

U.S. DEPARTMENT OF THE TREASURY

Treasury Targets Corruption Networks in Paraguay

August 24, 2021

WASHINGTON — Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) sanctioned three Paraguayan individuals, **Kassem Mohamad Hijazi**, **Khalil Ahmad Hijazi**, and **Liz Paola Doldan Gonzalez**, for their roles in corruption in Paraguay, as well as five associated entities connected with their corruption schemes. These individuals and entities are designated pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act and targets perpetrators of serious human rights abuse and corruption around the world. Corruption degrades the rule of law, weakens economies and stifles economic growth, undermines democratic institutions, perpetuates conflict, deprives innocent civilians of fundamental human rights, and is intrinsically linked to money laundering and lack of financial transparency. Today’s action further demonstrates the U.S. government’s ongoing effort to impose tangible and significant consequences on corrupt actors in order to protect the U.S. financial system from abuse.

“These designations under the Global Magnitsky sanctions program show that we are committed to combatting corruption and promoting accountability for officials who undermine government institutions,” said Office of Foreign Assets Control Director Andrea M. Gacki. “The Treasury Department will continue to use our authorities to prevent illicit actors and their front companies from abusing the international financial system which hurts people around the world who play by the rules.”

Today’s actions were conducted in coordination with the Drug Enforcement Administration (DEA) Miami Field Division, its Special Operations Division’s Counter-Narcoterrorism Operations Center (CNTOC), DEA’s Office of Financial Operations, and the Homeland Security Investigations’ (HSI) Long Island, NY office. The U.S. government is using all available mechanisms to identify acts of corruption and promote accountability for corrupt actors and disrupt their access to the U.S. and international financial system.

ILLICIT FINANCE CONCERNS IN THE TRI-BORDER AREA

This action highlights the illicit finance risks and activities in the Tri-Border Area (TBA) where Argentina, Brazil, and Paraguay converge. Historically, the TBA has been an attractive and permissive financial environment for criminal and terrorist activities. This region is marked by a large number of unregistered money exchange houses, trade based money laundering through export-import and retail businesses in the electronics and automotive sectors, the lack of awareness of money laundering and terrorist financing typologies and risk in the private sector, the intensive use of cash by businesses and individuals, and a large volume of transfers to high risk jurisdictions.

The role of *Despachantes* in Corruption

Despachantes or dispatchers are individuals skilled at navigating local and federal bureaucracies by using their expansive networks of government officials to aid them in their activities. Complex government bureaucracies coupled with a lack of transparency and accountability in countries such as Paraguay create business opportunities for these individuals to navigate the lengthy and expensive administrative processes of local and/or federal governments for both licit and illicit purposes. Historically, *despachantes* have focused on using their networks within customs agencies to accelerate the processing of imported and exported goods over countries' borders; however, more recently, this practice has expanded in scope to include various other government operations. Illicit *despachantes* are known for their ability to bribe customs officials, alter invoices on incoming merchandise, avoid taxation and/or inspections, and provide safe passage for illicit goods coming into Paraguay. Many *despachantes* have reportedly engaged in paying government officials to expedite certain processes, a practice that is illegal and often flags these individuals as targets of corruption investigations.

THE HIJAZI network

Operating as a *despachante* in Paraguay since at least 2017, **Kassem Mohamad Hijazi (Kassem)** commands and controls a money laundering organization based out of Ciudad Del Este, Paraguay, which operates on a global scale with the capability to launder hundreds of millions of dollars. **Kassem** maintains strong ties with Paraguayan politicians, police officers, district attorneys, and several money exchange brokers located in Ciudad del Este who provide ease, security, warranty, and economic power allowing him to operate in the area

since at least 2018. He also maintains connections to Paraguayan government officials to avoid law enforcement action against his money laundering organization. For example, **Kassem** commands plain-clothed officers of the Investigation and Special Operations Division (*Departamento de Investigaciones y Grupo Especial de Operaciones*) of the Alto Parana Police Department in Paraguay to carry out activities for him in exchange for monthly payments.

