an advisor with the Ministry during the tenure of Abi Khalil (and the end of Nazarian's tenure).<sup>65</sup>

6.35. In fact, Nazarian had appointed her to negotiate some of the contracts involved in the Steamers scandal.<sup>66</sup>

*Orhan Karadeniz*

6.36. Orhan Karadeniz is a Turkish businessman who owns Karpowership, a corporation which provided much of the offshore power in the Steamers scheme (and therefore which would have allegedly kicked money back to Lebanese politicians).<sup>67</sup>

6.37. Karpowership's African and Asian sales director, Patrick O'Driscoll, is Scottish, though he is based out of Dubai.<sup>68</sup>

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<sup>64</sup> <https://twitter.com/nadaboustani?lang=en>

<sup>65</sup> <https://en.annahar.com/article/1006062-naya-ministers-series-14-nada-boustani-khoury-minister-of-energy-and-water>

<sup>66</sup> See ACTF Complaint.

<sup>67</sup> Ibid.

<sup>68</sup> <https://ae.linkedin.com/in/patrick-o-driscoll-aba4191>

6.38. Karadeniz himself is tied to several offshore entities, mostly based in Malta and the Marshall Islands. However, one of his companies, Finlay Industries, is registered in the British Virgin Islands and had a relationship with First Names Group, a Jersey company.<sup>69</sup>

6.39. Additionally, the Karadeniz Powership Company has ties to two companies with British Virgin Islands registrations, Execorp Limited and Sherper Limited.<sup>70</sup>

*Jihad Al-Arab*

6.40. Jihad al-Arab is a Lebanese businessman and the brother of an aide to former Prime Minister Saad Hariri. He was awarded a nine-figure contract to handle excess garbage in Lebanon. His company has been documented weighing down garbage containers with water to inflate the billable weight.<sup>71</sup>

6.41. The garbage contracts were awarded by the same CDR that Nabih Berri's brother is the vice president of. The president is another Hariri ally, Nabil el-Jisr.<sup>72</sup>

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<sup>69</sup> <https://offshoreleaks.icij.org/nodes/10150858>

<sup>70</sup> <https://offshoreleaks.icij.org/nodes/166421>

<sup>71</sup> <https://www.nytimes.com/2019/12/03/world/middleeast/lebanon-protests-corruption.html>

<sup>72</sup> Ibid.

- 6.42. The contract went to his company, Al Jihad for Commerce and Contracting (JCC).<sup>73</sup> That corporation has a sister company, Araco.<sup>74</sup> Both seem to operate exclusively in the Arab world. A great deal of JCC's projects have been awarded by the UN.<sup>75</sup>
- 6.43. There are few clear links to offshore accounts among the players here, however, there may be a way to link Nabil el-Jisr to the Panama Papers. His middle name appears to be Adnan.<sup>76</sup> The leaks mention two el-Jisrs, one also named Adnan and one named Rami. The two younger el-Jisrs work together at a company named Broadgate Advisors, which they appear to lead.<sup>77</sup> Purely conjecture (there is nothing to tie them to Nabil besides the shared 'Adnan'), but these might be Nabil el-Jisr's sons.
- 6.44. Regardless, their offshore accounts do not touch the United Kingdom. Adnan's company is based in the Caymans.<sup>78</sup> Rami's is registered in Malta, though interestingly, Bank Audi, through a subsidiary, is also a shareholder of that entity.<sup>79</sup>

*Remarks*

- 6.45. The focus of this submission is Salame and his family members/immediate associates, more of which is detailed at Part 6 below, the other names of individuals noted above are useful in that

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<sup>73</sup> Ibid.

<sup>74</sup> <http://www.aracoacm.com/>

<sup>75</sup> <https://www.devex.com/organizations/al-jihad-for-commerce-and-contracting-jcc-50016>

<sup>76</sup> <http://www.arabfund.org/Default.aspx?pageid=487&nid=286>

<sup>77</sup> <https://broadgateadvisers.com/team/rami-jisr/>, <https://broadgateadvisers.com/team/adnan-jisr/>

<sup>78</sup> <https://offshoreleaks.icij.org/nodes/82024409>

<sup>79</sup> <https://offshoreleaks.icij.org/nodes/55067214>

they demonstrate the complexity of the issues faced, and the various links, often through banks, that permeate Lebanon and its power structure.

