

PRESS RELEASE

OFAC-Designated Hezbollah Financier and Eight Associates Charged with Multiple Crimes Arising Out of Scheme to Evade Terrorism-Related Sanctions

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Nazem Ahmad, a Diamond Smuggler and Art Collector, Dealt in Millions of Dollars of Goods and Services in Violation of the Global Terrorism Sanctions Regulations

A nine-count indictment was unsealed today in the Eastern District of New York charging Nazem Ahmad and eight co-defendants with conspiring to defraud the United States and foreign governments, evade U.S. sanctions and customs laws and conduct money laundering transactions by securing goods and services for the benefit of Ahmad, a Lebanese resident and dual Belgian-Lebanese citizen who was sanctioned by the United States for being a financier for Hezbollah, a foreign terrorist organization.

According to court documents, despite being sanctioned and prohibited from engaging in transactions with U.S. persons since December 2019, Ahmad and his co-conspirators relied on a complex web of business entities to obtain valuable artwork from U.S. artists and art galleries and to secure U.S.-based diamond-grading services all while hiding Ahmad's involvement in and benefit from these activities. Approximately \$160 million worth of artwork and diamond-grading services were transacted through the U.S. financial system. One defendant was arrested today in the United Kingdom at the request of the United States, and the eight remaining defendants, including Ahmad, are believed to reside outside the United States and remain at large. The government

obtained seizure warrants for millions of dollars in assets that include a diamond ring, cash in an account and artwork.

"Despite being sanctioned for his dealings with a terrorist organization, Mr. Ahmad remained active in the U.S.-based art and diamond trade while concealing his illicit involvement," said Assistant Attorney General Matthew G. Olsen of the Justice Department's National Security Division. "Today, we hold Ahmad and his associates accountable and demonstrate that those who would flout our sanctions cannot hide from U.S. justice."

"The United States implemented terrorism sanctions so that terrorist organizations like Hezbollah would be cut off from the goods and services needed to fund violent acts of terrorism," said U.S. Attorney Breon Peace for the Eastern District of New York. "As alleged, Nazem Ahmad and his co-defendants benefitted from the multimillion-dollar trade in diamonds and artwork even after Ahmad was sanctioned for his involvement with a terrorist organization. Our office will continue to prosecute individuals who evade these sanctions and thereby offer a lifeline to designated foreign terrorist organizations."

"Let this action against Nazem Ahmad's international criminal organization serve as a reminder that the U.S. government and its allies will tirelessly prosecute those who are sanctioned for illicitly financing terrorist activities and wantonly violate those sanctions in order to continue accruing substantial wealth that can be used to continue financing Hezbollah," said Deputy Secretary John K. Tien of Department of Homeland Security. "We are grateful to our partners across the federal government and our partnership with the United Kingdom that demonstrates international commitment and cooperation to preventing future atrocities by dismantling illicit financial networks supporting terrorism."

"The funding of foreign terrorist organizations like Hezbollah is illegal, regardless of whether that funding comes in the form of cash or the export of high-priced diamonds and art," said Assistant Secretary Export Enforcement Matthew S. Axelrod of the Department of Commerce. "We are proud to have partnered with the Justice Department and HSI to bring this significant enforcement action."

As alleged, Ahmad was involved in real estate development, the international trade of diamonds, and the international acquisition and sale of artwork, and operated these enterprises through a complex web of business entities. Ahmad was also an associate of high-level members of Hezbollah, a Lebanon-based terrorist group that was designated by the United States as a Foreign Terrorist Organization and Specially Designated Global Terrorist. On Dec. 13, 2019, pursuant to the International Emergency Economic Powers

Act (IEEPA) and the Global Terrorism Sanctions Regulations, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) designated Ahmad and 11 businesses associated with Ahmad as Specially Designated Nationals (SDNs) for Ahmad's material support of, and provision of goods and services to, Hezbollah. At the time of the designation, OFAC explained that Ahmad was "considered a major Hezbollah financial donor who laundered money through his companies for Hezbollah and provided funds personally to Hezbollah Secretary-General Hassan Nasrallah" and was also "involved in 'blood diamond' smuggling" who "stores some of his personal funds in high-value art."

Despite being sanctioned and prohibited from engaging in most transactions with U.S. persons, Ahmad continued to secure valuable goods and services from U.S. persons notwithstanding that such transactions constituted violations of U.S. sanctions and other federal laws. Specifically, Ahmad, together with his son Firas Michael Ahmad, daughter Hind Nazem Ahmad and brother-in-law Rami Yaacoub Baker, as well as associates Mohamad Hijazi, Mohamad Hassan Ismail, Sarya Nemat Martin, Ali Said Mossalem Sundar Nagarajan and others, used numerous corporate entities and individuals to disguise Ahmad's control and beneficial interest in the companies and in financial transactions, and facilitate the acquisition of multiple pieces of valuable artwork and diamond-grading services for millions of dollars' worth of diamonds from U.S. persons.

