

EXHIBIT A



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Case ID: FNK-7862

David D. Aufhauser
Williams & Connolly LLP
725 Twelfth Street, N.W.
Washington, DC 20005-5901

OCT 28 2016

Re: May 5, 2016 Kingpin Act Designations of Abdul Waked, Hamudi Waked, Lucia Touzard, and Related Companies

Dear Mr. Aufhauser:

This letter is a follow up to your letters of May 24, 2016 and June 15, 2016 in which you requested a copy of the administrative record regarding your clients' designations as specially designated narcotics traffickers (SDNTs) pursuant to Section 805 of the Foreign Narcotics Kingpin Designation Act (Kingpin Act), 21 U.S.C. § 1904(b).

On July 5, 2016 and July 18, 2016, OFAC released to you a copy of your clients' administrative records upon which their designations were based. At that time, OFAC stated that should additional unclassified, non-privileged, or otherwise releasable information become available regarding the basis for your clients' designations, such information would be provided to you.

On August 26, 2016, OFAC then released to you a non-privileged and unclassified summary of otherwise privileged information and stated that should additional releasable information become available regarding the basis for your clients' designations, such information would be provided to you. Enclosed please find a non-privileged and unclassified summary of additional information including two Attachments. Attachment 1 is provided for your reference to better understand the term Consolidated Priority Organization Target used in the summary. Attachment 2 is being provided for your reference with respect to when certain individuals and entities were identified and designated pursuant to the Kingpin Act.

Please refer to FNK-7862 cited above in all future correspondence. For the most expedient communications, please direct all questions and correspondence regarding your requests to OFAC.Reconsideration@treasury.gov. You may also write, call, or fax OFAC at the following:

U.S. Department of the Treasury
Office of Foreign Assets Control
ATTN: Office of Global Targeting
1500 Pennsylvania Avenue, N.W. (Freedman's Bank Building)
Washington, DC 20220

Telephone: (202) 622-2420

Fax: (202) 622-5390

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read 'MAS', with a long horizontal flourish extending to the right.

Mark Samara
Assistant Director
Crime/Narcotics and Western Hemisphere Division
Office of Foreign Assets Control

Enclosures

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Non-Privileged and Unclassified Summary of Otherwise Privileged Information

According to law enforcement assessments:

Abdul Mohamed WAKED FARES¹ (WAKED FARES) and Nidal WAKED HATUM (WAKED HATUM) are co-heads of the WAKED Money Laundering Organization (MLO) based in Colón, Panama and have been identified as Consolidated Priority Organization Targets (CPOTs)² based on their sophisticated network of companies used to facilitate drug money laundering.

In addition to being a corporate lawyer at GRUPO WISA S.A. (GRUPO WISA), Lucia TOUZARD ROMO (TOUZARD ROMO) provides a variety of services, including shell and other company incorporation, corporate development, and customs facilitation, to WAKED FARES, Mohamed Abdo WAKED DARWICH (WAKED DARWICH), and GRUPO WISA, as well as the WAKED MLO. Additionally, TOUZARD ROMO is WAKED FARES' and WAKED DARWICH's representative and acts for or on their behalf via her various documented corporate officer and director positions at WAKED FARES and WAKED DARWICH companies.

WAKED DARWICH, WAKED FARES' son, is controlled or directed by, and/or acts for or on behalf of, WAKED FARES as shown by his position as a deputy to WAKED FARES in WAKED FARES-owned or -controlled companies.

According to multiple sources:

The WAKED MLO uses family members and trusted individuals to control and operate dozens of entities across various sectors of the Panamanian economy in furtherance of their drug money laundering operations. As of September 2015, the WAKED MLO is the largest known money laundering organization operating in Panama.

WAKED FARES began laundering drug money in the early-to-mid 1980s for the Medellín Cartel. WAKED FARES mentored his nephew, WAKED HATUM. WAKED FARES and WAKED HATUM have provided and continue to provide money laundering services to multiple specially designated narcotics trafficking networks. In the 1990s and early 2000s, WAKED

¹ Names in all capitalized letters denotes individuals, a company, or an organization that has been previously identified or designated by the President of the United States or by the Office of Foreign Assets Control (OFAC) as a specially designated narcotics traffickers pursuant to the Foreign Narcotics Kingpin Designation Act, 21 U.S.C. §§ 1901-1908.

² CPOTs represent "the 'command and control' elements of the most prolific international drug trafficking and money laundering organizations" as identified by the Organized Crime Drug Enforcement Task Force, a group comprised of "94 U.S. Attorney's Offices, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Administration, the Federal Bureau of Investigation, the Internal Revenue Service, the U.S. Coast Guard, the U.S. Immigration and Customs Enforcement, the U.S. Marshals Service, the Criminal and Tax Divisions of the U.S. Department of Justice and numerous State and local agencies." See U.S. Department of Justice, "Organized Crime Drug Enforcement Task Forces," June 9, 2015, <https://www.justice.gov/criminal/organized-crime-drug-enforcement-task-forces>, Attachment 1, p.1.

