

Hearing on the Blacklisting of Hezbollah by the European Union

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Dear Chairman Brok, Vice-Chairs Provera, Pascu, Kovatchev, and Meyer, and distinguished committee members, it is an honor and a privilege to provide oral testimony, *in camera*, before this committee on the topic of blacklisting Hezbollah by the European Union. I am equally pleased to be able to provide the committee the following written report to supplement my oral testimony. This report is based on extensive field research carried out over some nine years, in Europe and beyond, for the project culminating in the publication of my book on Hezbollah in a few short weeks. The peer reviewed book, *Hezbollah: The Global Footprint of Lebanon's Party of God*, is being published in the United States by Georgetown University Press and in Europe by Hurst Publishers.

The long awaited results of the Bulgarian investigation into the July 2012 bus bombing in Burgas, released in part in early February, quickly spurred a spirited debate within the European Union on the issue of whether or not to proscribe the military wing of Hezbollah, Lebanon's Party of God, as a terrorist organization. The Bulgarian investigation determined that the military wing of Hezbollah was behind the Burgas bombing that left six dead and described a sophisticated Hezbollah plot led by a cell that included Canadian and Australian citizens. Recently, some have questioned the strength of the evidence accumulated by investigators from Bulgaria, Europol, and beyond, but based on my own interviews in Washington and in several European capitals, including Sofia, such doubts are wildly misplaced. Moreover, under the EU's own threshold for such designations, laid out in Common Position 931 (CP 931), the statement of a "competent authority" such as the Bulgarian Interior Minister on February 5, 2013, and the confirmation of that position by the Bulgarian Foreign Minister on June 12, 2013, are both perfectly suitable listing criteria. According to CP 931:

Common Position 2001/931/CFSP applies to persons, groups and entities involved in terrorist acts, when a decision has been taken by a competent authority in respect of the person, group or entity concerned. Such decision may concern the instigation of investigations or prosecution for a terrorist act, an attempt to carry out or facilitate such an act based on serious and credible evidence or clues, or condemnation for such deeds. A competent authority is a judicial authority or, where judicial authorities have no competence in the area, an equivalent competent authority.¹

Moreover, far more evidence of Hezbollah's terrorist activities exists beyond the Burgas bombing. Even as officials around the world digested the findings of Bulgarian investigators, they were hit with yet an additional source of damning evidence exposing

¹ European Union Fact Sheet, "The EU list of Persons, Groups and Entities Subject to Specific Measures to Combat Terrorism," 6 February 2008

Hezbollah activities in Europe when the trial of another Hezbollah operative—a European citizen—concluded on March 21 in Cyprus. The Cypriot court convicted Hossam Taleb Yaacoub, a Swedish-Lebanese citizen arrested just days before the Burgas bombing, on charges of planning attacks against Israeli tourists. Taken together, the two cases present the most compelling case for a European designation of Hezbollah as a terrorist group than ever before.

For years, European countries have avoided adding Hezbollah to the European Union's list of banned terrorist groups, citing the fact that the group had not carried out terrorist attacks on the continent since the 1980s. Others highlight the group's status as the dominant political party in Lebanon, in addition to its social welfare activities, as reasons not to blacklist the group. Still other EU leaders argued that targeting Hezbollah's military and terrorist wings—even if the political wing of Hezbollah were not targeted—would destabilize Lebanon. European governments also worry that their peacekeeping troops among the UN Interim Force in Lebanon are at risk if Hezbollah is blacklisted, that Hezbollah might retaliate against European interests in retaliation for an EU designation, and that banning the military wing might somehow preclude political contact with, and leverage over, the group's political leadership.