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**7. Evidential Discussion**

7.1. Much of the documentation and evidence considered for the purposes of this report is 'open source' based, with numerous publications and opinions drawn together.

7.2. It is clear, that as much as some of those reports may have been written in isolation, and quite independent of each other, they do, in the main, reach the same conclusion.

7.3. This in itself adds credibility to the position being adopted and allegations made.

7.4. All of the sources used for this section of the report are tabulated and annexed so as to enable investigators to quickly access

*Riad Salame*

7.5. The United Kingdom has for some time, been seen as a haven, or at least, a favourite of foreign investors, particularly because of the strong property sector, which, particularly in London and the South east, has seen steady returns over a number of years, and thus foreign companies and non-declared owners, have been clamouring to invest, total assets being considered to have reached £84 Billion.<sup>80</sup>

7.6. Accordingly, a large portion of Salame's wealth has found its way to the UK.

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<sup>80</sup> <https://daraj.com/en/51974/>

- 7.7. Concern over Salame and the legitimacy of his position and or his investments and wealth have abounded for some considerable time.
- 7.8. In March 2007 in a telegram, former US Ambassador to Lebanon, Geoffrey Feltman spoke of a “tendency to secrecy and independence outside the law in the Central Bank, past rapprochement with Syrian leaders, and an unwillingness to disclose the amount of Lebanon’s net foreign exchange reserves. The oversight function is part of an International Monetary Fund program.”
- 7.9. He concluded that “aspects of Salame’s record may not bode well for a transparent presidency.”
- 7.10. When Darj called Feltman, he said, “I prefer not to comment on information, which was intended to be private.”
- 7.11. Complaints about his handling of the secrecy increased after his name appeared in Swisslex, a collection of bank records published in 2015 by a whistle-blower who worked for HSBC.
- 7.12. The leak revealed that Riad Salame was the beneficial owner of an account in the banking arm of HSBC in Geneva. The account was registered with a company in the British Virgin Islands, namely “Naranori Limited,” and its balance was \$4.6 million between 2006 and 2007.
- 7.13. Salame’s profession was included in the registration document as “Merrill Lynch’s manager in Paris,” although the files refer to the opening of a Naranuri account in Geneva in 2003, a decade after Salame moved from Merrill Lynch to the Central Bank.

- 7.14. It is unclear whether the \$94 million of foreign investment assets that he controls through investment firms in Luxembourg relate to the \$23 million he raised before crossing over to the Lebanese Central Bank.
- 7.15. In response to a question about this discrepancy, Salame told the OCCRP by email that the account was opened in 1989 and an apparent reference to a separate personal account opened in November 1988. However, Naranuri was not established until 2003 – 15 years later.
- 7.16. SwissLex also revealed that Raja Salame, the Governor's younger brother, was the beneficial owner of a private account in HSBC in Geneva opened in early 2002.
- 7.17. This account was the property of "Fawry Associates Limited," a company incorporated in the British Virgin Islands in 2001. Fawry's account balance was more than \$5.8 million in 2006 and 2007.
- 7.18. Naranuri and Fawry were owned by the same "nominated" shareholder, Numihold Securities Corporation. They both ran Mossack Fonseca, the Panamanian law firm and service provider to companies that became famous after the 2018 Panama Papers leaks.
- 7.19. In an email to the OCCRP, Raja Salame said: "I own private companies and investments in the real estate and hospitality sector, locally and internationally, using only my own money."
- 7.20. Salame has been contacted by journalists previously in respect of his investments, his position being that he had been independently wealthy prior to taking his position at the Central Bank, that nothing prevents him from investing his funds, and therefore he has committed no offence.