In his role as a *despachante*, **Kassem** uses import and export companies, such as **Espana Informatica S.A. (Espana)**—of which **Khalil Ahmad Hijazi (Khalil)** is the President—to import merchandise from the United States through ports of entry in Paraguay and sell it in country, the profits of which he then moves through currency exchange offices and banks in Ciudad del Este to the United States, China, and Hong Kong, among other locations. **Kassem's** network of front companies and business relationships allow him to move illicit proceeds all around the world with ease, his network extending as far as the United States, South America, Europe, the Middle East, and China.

Kassem uses **Espana** to coordinate with U.S.- and China-based suppliers for the import of electronic equipment into Paraguay, using several methods and other *despachantes* to avoid taxation and to launder money through their importation. **Kassem** coordinated with a company located in Florida for shipments of goods, for which he altered invoices and submitted them to a Paraguayan bank for a wire transfer payment back to the Florida-based company. The altered invoice greatly reduced the stated value of the goods shipped to avoid taxation and allowed Kassem to further launder the profits of his import/export operations. The estimated annual volume of goods imported into Paraguay was several hundred million dollars.

Kassem is designated pursuant to E.O. 13818 for being a foreign person who has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of corruption, including the misappropriation of state assets, corruption related to government contracts, or the extraction of natural resources, or bribery. OFAC is also designating the following company registered in Paraguay that is owned or controlled by **Kassem: Espana Informatica S.A.**

Khalil is designated pursuant to E.O. 13818 for being a foreign person who has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of Kassem.

OFAC is also designating the three companies registered in Paraguay that are owned or

controlled by Khalil: Emprendimientos Inmobiliarios Misiones S.A., Apolo Informatica S.A., and Mundo Informatico Paraguay S.A.

Liz Paola Doldan Gonzalez

One of **Kassem**'s associates in the TBA, **Liz Paola Doldan Gonzalez (Doldan)**, was also identified as an intermediary who works with shipments from the United States; intermediaries pay bribes to port workers, *despachantes*, and Paraguayan customs officials to process imports and exports through Paraguayan customs. In 2008–09, the then-General Director of Paraguayan Customs increased and formalized a system of bribes, wherein intermediaries had to pay Paraguayan customs officials, a system which ensured that every customs official was paid.

In July 2019, as a part of “Operation Phone Call,” **Doldan** and her network were the targets of the Paraguayan Anti-Corruption Prosecutor’s office. This office, in coordination with the Economic Crimes Special Unit, the National Anti-Drug Secretariat, and the Smuggling Prevention Unit, conducted 15 raids simultaneously in Ciudad del Este and Asuncion, Paraguay. These raids aimed to dismantle an alleged scheme whereby high-end electronics were imported from the United States and subsequently undervalued in their tax declarations to evade taxes.

Doldan used her company based in Paraguay, **Mobile Zone International Import-Export S.R.L. (Mobile Zone)**, to purchase goods from a company based in Miami, Florida, which would subsequently send these goods to several shell companies in Paraguay. As the goods would enter the country destined for these shell companies, Paraguayan Customs would identify the cell phones as cheaper goods, such as printers and printer toner, to simulate the importation of lower-cost items, a practice that would allow **Mobile Zone** to pay less tax on the imports. According to press reporting, this scheme generated at least \$675 million.

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OFAC is designating the following company registered in Paraguay that is owned or controlled by **Doldan: Mobile Zone International Import-Export S.R.L.**

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the persons above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person or the receipt of any contribution or provision of funds, goods, or services from any such person.

GLOBAL MAGNITSKY

Building upon the Global Magnitsky Human Rights Accountability Act, E.O. 13818 was issued on December 20, 2017, in recognition that the prevalence of human rights abuse and corruption that have their source, in whole or in substantial part, outside the United States, had reached such scope and gravity as to threaten the stability of international political and economic systems. Human rights abuse and corruption undermine the values that form an essential foundation of stable, secure, and functioning societies; have devastating impacts on individuals; weaken democratic institutions; degrade the rule of law; perpetuate violent conflicts; facilitate the activities of dangerous persons; and undermine economic markets. The United States seeks to impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as to protect the financial system of the United States from abuse by these same persons.

[Click here to view more information on today's designation.](#)

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