To be sure, Hezbollah provides social services in Lebanon and for a limited period of the group's electoral success at home limited its willingness to openly engage in terror activities abroad. But as senior State Department officials have testified on numerous occasions, while "Hezbollah attempts to portray itself as a natural part of Lebanon's political system and a defender of Lebanese interests...its actions demonstrate otherwise."² Indeed, Hezbollah has now resumed carrying out not only financial and logistical activities in Europe, but terrorist operations as well. It has issued an explicit challenge to Europe, and historical precedent suggests that failure to respond in a meaningful way is almost certain to invite further Hezbollah operations within the borders of EU member states.³

But before we explore Hezbollah's current activities, it is worth noting that Hezbollah has been active in Europe on a constant basis since the early 1980s.

Hezbollah's Early Years in Europe

For some, the recent Bulgarian and Cypriot cases suggest that Hezbollah has returned to the continent after decades of operational hiatus. But Hezbollah never left Europe. In fact, Hezbollah networks in the region have continued to use Europe as a base to recruit members, raise funds, procure weapons, conduct preoperational surveillance, and when feasible conduct operations without pause for more than thirty years.

Hezbollah's first documented attack in Europe was in 1983—the same year Hezbollah bombed French, Italian, and American troops in Beirut—when Hezbollah's Islamic Jihad Organization claimed responsibility for bombs planted at a train station and aboard a train traveling from Paris to Marseilles. In 1984, Swiss authorities arrested Lebanese national Hussein Hanieh, en route to Rome, for carrying explosives in a cloth belt around his waist. His arrest led Italian authorities to discover and arrest a local Hezbollah cell, which was planning an attack against the U.S. embassy in Rome. Shortly after the cell's discovery, a caller claiming to represent Islamic Jihad warned of retaliation against Italy for foiling the plot. The caller warned Italy "not to intervene in matters which do not concern it

² Benjamin and Feltman, "Assessing the Strength of Hizballah;" See also Frank Urbancic, Jr, "Hezbollah's Global Reach," Testimony before the House Committee on International Relations, September 28, 2006.

³ See, for example, Matthew Levitt, "Hezbollah's 1992 Attack in Argentina is a Warning for Modern-Day Europe," *The Atlantic*, March 19, 2013

so that it will not suffer similarly to others.” Hezbollah increased their level of activity abroad—and especially in Europe—in 1985.

Several factors helped explain the Middle Eastern terrorist spillover into Europe, including the desire by Middle Eastern terrorists to gain the release of comrades jailed in European countries. But operationally, too, Europe made for an attractive venue. Few travel restrictions existed at the time among European countries, and some had special arrangements with Middle Eastern countries to facilitate workers. The State Department noted, “Large numbers of Middle Easterners—many of whom comprise expatriate and student communities—live and travel in Western Europe and provide cover, shelter, and potential recruits.”⁴

“International terrorists had a banner year in 1985,” the State Department conceded in its annual terrorism report, which included the hijacking of TWA flight 847. Hezbollah operatives Mohammad Ali Hamadi and Hasan Izz al-Din, seeking the release of Lebanese Shia prisoners jailed abroad, including two arrested in Spain in September 1984 after attempting to assassinate a Libyan diplomat, hijacked flight 847 from Athens to Rome in June 1985. One month later, Hezbollah planted bombs at the office of an American airline in Copenhagen and at Scandinavia’s longest standing synagogue. Hezbollah’s Islamic Jihad claimed responsibility for a 1985 bombing at a restaurant in Spain and within months of this attack, the organization began a terror campaign in France. Between December 1985 and September 1986, Hezbollah operatives using a variety of cover names bombed fifteen targets in Paris. One known Hezbollah member would later acknowledge, “All the organizations that you know in France under various names are all dependent on Hezbollah. The actions are decided by the board of operations of Hezbollah in collaboration with the secret services of the Party of God.”⁵

On December 7, 1985, explosives were placed at both Galerie Lafayette and Galerie Printemps, injuring forty-three people.⁶ On February 3, a bomb went off in a shopping gallery on the Champs Elysees, injuring eight people; a second bomb was later found and defused at the Eiffel Tower.⁷ The deadliest of the fifteen Paris bombing occurred September 17, 1986, in front of Tati, a clothing store. Seven were killed and more than sixty were wounded.⁸

