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Southern District of New York

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**ACTING MANHATTAN U.S. ATTORNEY ANNOUNCES SETTLEMENT
WITH AMERICAN UNIVERSITY OF BEIRUT, RESOLVING CLAIMS IT
PROVIDED MATERIAL SUPPORT TO THREE ENTITIES DESIGNATED
PROHIBITED PARTIES UNDER U.S. LAW**

Joon H. Kim, the Acting United States Attorney for the Southern District of New York, and Jonathan Schofield, Special Agent in Charge of the Office of Inspector General for the U.S. Agency for International Development ("USAID-OIG"), announced today the settlement of a civil fraud lawsuit against AMERICAN UNIVERSITY OF BEIRUT ("AUB"), a teaching-centered research university located in Beirut, Lebanon, that receives funding from USAID. The settlement resolves claims that during the period December 2007 through March 2016 (the "Covered Period"), AUB violated the federal False Claims Act (the "FCA") by providing material support to three entities that had been included on the U.S. Office of Foreign Assets Control's ("OFAC") Specially Designated Nationals and Blocked Persons List (the "SDN List"). The SDN List is a list of individuals and entities, such as terrorists and narcotics traffickers, that have been identified as engaging in conduct antithetical to U.S. interests. The three SDN List entities at issue here are al Nour Radio, al Manar TV, and Jihad al-Binaa. Al Nour Radio and al Manar TV have been on the SDN List since March 2006, while Jihad al-Binaa has been on the SDN List since February 2007, and thus all three are prohibited parties under U.S. law. The Government's Complaint alleges that AUB provided material support to those three SDN List entities by (1) providing specialized training on a variety of media topics to representatives of al Nour Radio and al Manar TV, and (2) including Jihad al-Binaa in a database that AUB maintained on its public website (the "NGO database") for the stated purpose of connecting Non-Governmental Organizations ("NGOs") with students and others interested in assisting them.

Today, U.S. District Court Judge J. Paul Oetken approved a settlement agreement to resolve the Government's claims against AUB. Under the settlement, AUB is required to pay \$700,000 to the United States and has revised its internal policies to ensure that, going forward, it complies with applicable U.S. laws. In addition, in connection with the settlement, AUB has admitted to and accepted responsibility for (1) holding journalism training workshops that were attended by representatives of entities that were prohibited parties under U.S. law, and (2) including in the NGO database an entity that was a prohibited party under U.S. law.

Acting Manhattan U.S. Attorney Joon H. Kim said: "For years, the American University of Beirut accepted grant money from USAID, but failed to take reasonable steps to ensure

against providing material support to entities on the Treasury Department’s prohibited list. Without such proper safeguards, the University ended up providing training to entities that were prohibited parties under U.S. law. With today’s settlement, the University is being made to pay a financial penalty for its conduct, and importantly, it has admitted to its conduct and agreed to put proper precautions in place to ensure that it does not happen again.”

USAID-OIG Special Agent in Charge Jonathan Schofield said: “USAID OIG thanks the Southern District of New York for partnering so effectively to ensure the programs of USAID are executed safely and effectively. Implementers executing USAID’s critical programs around the world, regardless of the context, must remember that all contract regulations and applicable laws still apply to them. Too often, implementers and funding recipients report to USAID that they have taken necessary precautions or requisite steps – such as checking the SDN List – when in fact those actions were not undertaken or done properly. Today, we see once again that there are consequences for those who fail to live up to their obligations while executing their award or mandate under a USAID program.”

As alleged in the Government’s Complaint and set forth in the parties’ settlement agreement, both of which have been filed in Manhattan federal court:

Since at least 2007, AUB has received monetary grants from USAID to fund various university projects and programs. As a condition of receiving those grants, AUB submitted certifications to USAID each year in which it represented, *inter alia*, that it “has not provided, and will take all reasonable steps to ensure that it does not and will not knowingly provide, material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated, or participated in terrorist acts.” In these annual certifications, AUB further represented that “[b]efore providing any material support or resources to an individual or entity, [it] will verify that the individual or entity does not appear . . . on the [SDN List].” The annual certifications defined “material support and resources” to include, among other things, “training, expert advice or assistance, . . . [and] personnel.”