FARES was a trusted money launderer for the UNITED SELF-DEFENSE FORCES OF COLOMBIA (a.k.a. AUTODEFENSAS UNIDAS DE COLOMBIA or AUC)³ and other right-wing paramilitary groups in Colombia. Beginning in the mid-2000s, WAKED FARES and WAKED HATUM laundered money for the SINALOA CARTEL,⁴ JOUMAA,⁵ CHEAITELLY,⁶ and various Colombian criminal organizations (known as *bandas criminales*). WAKED FARES and WAKED HATUM also laundered for other specially designated narcotics traffickers including LOS URABENOS;⁷ LA OFICINA DE ENVIGADO;⁸ REVOLUTIONARY ARMED FORCES OF COLOMBIA (FARC);⁹ and Ali Houssein HARB.¹⁰

WAKED HATUM and WAKED FARES are willing and able to launder narcotics and illicit proceeds on behalf of any organization as long as the commission is paid. WAKED FARES and WAKED HATUM both receive drug proceeds through their respective companies and are able to launder drug proceeds in increments of \$1 million or higher.

Their money laundering scheme involves sending millions of U.S. dollars in drug proceeds to Colombia and Panama, primarily by smuggling bulk cash on commercial aircraft. The WAKED MLO uses a variety of methods to structure and obscure transactions, including but not limited to:

- A Colombian drug trafficker has \$5 million in Spain to be collected.
- WAKED MLO would pay the Colombian drug trafficker the \$5 million less a commission.
- WAKED would have the money in Spain deposited into other foreign bank accounts. Thereafter, the money would be sent to numerous companies located in various Free Trade Zones.
- After the money reached the companies in the various Free Trade Zones, the money would be electronically transferred to China, where it would be utilized to buy merchandize or pay accounts for individuals in the Colon Free Trade Zone, located in Colon, Panama.

³ On June 2, 2003, the President of the United States identified the United Self-Defense Forces of Colombia pursuant to the Kingpin Act. *See* Office of Foreign Assets Control (OFAC) Designations Pursuant to the Foreign Narcotics Kingpin Designation Act, November 24, 2015, Attachment 2, p. 1.

⁴ On April 15, 2009, the President of the United States identified the SINALOA CARTEL pursuant to the Kingpin Act. *See* Attachment 2, p. 2.

⁵ On January 26, 2011, OFAC designated the JOUMAA drug trafficking and money laundering organization as well as other individuals, including Ayman Saied JOUMAA, pursuant to the Kingpin Act. *See* Attachment 2, p. 12.

⁶ On December 29, 2011, OFAC designated Jorge Fadlallah CHEAITELLY pursuant to the Kingpin Act. *See* Attachment 2, p. 14.

⁷ On May 31, 2013, the President of the United States identified LOS URABENOS pursuant to the Kingpin Act. *See* Attachment 2, p. 2.

⁸ On June 26, 2014, OFAC designated LA OFICINA DE ENVIGADO pursuant to the Kingpin Act. *See* Attachment 2, p. 22.

⁹ On June 2, 2003, the President of the United States identified the Revolutionary Armed Forces of Colombia pursuant to the Kingpin Act. *See* Attachment 2, p.1.

¹⁰ On June 27, 2012, OFAC designated Ali Houssein HARB pursuant to the Kingpin Act. *See* Attachment 2, p. 16.

WAKED FARES and WAKED HATUM specialize in trade-based money laundering schemes, including the over-valuation of commercial invoices, the falsification of commercial invoices, and corruption involving customs fraud, tax fraud, and bribes.

Drug proceeds were laundered using various businesses in Panama City, Panama and the Free Trade Zone located in Colon, Panama. Specifically, GRUPO WISA and VIDA PANAMA received bulk drug proceeds from drug traffickers, including the SINALOA CARTEL, as part of the drug money laundering scheme. GRUPO WISA and VIDA PANAMA would deposit the drug proceeds into banks in Panama, sell products to businesses in Colombia, and then use false invoices to deposit cash as payment for merchandise in banks in Panama.

WAKED FARES owns LA RIVIERA duty free stores in the Tocumen Airport in Panama City, Panama that are being used to launder millions of dollars in drug proceeds. Drug trafficking organizations are transporting bulk cash in suitcases aboard commercial airlines into Tocumen Airport, delivering the bulk cash to LA RIVIERA duty free stores and bribing airport officials.

In 2014, one of WAKED FARES' major clients was Ali HARB. WAKED FARES supplied HARB with home appliances that have been paid for in Panama.

In addition, the WAKED MLO has laundered drug profits through real estate investments and bank loans obtained by the family's businesses. The WAKED MLO, WAKED HATUM, and WAKED FARES have purchased hundreds of properties across Panama and have funded the development of various commercial real estate projects using the commissions they have earned from drug money laundering.

WAKED HATUM and WAKED FARES self-finance and use drug money to fund the purchase of supplies and other equipment needed during the development and construction phases of these commercial real estate projects, settle accounts with development and construction companies building the Millennium Plaza and the Soho Complex, and pay bribes to local authorities.

WAKED HATUM and WAKED FARES also exercise control over and use BALBOA BANK AND TRUST to launder narcotics proceeds; specifically they deposit drug bulk cash proceeds moved to Panama, control bank accounts for hundreds of companies, real and fictitious, and launder large sums of drug trafficking proceeds on behalf of their clients. WAKED HATUM and WAKED FARES charge a commission for the deposit of bulk United States dollars or Euros at BALBOA BANK AND TRUST branches in Panama.

WAKED FARES and WAKED HATUM also use shell companies and property holdings as collateral in exchange for loans. WAKED FARES and WAKED HATUM use the loans in furtherance of their money laundering activity. Funds are taken to pay for products that do not exist or to overpay for products. WAKED FARES and WAKED HATUM utilize fraudulent invoices to explain the payments for the products. Narcotics traffickers then pay WAKED FARES and WAKED HATUM in either bulk cash or via wire transfer. The loans are subsequently repaid, allowing the process to begin anew.