The wave of terror in Paris ended when German authorities arrested Mohammad Ali Hamadi—one of the TWA 847 hijackers—who was caught at the Frankfurt airport in January 1987 carrying liquid explosives destined for the Hezbollah cell in Paris.⁹ Hamadi’s group based in Germany was reportedly tasked with providing Hezbollah’s European cells with both arms and drugs supplied by a Lebanon-based network.¹⁰ Three months later, French police arrested the Paris cell leader, a Tunisian named Fouad Ali Salah, and his accomplices in a raid that produced arms, ammunition, and explosives. Around the time of Mohammad Hamadi’s 1987 arrest at the Frankfurt airport, another Hezbollah operative was arrested in Italy, indicating the group was “apparently preparing the logistic grounds for future terrorist attacks,” according to the CIA.¹¹ Meanwhile in Germany, Hezbollah

⁴ US Department of State, *Patterns of Global Terrorism: 1985*, Washington, DC, October 1986, 11-14.

⁵ Translated from *France v. Saleh Fouad Ben Ali*.

⁶ *France v. Saleh Fouad Ben Ali*, Cour d’Appel de Paris, 1ère Chambre d’Accusation, March 4, 1991.

⁷ Scheherezade Faramarzi, “Mughniyeh Was a Key Hezbollah Commander, Insider Says,” Associated Press, February 27, 2008.

⁸ US Department of State, *Patterns of Global Terrorism: 1986*, Washington, DC, 38.

⁹ Youssef M. Ibrahim, “Trial of Accused Mastermind in Bombings Begins in Paris,” *New York Times*, January 30, 1990.

¹⁰ *Ibid.*

¹¹ U.S. CIA, “Prospects for Hizballah Terrorism in Africa.”

operatives conducted preoperational intelligence on American and Israeli targets in the country.

Hezbollah's operational plans had been foiled with Hamadi's arrest, but other Hezbollah members were ready to pick up where he had left off. In June 1989, German authorities apprehended Bassem Makki, a Hezbollah operative who was plotting attacks on Israeli and American interests in Germany. Makki was found in possession of preoperational intelligence about Israeli, Jewish, American, and other targets in Germany, and Arabic bomb-making instructions were discovered in his apartment. In 1989 and 1990, authorities apprehended a Hezbollah cell operating in Valencia, Spain. The cell was caught smuggling weapons in a ship from Cyprus to be pre-positioned and cached in Europe. After tracking that shipment authorities found additional explosives that had already been stashed in Europe. It was determined that the cell had been targeting U.S. and Israeli targets in Europe. According to an April 1992 CIA report, as of late 1990 Hezbollah began planning a joint operation together with PIJ targeting Jewish émigrés' at a Warsaw synagogue and the Budapest airport.¹² Over the years, reports would emerge indicating that Hezbollah operatives had long worked out of the Balkans in general and in Romania in particular.¹³

At some points in time Hezbollah was especially active in Europe, as it seems to be once more today. Consider, for example, the year 1994. In 1994, Hezbollah member Bassem Harakeh was under detention in Norway.¹⁴ In the same year, Hezbollah was suspected in two bombings that took place on July 26 and 27 near Israeli targets,¹⁵ and police raids of Hezbollah safe houses in Croatia turned up arms and explosives.¹⁶ Lastly, on the orders of senior Hezbollah operative Abu al-Ful, a Hezbollah operative from Southeast Asia, Pandu Yudhawinata, traveled to Cyprus in 1994 "to collect operational intelligence on the security measures in the airport and matters regarding immigration." Abu al-Ful traveled to Cyprus himself and informed Pandu that "a member of the Hezbollah's Special Attack Apparatus wanted to meet him." However the meeting never materialized, for unspecified reasons.¹⁷

During the summer of 1995, Abdullah Ali fought in Bosnia, where he and others were given training in "military stuff" by "some people from Iran."¹⁸ Hezbollah operatives were in fact also involved in training Bosnian fighters, information confirmed by Hassan Nasrallah.¹⁹

In 1997, Hezbollah was found to be collecting intelligence on the U.S. Embassy in Nicosia, Cyprus.