Notwithstanding the above-referenced certifications, during the Covered Period, AUB provided specialized training to al Nour Radio and al Manar TV. Specifically, AUB held three multi-day training workshops (in 2007, 2008 and 2009) during which it provided specialized training on a variety of media topics to a group of journalists that included representatives of al Nour Radio and al Manar TV. For example, one of the training workshops, titled “Citizen/Online Journalism,” was conducted over five days in December 2007, and consisted of two Internet and news media experts providing training to the attendees – one of whom was from al Nour Radio – on various topics, including the creation of online blogs; photo, audio and video editing and production; linking to other websites; podcasting; packaging stories for multimedia and different platforms; and presentation of final products. The three training workshops provided the two SDN List entities with knowledge and insight they could use to more effectively communicate their desired message and reach their target audience. At the time the three training workshops were conducted, AUB was on notice that they were being attended by representatives of al Nour Radio and al Manar TV.

In addition, during the Covered Period, AUB allowed Jihad al-Binaa to be included in the NGO database. This was also contrary to the above certifications, as it provided a mechanism for this SDN List entity to recruit persons interested in assisting it.

Because AUB provided specialized journalism training to representatives of two SDN List entities and included a third SDN List entity in the NGO database, its certifications to USAID during the Covered Period that it had not provided and would take all reasonable steps to ensure that it did not knowingly provide material support or resources to SDN List entities were false. As a result of those false certifications, AUB induced USAID to provide it with monetary grants that but for the false certifications, USAID would not have provided.

As part of the settlement, AUB admitted, acknowledged, and accepted responsibility for the following conduct:

- During the period 2007 through 2009, as part of its Journalism Training Program, AUB held on-campus workshops taught by experienced journalists, highly-regarded academics, and representatives from government organizations. The workshops were full-day events which typically took place over the course of several days.
- Three of the Journalism Training Program workshops that AUB held during the period 2007 through 2009 were conducted in a manner that was inconsistent with AUB's certifications to USAID, in that they were attended by representatives of entities that were prohibited parties under U.S. law.
- During the Covered Period, AUB maintained a public website that included a database of NGOs. The purpose of this database was to connect students interested in engaging in social work with relevant NGOs.
- During the Covered Period, AUB included information in the NGO database that was inconsistent with its certifications to USAID. Specifically, AUB included in the NGO database an entity that was a prohibited party under U.S. law, along with contact information for that entity.

In connection with the settlement, AUB has also agreed to revise its internal policies to ensure that it complies with applicable U.S. laws and the terms of the grants it receives. Such revisions include revisions to its USAID Grant Compliance Policy and its Policy on Compliance with U.S. Economic Sanctions Programs to provide for additional training of AUB administrative and academic staff on compliance with applicable U.S. laws and grant terms; regular audits by an external auditor of AUB's compliance with applicable U.S. laws and grant terms; and periodic reviews for purposes of making appropriate updates to relevant AUB internal policies and procedures. Moreover, upon request by USAID or any other U.S. agency that provides AUB with grants or any other type of funding, AUB shall provide such agency with, *inter alia*, a list of the administrative and academic staff who received the above-referenced training, together with a description of the training they received, as well as a written report, prepared by the external auditor, of the results of each of the above-referenced audits, and a description of any actions taken by AUB in response to such audits.

In connection with the filing of the lawsuit and settlement, the Government joined a private whistleblower lawsuit that previously had been filed under seal pursuant to the False Claims Act.

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Mr. Kim thanked USAID-OIG for its investigative efforts and assistance with the case.

The case is being handled by the Office's Civil Frauds Unit. Assistant U.S. Attorney Christopher B. Harwood is in charge of the case.

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