- 7.21. This is not in alignment with the reality however.
- 7.22. Journalists from the Organised Crime and Corruption Reporting Project (OCCRP), and their Lebanese partner '*Darf*' have sought to track his investments abroad, with calculations suggesting that in most cases these investments were financed by what purports to be a loan of tens of millions of euro's, but, with no collateral to support the finance.
- 7.23. It is of note that in July, a group of Lebanese lawyers formally accused Salame of committing multiple violations of the Lebanese Penal Code, including the embezzlement of assets of the Banque du Liban, and the mismanagement of public funds.
- 7.24. The Courts took the step of freezing all of his assets, including properties and vehicles, however, Salame has since been able to 'unfreeze' his assets by providing a guarantee.
- 7.25. There was however no order to freeze or confiscate his assets out of the jurisdiction, which is where the vast majority of his wealth, and those others responsible or party to the wholesale corruption that has caused the current crisis, is held.
- 7.26. Notably, Mr. Alan Biffany, the Director General of the Finance Ministry who resigned in June 2020 has stated that up to \$6 Billion has been smuggled out of Lebanon since the start of the financial crisis.<sup>81</sup>

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<sup>81</sup> <https://www.tellerreport.com/news/2020-07-13-former-lebanese-official-banks-smuggled-%24-6-billion-abroad.rkOdO6TKkP.html>



- 7.27. Contributing to this was the decision in 2019 following the economic collapse to restrict transfers and withdrawals made by ordinary citizens, whereas the wealthy elite were permitted to transfer their funds to offshore accounts, and other jurisdictions, both exacerbating the crisis, and furthering the crisis.
- 7.28. In January of 2020 Lebanese prosecutors asked a central bank investigation committee to determine the amount of funds that had been transferred to Switzerland since the previous October and to determine whether the same was suspicious.
- 7.29. Salame commenced an investigation but conveniently neglected to mention his own wealth which had been moved to relative safety in Europe some time prior to the crisis beginning, and conveniently, before the period covered by the investigation.
- 7.30. Just 6 days after the investigation was announced, a Luxembourg company owned by Salame secured £11 million through the sale of a UK underlying asset that was acquired in 2013.
- 7.31. The transaction was not highlighted in Lebanon as given his position, Salame has been able to prevent scrutiny of his dealings, and further, has had a substantial proportion of his assets held in the names of family members, or had those members ‘run’ companies on his behalf.
- 7.32. Speculation about Riad Salame’s personal finances continue to flare, with Lebanese media reporting allegations that those close to him had helped transfer an enormous fortune abroad. The reports were based on files allegedly prepared by Crystal Credit, a French business intelligence firm.

- 7.33. While the file received widespread media coverage, we were not able to independently verify it. Riad Salame described it as a “fraud” and told the OCCRP, “Crystal Credit denies its connection to the file.” The company has not responded to requests for interviews by the OCCRP journalists. In an interview with a Lebanese media outlet, Crystal Credit denies any involvement in this file.
- 7.34. But the truth is, he moved a lot of money abroad. Riad Salame is described by a business partner as a “well-financed private investor,” and over the past decade has seized lucrative investment opportunities across Europe.
- 7.35. By the end of 2018, his assets were valued at \$94 million, according to the published balance sheets of companies controlled by Salame in Luxembourg G. The assets were acquired with borrowed funds included in the balance sheets under “liabilities,” although the source of the funding was not disclosed in the documents deposited by the companies.
- 7.36. Salame, who appeared on TV in Beirut on 08 April 2020, after the famous “Crystal Credit” file went viral, said that his net worth was \$23 million when he moved to the Central Bank in 1993, and included profits from his commercial banking career. Originally successful, he inherited it in 1978 and 1982.
- 7.37. But the Governor did not talk about his investments abroad. It is unclear whether the \$94 million of foreign investment assets that he controls through investment firms in Luxembourg is related to the \$23 million he raised before crossing over to the Lebanese Central Bank.
- 7.38. He said in an exclusive interview with “MTV” TV station: “As the law states, I cannot engage in any activity (business) because I need to devote my time to my work as Governor of the Central

Bank. I gave this money to people with experience and people I trust who invested it over the past 27 years.”

