

Treasury Sanctions Investors Supporting Assad Regime's Corrupt Reconstruction Efforts



June 17, 2020

Designations target individuals and entities seeking to profit from the large-scale displacement of Syrian civilians

Washington – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned 24 individuals and entities who are actively supporting the corrupt reconstruction efforts of Syrian President Bashar al-Assad. These designations include the Treasury Department's first implementation of sanctions pursuant to the Caesar Syria Civilian Protection Act of 2019 (Caesar Act). The Caesar Act, named in honor of the brave photographer who smuggled thousands of pictures out of Syria documenting atrocities committed by the Syrian regime in its prisons, and it promotes accountability for those who continue to support the Assad regime and its barbaric treatment of the Syrian people. Today's actions also reinforce and expand upon restrictive measures against Syria undertaken by the European Union in January 2019 and February 2020. The Caesar Act and other U.S. Syria sanctions do not hinder our stabilization activities in northeast Syria. We will continue our humanitarian assistance through our various international and Syrian partners, even in areas under regime control.

"The United States will not stand by while the Assad regime displaces civilians to benefit regime-friendly elites," said Secretary Steven T. Mnuchin. "The Treasury Department will continue to use its tools and authorities to target the Assad regime and its supporters, as they seek to profit off the suffering of the Syrian people."

Concurrent with the Treasury Department's designations today, the State Department designated 15 persons pursuant to Section 2 of Executive Order (E.O.) 13894, focused on those obstructing, disrupting, or preventing a ceasefire or a political solution to the Syrian conflict.

Among today's 24 Treasury designations, OFAC is designating nine of the targets pursuant to the Caesar Act, in addition to E.O.s under OFAC's Syria sanctions program, for their significant support to the Government of Syria. During the conflict in Syria, the Assad regime has perpetrated innumerable crimes against the Syrian people. Today's Treasury and State

designations are part of a whole-of-government campaign by the United States aimed at deterring the Assad regime from continuing its attacks against the Syrian people.

Some of today's designations stem from the development of land that was expropriated from Syrians displaced by the regime. After forcing millions of Syrian citizens to flee from their homes throughout the Syrian civil war, the Assad regime and its supporters are now pouring resources into building luxury real estate developments. To make way for five-star real estate, the regime has evicted and razed the property of tens of thousands of residents from areas in Damascus that were until recently working class neighborhoods sympathetic to the opposition. The government has dubbed one such project Marota City, known as the largest investment project in Syria, a multimillion dollar development aimed at ushering in a wealthy and loyal demographic. Treasury's action today exposes individuals and entities, including private-public partnerships, that seek to profit from this displacement and reconstruction. The Government of Syria has also granted a long-term contract to two regime-friendly businessmen to build and manage Grand Town Tourist City, an expansive "luxury tourist city" near the Damascus airport, replete with planned amenities like a five-star hotel, golf course, villas, and shopping mall.

DAMASCUS CHAM HOLDING COMPANY AND MAROTA CITY

In the wake of the Government of Syria's land seizures, Legislative Decree 19 of 2015 formalized the funding and management model on which that seized land would be developed, leading to the Governorate of Damascus establishing a wholly owned entity, Damascus Cham Holding Company, to oversee Marota City.

Damascus Cham Holding Company has created a series of joint ventures and has facilitated the flow of private investment into the development of expropriated land. Contributing only in-kind assets (seized land), the Governorate of Damascus has depended on regime-friendly businessmen for financing, allowing private investors in Syria to profit heavily from luxury developments built on land confiscated by the Syrian regime from its own people. In each of these joint ventures, Damascus Cham Holding Company's share of the profits is granted to the Governorate of Damascus. Damascus Cham Holding Company is being designated pursuant to E.O. 13573 for being an agency or instrumentality of the Government of Syria, or owned or controlled, directly or indirectly, by the Government of Syria or by an official or officials of the Government of Syria.