Throughout the 1980s, Hezbollah's actions were influenced, if not directed, by the Iranian regime. At times Hezbollah and Iranian interests in Europe converged to produce particularly deadly campaigns across the continent. With the Paris bombings, Hezbollah sought the release of its imprisoned members, while Iran desired to make France pay for

¹² US CIA, "Iran: Enhanced Terrorist Capabilities."

¹³ "Moldova Expels Former Lebanese Honorary Consul for Hezbollah Connections," Bucharest Media fax (English), October 28, 2001, accessed through Foreign Broadcast Information Service, October 29, 2001.

¹⁴ Argentina, Buenos Aires, Investigations Unit of the Office of the Attorney General. *Office of Criminal Investigations: AMIA Case*. Report by Marcelo Martinez Burgos and Alberto Nisman, October 25, 2006, 238–40.

¹⁵ US FBI, "International Radical Fundamentalism." See also the finding of Hezbollah expert Magnus Ranstorp that Hezbollah (with help from Iran) was behind attacks in Argentina, Panama, and London in the wake of the July 1994 peace agreement signed between Israel and Jordan. Magnus Ranstorp, "Hezbollah's Command Leadership."

¹⁶ Burgos and Nisman, 177, 78.

¹⁷ Philippine intelligence report, "TIR on Pandu Yudhawinata," 8.

¹⁸ American Jihadist.

¹⁹ United States of America v. Mohamad Youssef Hammoud, et al., "Maxell VHS Tape Containing Televised Interview with Hassan Nasrallah," Verbatim transcript, FD-302, file #265B-CE-82188, transcribed March 3, 2001.

its support to Baghdad in the Iran-Iraq war and other anti-Iranian policies.²⁰ When the Iranian leadership embarked on assassination campaigns in 1979 and 1994 targeting individuals deemed to be working against the regime's interests, Hezbollah members assisted in many of these plots. According to the CIA, Iran "murdered Iranian defectors and dissidents in West Germany, the United Kingdom, Switzerland, and Turkey."²¹ Overall, more than sixty individuals were targeted in assassination attempts.²²

The first successful assassination of an Iranian dissident in Western Europe occurred on February 7, 1984. General Gholam Ali Oveissi and his brother were fatally shot on Rue de Passy.²³ Oveissi's assassination ushered in a period of great danger for Iranian dissidents in Europe. In August 1987, a former Iranian F-14 pilot was assassinated in Geneva.²⁴ On July 19, 1987, Amir Parvis, a former Iranian cabinet member and the British chairman of the National Movement of the Iranian Resistance, was injured by a car bomb in London. Several months later, on October 3, Ali Tavakoli and his son Nader, both Iranian monarchist exiles, were found shot in their London apartment.²⁵ On July 13, 1989, Dr. Abdolrahman Ghassemlou, secretary-general of the Kurdish Democratic Party of Iranian Kurdistan (PDKI); Abdollah Ghaeri-Azer, the PDKI's European representative; and Fazil Rassoul, an Iraqi Kurd serving as a mediator were assassinated in a Vienna apartment while meeting with a delegation from the Iranian government.²⁶ On August 3, 1989, Mustafa Mahmoud Mazeh, tasked with assassinating Salman Rushdie, died when an explosive he was preparing detonated prematurely inside his hotel room in London.²⁷ There were also attacks on Rushdie's Italian, Norwegian, and Japanese translators in July 1991.²⁸ On April 24, 1990, Kazem Radjavi, former Iranian ambassador to the UN and brother of the leader of the MEK, was shot by two armed men in Coppet, Switzerland, after his car was forced off the road.²⁹ On August 6, 1991, Chappour Bakhtiar, the former Iranian prime minister and secretary-general of the Iranian National Resistance Movement, and his aide were stabbed to death by Iranian operatives in Bakhtiar's Paris apartment.³⁰ Bakhtiar had been targeted in another assassination attempt in July 1980, which led to the death of a policeman and a female neighbor.³¹ Also in 1991, Hezbollah assaulted MEK members exhibiting books and pictures at the Iran Cultural Festival in Dusseldorf. Several MEK members were seriously injured.³²