- 7.39. The aforementioned law is Article 20 of the Lebanese Monetary and Credit Law, which states that the Governor and his deputies “are prohibited during their term of office to keep or to take or receive any benefit in a private institution.” And “benefit” is defined as “every contribution or participation in any form or any means, even by simple lending.” The law allows the Governor to own a portfolio of securities issued by anonymous companies.
- 7.40. Many of the companies that Salame controls or indirectly owns are legally authorised to do business beyond the limits of Article 20 of passive investment in portfolios. For example, one of his Belgian companies can obtain private equity and financing financial interest, works as a holding company and grants loans.
- 7.41. Ali Zibeeb, a Beirut-based lawyer and expert in international banking and financial regulation, said he believed Salame’s investment abroad violated the law.
- 7.42. Zibeeb said: “In addition to that, it increases the suspicions surrounding the politically exposed persons who have investments abroad, and hints at malicious intentions and attempts to conceal actual sources of money, and the Lebanese law is considered very clear and intense in terms of preventing the Governor and his deputies from engaging in any kind of business – and from obtaining, taking or enjoying any benefits. These businesses include but are not limited to, foreign investments.”

- 7.43. Zibeeb's assessment was approved by Professor Nizar Saghie, a Lebanese lawyer and founder of the "Legal Agenda" project, an observatory of law and public policy monitoring in Beirut.
- 7.44. Saghie said, "The mere possession of an offshore company in countries that are largely tax havens is in itself a dubious business and raises questions about the intent behind making secret, opaque investments that lack transparency to a degree."
- 7.45. However, Ibrahim Najar, the former Lebanese Minister of Justice who is currently studying a law degree at al-Quds Youssef University, told "Darj" that he did not believe that Salame broke the law through his investments.
- 7.46. Ken Carpenter blames Salame for his public statements that "deceived investors and expatriates, by giving them the wrong impression that if they bring their money to Lebanon, they will become rich."

*Further Personal Investments*

- 7.47. The OCCRP highlighted an apartment in Brodock House, near Hyde Park in London, valued then at £3.5 million where Salame was a hidden beneficial owner.
- 7.48. The property was the home of Salame's 26-year old son, Nadi Salame, who despite it being his home, was not the legal owner of the property.
- 7.49. The property itself, is owned by Merion Capital SA, a Panamanian registered company, that purchased the luxury apartment in early 2010, and sought to conceal the true owners.

- 7.50. In 2014 Nadi Salame became a manager at Scan Brodock house Limited which manages the building itself.
- 7.51. He became the legal owner of the property in January 2017 when the property was transferred into his name a month after his 30<sup>th</sup> birthday.
- 7.52. Transfer documents filed with the UK Land Registry show that Merion Capital transferred the property on 3 January 2017, firstly to Riad Salame, who signed a statement stating that the transfer “*was not for money or anything of monetary value*”. The statement indicates that ‘Merion Capital’ was a related party in the transfer, however, the process did not involve the exchange of any funds, and the following day, the deed to transferred to Nadi.
- 7.53. Merion Capital was dissolved mere weeks afterwards.
- 7.54. Notably, OCCRP asked Riad Salame as to whether he was the beneficial owner of Merion capital but he has refused to answer.
- 7.55. This is not however an isolated example of assets being swapped between the two.
- 7.56. In 2011, Nadi Salame was appointed as a director to a number of European investment companies and vehicle.
- 7.57. These companies invested in real estate worth millions of Euros across Europe, with a main office located in London.

7.58. The true benefactor of the deals and investments was Riad, who had invested tens of millions in property deals using his sons name.

7.59. According to the Luxembourg transparency company register, Salame owns or controls three companies:

- a) BR 209 Invest SA;
- b) Flood Invest SA RL; and
- c) Stockwell Investments SAA.

7.60. Since 2011, Nadi has been a Director in at least 7 other related investment companies.

*Hidden Assets*

7.61. When it comes to business, Salame's identity and the relationship between his corporate interests are obscured in various ways.