In today's action, Treasury has singled out the Governor of Damascus, Adel Anwar al-Olabi, for his role in overseeing Damascus Cham Holding Company and the Marota City real estate

development project. Adel Anwar Al-Olabi is being designated pursuant to E.O. 13573 for being a senior official of the Government of Syria.

In addition, OFAC has designated Damascus Cham for Management LLC, the executive management entity of Damascus Cham Holding Company. Damascus Cham for Management LLC is being designated pursuant to E.O. 13573 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Damascus Cham Holding Company.

JOINT VENTURES AND PRIVATE SECTOR INVESTMENT

In January 2018, Damascus Cham Holding Company established Mirza Company, a 23 billion Syrian pound (\$52.7 million equivalent at time of announcement) joint venture in which Damascus Cham Holding Company holds 75 percent of the shares. Damascus Cham Holding Company provided in-kind (land) advances worth 17.3 billion Syrian pounds (\$39.6 million equivalent). Mirza Company will build and invest four plots within Marota City, residential and commercial, with a combined 60,000 square meters. Mirza Company is being designated pursuant to E.O. 13573 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Damascus Cham Holding Company.

In early 2018, Damascus Cham Holding Company established a new joint venture named Bunyan Damascus Private Joint Stock Company (Bunyan) with private sector investors Apex Development and Projects LLC (Apex) and Tamayoz LLC. Valued at 15.2 billion Syrian pounds (\$34.8 million equivalent) at the time of its creation, Damascus Cham Holding holds 60 percent of the shares in Bunyan, which will develop two mixed-use properties on expropriated land in Marota City with a total built-up area of 30,000 square meters. Damascus Cham Holding Company provided the land for the joint venture's development projects with Apex and Tamayoz LLC providing financing. Bunyan is being designated pursuant to E.O. 13573 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Damascus Cham Holding Company.

Nazir Ahmad JamalEddine is the 90 percent shareholder of Apex Development and Projects LLC. Nazir Ahmad JamalEddine, Apex Development and Projects LLC, and Tamayoz LLC are being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods and services in support of, the Government of Syria. Nazir Ahmad JamalEddine, Apex Development and Projects LLC, and Tamayoz LLC are also being designated pursuant to the Caesar Act for knowingly providing

significant financial, material, or technological support to, or knowingly engaging in a significant transaction with, the Government of Syria (including any entity owned or controlled by the Government of Syria) or a senior political figure of the Government of Syria.

Also in 2018, Damascus Cham Holding Company established Rawafed Damascus Private Joint Stock Company (Rawafed) with four companies owned partly or wholly by Syrian President Bashar Al-Assad's maternal cousin and OFAC- and EU-designated businessman Rami Makhlef and his close associates. The companies collectively hold 51 percent of the shares in a project that will develop three properties in Marota City, two mostly residential and one commercial, with a combined built-up area of 38,000 square meters. This project is valued at 25.9 billion Syrian pounds (\$48.3 million equivalent). The four companies involved in the joint venture are: Rami Makhlef's Ramak Development and Humanitarian Projects LLC, Al-Amar One-Person LLC, Timeet Trading LLC, and Wings Private JSC. Rami Makhlef's brother, Ihab Makhlef, who is also OFAC- and EU-designated, is the sole owner of Al-Amar One-Person LLC, and Timeet Trading LLC and Wings Private JSC have each been involved in deals either alongside Rami Makhlef or one of his partners. Each of these companies has provided upfront financing for the joint venture to the benefit of the Syrian government, with additional contributions to be made over the following three years.

Ramak Development and Humanitarian Projects LLC, Al-Amar One-Person LLC, Timeet Trading LLC, and Wings Private JSC are being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods and services in support of the Government of Syria. Ramak Development and Humanitarian Projects LLC, Al-Amar One-Person LLC, Timeet Trading LLC, and Wings Private JSC are also being designated pursuant to the Caesar Act for knowingly providing significant financial, material, or technological support to, or knowingly engaging in a significant transaction with the Government of Syria (including any entity owned or controlled by the Government of Syria) or a senior political figure of the Government of Syria. Rawafed Damascus Private Joint Stock Company is being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Ramak Development and Humanitarian Projects LLC, Al-Amar One-Person LLC, Timeet Trading LLC, and Wings Private JSC.