Evasion of Terrorism Sanctions in the Diamond Trade

As alleged, the defendants conspired to violate and evade U.S. sanctions by obtaining grading determinations and other services from a U.S.-based diamond grading company (Diamond Grading Company-1). The services of Diamond Grading Company-1, which were secured through multiple entities operating for Ahmad's benefit, were valuable to the defendants because the services provided can affect the sales price of those diamonds and thus increase the amount that Ahmad can receive for the sale of his property. Collectively, the defendants and other conspirators sent approximately 482 diamond submissions to Diamond Grading Company-1 facilities after Ahmad was designated by OFAC in December 2019. The total weight of the diamonds submitted and graded post-sanctions was approximately 1,546 carats. For example, on or about March 18, 2021, an entity operating for the benefit of Ahmad shipped an approximately 45-carat diamond – valued at \$80 million – to a facility belonging to Diamond Grading Company-1 in New York. Following the receipt of services from Diamond Grading Company-1, the 45-carat diamond was exported from the United States on April 26, 2021, back to the same entity.

Evasion of Terrorism Sanctions in the Art Market

The defendants also conspired to violate and evade U.S. sanctions by acquiring contemporary art from the United States, from U.S. persons outside the United States, or through U.S.-based financial transactions, on behalf of and for the benefit of Ahmad, despite his status as an OFAC-sanctioned SDN. Artwork allegedly obtained from the United States after Ahmad was sanctioned in December 2019 was valued at more than \$450,000, while an additional \$780,000 in artwork from U.S. persons located outside the United States was also acquired in violation of terrorism sanctions.

For example, in or about and between April 2021 and July 2021, Ahmad and several other defendants engaged in multiple transactions with a Chicago-based art gallery (Chicago Art Gallery-1), on behalf of and for the benefit of Ahmad. Ahmad allegedly commissioned multiple pieces of artwork, at least one of which can be seen in a picture with Ahmad, as depicted below:



Between approximately February 2021 and November 2021, Ahmad and two other defendants engaged in transactions with a New York-based artist (New York Artist-1), on behalf of and for the benefit of Ahmad. After Ahmad directly negotiated the sale of artwork from New York Artist-1 – pointedly directing the artist not to mention Ahmad’s name to anyone – six paintings valued at \$199,800 were exported from the United States via John F. Kennedy International Airport to a Lebanese business entity used by

Ahmad. At least one piece of artwork acquired from New York Artist-1 was hung in Ahmad's residence in Lebanon.

As part of this criminal scheme, the defendants also caused the undervaluation of goods in U.S. customs records in violation of federal law and took other steps to obscure the value of the goods they received in order to avoid the payment of foreign taxes when the goods were imported into the relevant country.

The defendants and other conspirators engaged in this scheme to benefit Ahmad and themselves while at the same time evading terrorism-related sanctions, to avoid the payment of taxes to foreign governments on the import of valuable goods into foreign countries and to make it more difficult for the United States government to carry out its lawful functions. Entities controlled by or operating for the benefit of Ahmad engaged in more than \$400 million worth of financial transactions between approximately January 2020 and August 2022; the conspirators were responsible for importing more than \$207 million of goods to the United States and exporting more than \$234 million of goods from the United States between approximately December 2019 and December 2022, consisting primarily of diamonds and artwork; and approximately \$160 million worth of transactions involved the U.S. financial system. At least \$6 million of the proceeds of the criminal scheme was transferred to Lebanon for use by Ahmad and his associates.

Assistant U.S. Attorneys Craig R. Heeren and Nicholas J. Moscow for the Eastern District of New York and Trial Attorney Scott A. Claffee of the National Security Division's Counterintelligence and Export Control Section are in charge of the prosecution, with assistance from Paralegal Specialists Benjamin Richmond and Magdalena St. Surin. Assistant U.S. Attorney Claire Kedeshian of the is handling asset forfeiture. The Department of Justice Office of International Affairs is assisting with extradition and international legal assistance in this case.

This investigation was a collaboration between HSI Cedar Rapids, New York, HSI New York Counter Proliferation Investigations and Trade Transparency Unit which was made possible through support from HSI Chicago, Dallas, Houston, Kansas City, Los Angeles, Raleigh, St. Paul, and Santa Rosa. HSI Attaché offices in Africa, Asia, Europe, and the Middle East played critical roles in the investigation. U.S. Customs and Border Protection was also a key investigative partner.

The Department also appreciates the significant cooperation and assistance provided by the United Kingdom authorities.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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