7.62. Stockwell Investments SA was founded in mid-2015 with a capital of 5 million Euros and looked like any other investment company in Luxembourg. The profession of its sole shareholder, Riad Salame, was only recorded as "a bank manager," without naming the bank.

7.63. Four months later, Stockwell Investments paid \$6.76 million to buy high-end commercial properties and four parking spaces in the Willitzstrase 7 -9, in central Munich, Germany.

- 7.64. The company made its second real estate investment in January 2017, paying \$3.64 USD for a retail property in the elegant Gattrenplatz district of Munich.
- 7.65. At the end of 2018, Stockwell Investments announced 14.4 million Euros (\$16.4 million USD) of assets. Almost all of them are traded in securities, as their balance sheet shows. With the purchase of the two properties in Munich, Stockwell Investments' total assets approached 24.2 million Euros (\$27.6 million).
- 7.66. Despite their large size, the Stockwell Investments deals appear small compared to those of Flood Invest SARL, another Luxembourg company controlled by Riad Salame. "Fulwood Invest" did not reveal the participation of Riad Salame until it was asked to do so in 2019. Until then, only its directors had shown company documents. Nadi Salame and Marwan Issa El-Khoury, Salame's nephew (son of his sister) who formed a front for many investment companies, is not known to have the beneficial ownership of Salame.
- 7.67. Nadi Salame and el-Khoury concealed the Governor's involvement through "Fulwood" in more than £32 million (about \$40.6 million) of commercial real estate in the UK over a period of 8 years starting in 2012.
- 7.68. Among the investments by Fulwood House, was a major office building in the heart of Chancery Lane, a prominent London legal district. The real estate deal was closed in 2012 for £5.9 million (\$9.44 million), and offices in a business park outside Bristol, less than two hours by train from London. The price of the property in the deal that took place in July 2013. Salame's company

signed the papers for the two properties in addition to a seven-story commercial property in Leeds in November 2013 for £10 million (about \$16 million).

7.69. The company bought an office building in Birmingham for £5.45 million (about \$6.9 million USD) in 2016. In January, the company sold the Leeds property, and Al Khoury signed the deal amounting to £11 million (\$14.32 million).

7.70. Stockwell Investments is linked to other investments by the Salame family through its director Gabrielle Jean, who is Belgian who owns an auditing firm in Luxembourg, called CFC Consulting. Before Stockwell Investments, Jean ran another family-related company called bet SA, which was founded in early 2007 and owned 99% of a French real estate investment company.

*Nadi Salame*

7.71. Nadi is another individual of significant interest.

7.72. It is accepted that Nadi has prior experience in managing the wealth of high-net worth individuals, given that 3 years before he began to partner with his father, he was employed by 'Crossbridge Capital', a London based company founded in 2008 by former members of Credit Suisse's UK wealth management unit.

7.73. Crossbridge is a company of interest, in that it had strong ties with the business and banking elite in Lebanon.

7.74. Among its founding shareholders was Nail Anoun, the former president of the Lebanese Financial Brokers association.



- 7.75. At a later date, Rami El-Nimr, Chairman and General Manager of the First National Bank of Lebanon, and Rolan al-Harawi, another shareholder in the same bank, invested in the company.
- 7.76. At the same time, Philip Sedna Wei became CEO of private banking at Bank Audi Swiss, when the Geneva-based bank bought a stock package in the company in 2016.
- 7.77. The inference therefore is clear, and if nothing else, there is strong circumstantial evidence of individuals of interest making collective investments in places where they are sure their assets are safe, or where those assets can be given the veil of legitimacy.
- 7.78. The source of the alleged funds is not known; Nady Salame refusing to comment when asked by the OCCRP.
- 7.79. It is of note that Crossbridge Capital, when asked the same question responded that “*Mr. Riad Salame was not at any time, responsible, directly or indirectly, for managing clients assets*”. There is therefore a clear attempt to distance.
- 7.80. No comment has been made on the fact that Nadi Salame, did, in 3 years, having just finished an internship at Merrill Lynch, Credit Suisse and Julius Baer, manage to attract £100 million in assets under management from the company’s total portfolio.
- 7.81. This is not illegal of itself, however, it is somewhat suspicious, when all elements are put together, that an individual of the age of 24 who had not really been employed other than an internship, could attract such massive investment, without suspicions being aroused.