The most daring and public assassination Hezbollah carried out at the behest of its Iranian masters occurred September 17, 1992, when operatives gunned down Dr. Sadegh

²⁰ Associated Press, "Terrorist Mastermind Sentenced to Life for Paris Bombings," April 14, 1992; Ranstorp, *Hizb'allah in Lebanon*, 97; Federal Court of Canada, *Mohamed Hussein Al Hussein*, Annex E. October 23, 1993, p. 9.

²¹ US CIA, "Iranian Support for Terrorism in 1987," 13.

²² Thomas Sanction et al., "The Tehran Connection," *Time*, March 21, 1994.

²³ John Vinocur, "Exiled Iranian General Is Killed with Brother by Gunmen in Paris," *New York Times*, February 8, 1984.

²⁴ Burgos and Nisman, 37; Ely Karmon, "Iranian Terror in Switzerland against Opposition Activists," IDC Herzliya, International Institute for Counter-Terrorism, April 20, 2009.

²⁵ Michael Horsnell and Hazineh Teimourian, "Two Iranians Shot Dead in London," *Times (London)*, October 3, 1987.

²⁶ Burgos and Nisman, 25.

²⁷ Anthony Loyd, "Tomb of the Unknown Assassin Reveals Mission to Kill Rushdie," *Times (London)*, June 8, 2005.

²⁸ US CIA, "Iran: Enhanced Terrorist Capabilities."

²⁹ Burgos and Nisman, 24– 25; Sanction et al., "Tehran Connection."

³⁰ Burgos and Nisman, 31; US Department of State, *Patterns of Global Terrorism: 1991*, Washington, DC, April 1992, 30.

³¹ Patrick Marnham, "Jailed Iranian Puts Pressure on France," *Independent (London)*, February 3, 1989.

³² Iran Human Rights Documentation Center, "Murder at Mykonos: Anatomy of a Political Assassination," March 2007.

Sharafkandi, secretary-general of the PDKI, and three of his colleagues at the Mykonos restaurant in Berlin.³³

In the 1990s, Hezbollah founded a special unit—Unit 1800—dedicated to supporting Palestinian terrorist groups and infiltrating its own operatives into Israel to collect intelligence and execute terrorist attacks within Israel's borders. Hezbollah infiltrated a small number of operatives into Israel through Southeast Asia, but Europe was its preferred stepping stone into Israel. Several European recruits traveled to Israel from Europe to conduct surveillance and carry out attacks. In 1996, Hussein Mikdad entered Israel on a flight from Switzerland with a stolen British passport to scout for bombing sites within Israel and to revive the momentum of attacks in Israeli cities. Mikdad was severely injured a few days later when a bomb he assembled in his East Jerusalem hotel accidentally detonated. A year later, Stephan Smyrek, a German convert to Islam and Hezbollah trainee, was arrested at Israel's Ben Gurion International Airport. Attempting to follow Mikdad's example and enter Israel via a European country, Smyrek had left Lebanon for Europe and flew from Amsterdam to Israel on his legitimate German passport where he was apprehended. Undeterred, Hezbollah dispatched another operative, Fawzi Ayub, a naturalized Canadian from Lebanon. In 2000, Ayub traveled from Lebanon on his Canadian passport to an unnamed European country and then sailed to Israel using a false American passport he received from his Hezbollah handlers in Europe. In 2001, a dual Lebanese-British citizen, Jihad Shuman was arrested near the prime minister's residence in Jerusalem. Shuman had been dispatched by Hezbollah to conduct surveillance on potential targets in Israel.