NADER KALAI AND LUXURY TOURISM

Nader Kalai and Khaled Al-Zubaidi are two Syrian businessmen with ties to the Assad regime. Through their company Zubaidi and Qalei LLC, Kalai and Al-Zubaidi are developing and managing Grand Town Tourist City, a luxury tourist development near the Damascus airport set to include, among other amenities, a shopping mall, golf course, villas, and entertainment center. The Government of Syria granted Kalai and Al-Zubaidi a mutually beneficial 45-year contract to construct and manage Grand Town Tourist City in exchange for approximately 20 percent of the project's revenues. Additionally, Nader Kalai and Khaled Al-Zubaidi manage the country's largest hotel, the luxury five-star Ebla Hotel, which is owned by the regime and will be part of the Grand Town Tourist City complex. The Syrian Ministry of Tourism has praised the Ebla Hotel project for benefiting both the regime and the investors and underscored its importance in the country's reconstruction. Ebla Hotel is being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, the Government of Syria.

Nader Kalai and Khaled Al-Zubaidi are being designated pursuant to E.O. 13582 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods and services in support of, the Government of Syria. Kalai and Al-Zubaidi are also being designated pursuant to the Caesar Act for knowingly providing significant financial, material, or technological support to, or knowingly engaging in a significant transaction with, the Government of Syria (including any entity owned or controlled by the Government of Syria) or a senior political figure of the Government of Syria.

Kalai, a regime insider with ties to Assad, has a number of business ventures beyond the Grand Town Tourist City development. He owns or controls two holding companies — Castle Investment Holding, registered in Lebanon with operations in both Lebanon and Syria, and Castle Holding GmbH, located in Austria. Castle Invest Holding and Castle Holding GmbH are being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Nader Kalai.


Art House GmbH, located in Austria, is being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Castle Holding GmbH.

Zubaidi and Qalei LLC is being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Nader Kalai and Khaled Al-Zubaidi.

Grand Town Tourist City, which will share a percentage of its revenues with the Government of Syria, is also being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Nader Kalai and Khaled Al-Zubaidi.

Kalai also owns two telecommunications firms, Telefocus Consultants Inc in Canada and Telefocus SAL Offshore in Lebanon. Castle Investment Holding is an investor in another one of Kalai's businesses, Syria-based Kalai Industries, which builds telecommunications infrastructure and steel structures. Telefocus Consultants Inc, Telefocus SAL Offshore, and Kalai Industries are being designated pursuant to E.O. 13582 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Nader Kalai.

HUMANITARIAN ASSISTANCE AND TRADE TO SYRIA

On April 16, OFAC issued a [Fact Sheet](#)  highlighting the most relevant exemptions, exceptions, and authorizations for humanitarian assistance and trade under the Iran, Venezuela, North Korea, Syria, Cuba, and Ukraine/Russia-related sanctions programs.^[1] The Fact Sheet also outlines specific guidance for OFAC-administered sanctions programs related to personal protective equipment (PPE) and other Coronavirus Disease 2019 (COVID-19)-related humanitarian assistance and trade.

For more information regarding the scope of any sanctions programs' requirements, or the applicability or scope of any humanitarian-related authorizations, please contact OFAC's Sanction Compliance and Evaluation Division at (800) 540-6322 or (202) 622-2490, or by email at OFAC_Feedback@treasury.gov.

SANCTIONS IMPLICATIONS

All property and interests in property of these persons that are in or come within the United States or are in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or those within (or transiting) the United States that involve any property or interests in property of designated persons. In addition, non-U.S. persons that engage in certain transactions with the persons designated today may themselves be exposed to designation.

[Identifying information on the individuals and entity designated today.](#)

####

[1] https://www.treasury.gov/resource-center/sanctions/Programs/Documents/covid19_factsheet_20200416.pdf