- 7.82. We must consider all issues together rather than separately and in isolation; when taken together, there is a tranche of suspicious activities with some, if not all of the parties involved in each one.
- 7.83. That in itself gives grounds to consider them further, and formalise that consideration into an investigation.

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**8. Interim Sanctions**

8.1. It is of course accepted that the Metropolitan Police and/or any other relevant investigative agency will be fully aware of their powers under relevant legislation to seize assets and/or freeze assets so as to prevent them from being liquidated or removed from the jurisdiction.

8.2. Given the nature of the complaint being made within this submission however, it is deemed appropriate to highlight relevant interim actions that might be considered, as it is quite clear that those accused of criminality in the instant case have both the resources and the ability to either remove assets from the jurisdiction or divest their interest in such assets in effort to avoid scrutiny, investigation, and/or prosecution.

8.3. Accordingly, relevant orders are discussed below.

*Unexplained Wealth Order (UWO)*

8.4. It is respectfully submitted that those individuals highlighted within this submission are a prime target for the imposition of an UWO on the basis that there are significant assets and investments in the UK, valued in the millions that, having regard to positions held, and the clear endemic corruption within Lebanon, they either ought not to be in a position to afford to purchase, or where they have purchased such an asset, it cannot be through legitimate funds.

8.5. In raising the issue of corruption in Lebanon domestically, it is accepted that the UK does not have jurisdiction, however, the evidence available from Lebanon is relevant in terms of context,

and in terms of that which has given rise to named individuals being in the position where they can afford to invest tens of millions of dollars.

- 8.6. Specifically, and of practical relevance in terms of the instant case, there is no requirement for any formal criminal or civil proceedings to have begun for such an order to be sought, the order itself requiring the respondent to explain how an asset was acquired, if that explanation being deemed insufficient, it will be considered ‘recoverable property’ for the purposes of such a recovery order under the Proceeds of Crime Act (POCA).
- 8.7. Given the complaint being made in the instant case is one that straddles borders, it is respectfully submitted to be of significant assistance to the investigation if the respondent is forced to explain how the asset was required and where the funds themselves originate from as it is likely that this may result in further consideration of evidence that may otherwise remain outside of the jurisdiction of UK agencies.
- 8.8. Of particular relevant, is the Home Office impact assessment of UWOs, in which it noted that the introduction of the power “*reflects the concern about those involved in grand corruption overseas laundering the proceeds of crime in the UK; and the fact that it may be difficult for law enforcement agencies to satisfy any evidential standard at the outset of such an investigation given that all relevant information may be outside of the jurisdiction*”.
- 8.9. Accordingly, the instant case would appear to fall squarely within this intention and justification.
- 8.10. In terms of an application before the High Court to secure such an order, that order can be sought if a person is reasonably suspected to hold the property in question and that person is:

- a) A non-EEA Politically Exposed Person (“PEP”); or
  - b) There are reasonable grounds to suspect that the person is involved in serious crime; or
  - c) A person is connection with a person in one of these two above groups.
  - d) The property in question is valued at more than £50,000; and
  - e) There are reasonable grounds for suspecting that the respondent’s income would be insufficient to obtain such property.
- 8.11. It is respectfully submitted that those individuals who are the focus of this submission satisfy the above criteria.
- 8.12. If these conditions are met, a UWO can be ordered, compelling the respondent to disclose the following information within a time period specified by the Court:
- a) The nature and extent of their interest in the particular property;
  - b) How they obtained the property;
  - c) Where the property is held by the trustees of a settlement, setting out such details of the settlement as may be required;
  - d) Setting out such other information in connection with the property as may be required.