For its part, Hezbollah sought to normalize its presence in Germany and elsewhere in Europe. From 2002 to 2003, Hezbollah officials visited Britain, Denmark, Germany, Italy (twice), and Switzerland (also twice).³⁴ Hezbollah even reportedly attempted to purchase a building in Berlin's Neukoelln district in June 2002.³⁵ Until the German government shut it down in 2002, the Martyrs Foundation operated in Germany as the al-Shahid Social Relief Institution.³⁶ Over time the Hezbollah support network in Germany would grow. Some 800 members or supporters of Hezbollah lived in Germany in 2002. That number increased to about 850 by 2004 and to 900 by 2005.³⁷

In October 2001, Moldovan intelligence accused Mahmoud Ahmad Hamoud of having close ties to Hezbollah. Authorities alleged that he "received 400,000 dollars from the leaders of the Hezbollah terrorist organization in order to consolidate the position of the organization in Romania" when he lived there from 1992-1997. He was also accused of drug trafficking.³⁸

In 2002, two operatives were arrested in Belgium and were convicted of illicit diamond smuggling in 2003.³⁹ In 2002, Romanian intelligence sources reported that Hezbollah was

³³ Burgos and Nisman, 33; Agence France Press, "Iran Ordered Slaying of Kurdish Leaders: German Prosecutor," May 27, 1993.

³⁴ Israeli intelligence report, "Hizballah Leader's Visits to Europe," undated, author's personal files, received August 28, 2003; See, for example, Nicole Winfield, "Hezbollah Denounces Terrorist Label," Associated Press, May 24, 2002.

³⁵ Israeli intelligence report, "Hizballah World Terrorism," undated, received by the author, August 5, 2003.

³⁶ Intelligence and Terrorism Information Center at the Center for Special Studies, "Hezbollah, Part 1: Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored by Iran and Supported by Syria," Special Information Paper, July 2003, 92.

³⁷ German Government, Federal Office for the Protection of the Constitution, Annual Report of the Office for the Protection of the Constitution 2005 (Bundesamt für Verfassungsschutz, BfV) 2005, 166, 191.

³⁸ "Moldova Expels Former Lebanese Honorary Consul for Hezbollah Connections," Bucharest Mediafax (English), October 28, 2001, accessed through Foreign Broadcast Information Service, October 29, 2001.

³⁹ Farah, "Hezbollah's External Support Network."

active "in the country's main university cities, focusing on propaganda, economic and intelligence activities."⁴⁰ In February 2002, Hezbollah considered kidnapping a businessman in the Netherlands. Another plot, which spanned several months starting in November 2002 and running into 2003, targeted an Israeli national in Spain.⁴¹

In February 2003, British authorities detained Mohammed Alan, a passenger arriving from Caracas on a Venezuelan passport with a grenade in his luggage. He was suspected of being tied to a Hezbollah money laundering operation run out of Margarita Island.⁴² In December 2003, Hezbollah operatives unsuccessfully attempted to kidnap an Israeli military-officer-turned businessman in Cyprus.⁴³

Denmark was central to a Hezbollah recruitment gambit in December 2004 involving a Danish citizen of Lebanese descent named Khaled Ashuah. Ashuah arrived in Israel on a Turkish Airlines flight, where he collected intelligence and underwent training and preparation. He then returned to Denmark with \$2,000 and clear operational instructions from Hezbollah before returning to Israel yet again to identify suitable sites for future Hezbollah attacks.⁴⁴

In some of these cases, the authorities have determined that the operatives entered Israel to conduct operations, while in other cases it remains unclear whether they entered Israel just to collect pre-operational surveillance, assist other operatives already there, or conduct attacks themselves. Significantly, each of these operatives relied on European logistical support networks to carry out their missions. According to a U.S. Senate report, Hezbollah leveraged the acumen and connections of sympathetic Lebanese businessmen in Europe to build a "web of import-export companies in Western Europe as part of its dormant network." The purpose of this network: "to insert large quantities of explosives and related equipment into target countries."⁴⁵ Moreover, each is also believed to have been trained by elements tied directly to Imad Mughniyeh, Hezbollah's chief operations officer.

