

Cyberattack on Lebanese Banks: Are Iran, Syria Finances Target?

By: **Mustapha Hamoui** posted on Friday, Aug 10, 2012

Many Lebanese were surprised to learn yesterday that a sophisticated, state-sponsored piece of malware has been [relentlessly spying on Lebanese bank accounts](#) for many months. The virus, dubbed "Gauss" by Kaspersky Lab, the security firm that discovered it, is a [very advanced](#) piece of software that has been monitoring Lebanese bank accounts since September of last year. *Wired* magazine [called](#) Gauss a "cousin" of the [Stuxnet](#) and [Flame](#) viruses, infamous pieces of malware that were apparently created by the US and Israel to target Iran's nuclear infrastructure.

About this Article

Summary:

A sophisticated virus has been spying on Lebanese bank accounts for months. Mustapha Hamoui gives context for understanding what may be part of a campaign to use Lebanese banks to pressure the Iranian nuclear program, and might also target the finances of the Syrian regime and Hezbollah's money-laundering operations.

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This is the latest manifestation of what Mohammad Chatah, the ex-finance minister, once [called](#) a "deliberate, sinister and multi-pronged campaign" against Lebanese banks to use them as pressure tools against the Iranian nuclear program. In his blog, Chatah [wrote](#) that Lebanon needed a national strategy against attacks on Lebanese banks. But Iranian nukes are only part of the story; Gauss might also be a tool used by the Americans to target the finances of the Syrian regime and Hezbollah's money-laundering operations, and it is a culmination of a long effort by the [Americans and Israelis](#) to keep their eyes on our banks.

Don't feed the Assad

Back in November 2011 (we now know that this was around the same time the Gauss virus was deployed), the American treasury department [dispatched](#) Assistant Secretary for Terrorist Financing Daniel L. Glaser to Beirut. His mission was clear: "Mr. Glaser warned the Lebanese that their banks risked being blacklisted if they aid Syrian efforts to evade international sanctions," [wrote](#) the *Wall Street Journal* in an [article](#) revealing the American efforts to squeeze Assad financially.

The Americans were worried back then that the Syrians would use their connections in Lebanon to circumvent the sanctions imposed on the Assad regime. That was a reasonable concern, given that many Lebanese banks had branches in Syria.

Don't launder the terrorists' money

On December 13, 2011, almost a month after Gauss was deployed, the *New York Times* published a [long, detailed exposé](#) about Hezbollah's drug-money laundering through the Lebanese Canadian Bank (LCB), a now-defunct outfit. That article heralded a period in which American Treasury Department officials exercised tremendous pressure on the governor of Lebanon's central bank, Riad Salameh, [summoning](#) him to Washington and asking him to scrutinize Lebanese banks for signs of illicit Hezbollah activity. The LCB did not survive this episode, and this was seen as a warning to the rest of the Lebanese banks.

Don't support Iran's nukes

The latest round of pressure on Lebanese banks was potentially the most harmful and insidious. In early 2012, a pressure group by the name of United Against Nuclear Iran (UANI) was [vigorously lobbying](#) international

financial institutions to stop buying Lebanese sovereign debt. What worried Lebanese economists most was that UANI was [out to prove](#) that there's something fishy about the strength of Lebanon's sovereign-debt rating.

"The obvious risk of sovereign default is great," UANI wrote in a press release, "unless there is a fraudulent hidden scheme driven by Hezbollah and its state sponsors, Iran and Syria, to support this economic house of cards. There is exactly such a scheme." Be careful not to fall for such propaganda, for the strength of the Lebanese sovereign debt's rating stands on [solid foundations](#).

We are watching you

It is against all this backdrop that we should look at the virus attack revealed yesterday. The Lebanese banking sector is both very strong and very sensitive. That's because the source of its strength, namely the money sent in by the very large diaspora all over the world, can also be a source of weakness. Many Lebanese abroad (this writer included) work in countries in South America, Africa and Asia, where cash is king and money is not very traceable. Some of them send suitcases of cash on planes bound for Beirut, a practice that is strongly discouraged by the post 9-11 world of international finance.

Like most people with Lebanese blood, members of the diaspora sympathize with and donate to one Lebanese political group or another. If we have a mainstream Lebanese party that is designated a terrorist organization and a money-laundering concern by the Americans, we have a recipe for trouble. The Americans are sure that something is going on, but they can't prove anything. Thanks to the tremendous efforts by Riad Salameh, there is nothing the Treasury Department and organizations like UANI can point at to prove that Lebanese banks are indeed involved in shady business.

Governor Salameh has gone a long way in addressing American concerns. He has relaxed Lebanese banking secrecy and added extra layers of scrutiny and paperwork to bank accounts. But that never meant that Lebanese bank accounts were open books for the world to see — that is, until a virus named Gauss paid us a visit.

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