- 8.13. Whilst the response is awaited, the relevant authorities may apply for a freezing order over the asset in question so as to prevent it from being disposed of, and again, given the facts as described both specifically and historically, in the instant case, such orders would be wholly justified.

*Freezing Orders*

- 8.14. As an UWO requires an individual to justify the basis upon which an asset is owned, and the providence of the funds used to purchase the same, a Freezing Order is put in place so as to ensure that assets are not diminished or moved prior to a judgment being made.
- 8.15. It is of note, particularly with reference to the instant case, that Banks Accounts, private and public shares, tangible property such as cars and land, and intangible property such as intellectual property rights can all be the subject of freezing orders.
- 8.16. Having regard to the identifiable assets such as property, and further, in the interests in investment groups as outlined in previous chapters of this report, it is respectfully submitted that much, if not all investments and assets, could be made the subject of such an order.
- 8.17. In terms of the ‘test’ it must be shown that:
- a) There is a good and arguable case;
  - b) There is a real risk of dissipation;
  - c) The assets concerned are within the jurisdiction of the Court; and
  - d) It is just and right to grant the order.

- 8.18. In terms of dissipation of any asset, we would respectfully refer to the following:
- a) The discreditable and evasive conduct of those named individuals;
  - b) The nature of the assets themselves, in that they can easily be liquidated or moved, and given the banking connections of those individuals, easily transferrable and hidden within complex corporate structures;
  - c) The cross-border connections of the individuals. These connections are evidently and demonstrably truly international with connections in numerous countries both across Europe, the Middle-East, and the US.
- 8.19. Taking into account above, it is respectfully submitted that the targeted assets are wholly unlikely in the extreme, to either remain in the UK, or remain in the UK in a form that continues to subject to seizure, if it is that no such freezing order is made.
- 8.20. Put simply, those assets will either vanish, or liquidated and removed from the jurisdiction without appropriate preservative action being taken.

**9. Conclusion**

- 9.1. Lebanon is on the brink of economic collapse.
- 9.2. This has been foreseen for some time now, and is by no means something that has happened over-night, nor has the much publicised port explosion the main contributor to the crisis, it is merely perhaps the final straw, and further, it is the catalyst behind much deeper scrutiny by the international community and thus the spotlight is being shone on the country as a whole and the endemic corruption through which it has suffered.
- 9.3. With this background, it is submitted that it be incumbent on any and all investigative and prosecutorial agencies to seek to end the rampant impunity within which the wealthy elite have operated over the years.
- 9.4. In making this submission, we also accept that at this stage we have no ‘smoking gun’, we cannot point to one singular transaction that is demonstrably and obviously unlawful.
- 9.5. What we can do however, and as we have done throughout this submission is demonstrate how there is very little support for Salame outside of his cabal of wealthy elite.
- 9.6. It is no surprise that credible investigative journalists have all reached the same conclusion.
- 9.7. It is of no surprise that there has been a recent demonstration outside property owned by Salame in London.



- 9.8. It is of no surprise that he is viewed with such suspicion, to the extent that the fact that Riad Salame is corrupt and has personally enriched himself to the tune of hundreds of millions of dollars is perhaps the worst kept secret in Lebanon, and now would appear to be commonly accepted.
- 9.9. Such is the power and influence of the elite however, and their reluctance to take any steps that would end the 'gravy train' for one, which would in turn end it for all, that the corruption is allowed to proliferate further.
- 9.10. The question however, is whether there exists grounds to investigate Salame, his son, and those other family members/associates, in the UK.
- 9.11. The first element to consider, is whether the UK has jurisdiction. In short, the answer is clearly yes, there is jurisdiction in the UK, even in terms of cross-border issues, given that the relevant statutory framework, as outlined in brief within this submission explicitly provides for charges being pursued where there is a cross border element.
- 9.12. Further, there is no requirement that the predicate offence be committed in the UK.
- 9.13. Accordingly, the fact that the corruption and therefore the offences themselves may have been committed in Lebanon, is immaterial when considered whether there are relevant offences that can be pursued in the UK.
- 9.14. Therefore, the first test, or hurdle, has been passed.
- 9.15. The second issue is whether the criminal property, or, the asset/interest, is within the UK.

- 9.16. In seeking to answer this question, we draw attention to the previous sections of this report where it has been demonstrated clearly that there are assets within the UK, both in terms of money, investments, companies, and tangible ‘hard assets’, such as property, that belong to Salame and his family members/associates.
- 9.17. Even where Salame does not own those assets outright, it would appear to be abundantly clear that he holds a beneficial interest in the same.
- 9.18. Accordingly, therefore, this second element has been satisfied.
- 9.19. The final question to consider therefore, is whether that asset or beneficial interest, is as a result of legitimate transactions, or whether it is been obtain through nefarious or criminal means, and therefore can be appropriately deemed as being ‘Criminal Property’.
- 9.20. It is the position of this submission that the property in question is indeed criminal, given the value of the assets when compared to Salame’s legitimate income, and further, the steps that he has taken to hide the assets, to hide the ownership of those assets, and his abject refusal to comment upon the providence of the same.
- 9.21. This on its own raises suspicion, and it is respectfully submitted that suspicion is all that is required at this stage.
- 9.22. Is it suspicious for the purposes of an investigation being commenced? The answer must be in the affirmative.

- 9.23. It is respectfully submitted that there is altogether too much evidence, both anecdotal, circumstantial, and actual, for the accusations being levied against Riad Salame to be baseless.
- 9.24. Senior individuals in any country can come under scrutiny of its citizens, and it is almost expected that there are some that would cry foul when faced with the apparent success of others, however, the instant case does not show a minority of individuals reaching this conclusion, there are countless, and thus a majority.
- 9.25. Further, Riad Salame and his family, when faced with direct accusations have summarily failed to answer any questions that have been put, and have instead, taken further evasive action so as to ensure that their ill-gotten assets and funds remain out of reach of the Lebanese authorities.
- 9.26. This willingness to divest assets is a very real issue in terms of any investigation to be commenced within the UK and thus, the position as per section 7 of this report is again reaffirmed, noting that the police and investigative agencies have the tools at their disposal to ensure that this cannot happen.
- 9.27. It is therefore respectfully submitted that applications should be made to freeze assets upon an investigation being commenced so as to ensure that those assets cannot be removed.
- 9.28. Further, the instant case would appear to be precisely that which parliament had in mind when considering the development of the Unexplained Wealth Order, in that there is suspicion, significant suspicion at that, and therefore, it is for the individual under suspicion to demonstrate that the asset and the funds behind that asset are legitimate.

- 9.29. If Riad Salame is as wealthy as is suggested, and if that wealth has been accumulated by entirely legitimate means, it ought to be relatively straightforward for him to demonstrate this, and thus put suspicion to bed.
- 9.30. The reality is that he cannot, and thus as well as ensuring that the asset remains, there is potential for developments post the imposition of such freezing orders and UWO, for the investigation to be developed and the case against him strengthened.
- 9.31. Finally, we would advise that this is the first in what may become a series of reports, as the situation is developing all of the time.
- 9.32. As further information comes to light that demonstrates the scale of the corruption, it only emboldens others further, who may have initially been reluctant to disclose what they know, or 'blow the whistle'.
- 9.33. Accordingly, we would make ourselves available to the Metropolitan Police as when required to discuss the issues raised herein further, and/or provide them with further information if gaps in this submission have been identified that require further more targeted submissions.

**10. Annex of Sources**

**English Newspaper Articles**

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<https://www.fdd.org/analysis/2020/09/23/hezbollah-finance-in-lebanon/>

### **Legal Documents**

*Joseph A. Daou and Karen M. Daou* (Plaintiffs) vs. *BLC Bank, S.A.L., Credit Libanais, S.A.L., Al-Mawarid Bank, S.A.L., and Banque Du Liban*, Before United States District Court, Southern District of New York, 10 June 2020, Civ. Action No. 1:20-cv-4438

### **Bank Documents**

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