Hezbollah is engaged in fundraising and propaganda activities in the United Kingdom, though its fundraising there is fairly small compared with its fundraising in North and South America, Africa, and elsewhere in Europe. According to an Israeli report, Hezbollah raises tens of thousands of dollars a year in Britain.⁴⁶ British experts say the Hezbollah presence in Britain includes not only fundraising networks but also trained operatives ready to be called upon to support Hezbollah operations or even carry out revenge attacks in the West.⁴⁷

⁴⁰ Radu Tudor, "Terrorism in Romania, Hizballah, Commercial and Propaganda Operations in Romanian University Cities," Bucharest Ziu (Romania), February 13, 2002, accessed through Foreign Broadcast Information Service, February 13, 2002. Information confirmed for the author in interview with Romanian security official, Washington, DC, July 2004.

⁴¹ Author interview with senior Israeli counterterrorism official, Tel Aviv, November 16, 2004.

⁴² Martin Arostegui, "Analysis: Venezuela's Islamic Links," United Press International, September 1, 2003.

⁴³ Author interview with senior Israeli counterterrorism official, Tel Aviv, November 16, 2004.

⁴⁴ Israel Security Agency, "Hizballa Activity Involving Israeli Arabs," undated report; Margot Dudkevitch and Yaakov Katz, "Dane Recruited by Hizbullah: Shin Bet Reveals He Filmed Security Sites from Train in North," Jerusalem Post, January 27, 2005.

⁴⁵ US Senator John Kerry and US Senator Hank Brown, "The BCCI Affair," A Report to the Committee on Foreign Relations United States Senate, 102nd Cong., 2nd sess., December 1992, 445.

⁴⁶ Intelligence and Terrorism Information Center at the Center for Special Studies, "Hezbollah (part 1): Profile of the Lebanese Shiite Terrorist Organization of Global Reach Sponsored by Iran and Supported by Syria," June 2003.

⁴⁷ Jason Groves, "Hezbollah Will Avenge Iran Strike," Sunday Express (London), November 25, 2007.

Hezbollah has engaged in militant, terrorist, criminal, and other activities worldwide over the past thirty years. Its ability to continue to do so apace, however, was severely constrained by the 9/11 attacks. Desperate to continue operating outside the crosshairs of Washington's "war on terror," Hezbollah consciously pared down its international operations. Although major attacks were out of the question, Hezbollah continued to target Israeli interests, infiltrate operatives into Israel to collect intelligence and carry out operations, and support Iranian interests—such as training Iraqi Shiite militants after the fall of the Saddam Hussein regime.

International Security Threat

While it has continuously raised funds, procured arms, and provided logistical support from Europe for attacks to be carried out elsewhere, it has been years since Hezbollah last carried out an attack on European soil. Hezbollah's operational capabilities abroad deteriorated under its self-imposed restrictions in the post-9/11 security environment. Moreover, Hezbollah worked hard under Mughniyeh to establish a measure of independence from Iran. In mid-2008, four months after Mughniyeh's death, an Israeli intelligence official concluded that "Hezbollah does not always do what Iran wants."⁴⁸ The rift was disastrous for Hezbollah operations abroad. Support from Iran for the past decade appears to have been limited to funding, training, and arming Hezbollah's increasingly effective standing militia, not on its cadre of international terrorists. Hezbollah not only lacked the resources and capability to carry out a successful operation abroad, it had lost Mughniyeh, the group's master planner, in 2008.

The February 2008 assassination of Imad Mughniyeh changed the pace of Hezbollah's international operations. Hassan Nasrallah, the group's secretary general, promised an "open war" to avenge Mughniyeh's death, leading to a resurgence of Hezbollah's IJO. Despite a relentless campaign of military and terrorist activities targeting Israel, years of operating below the radar of the war on terror left Hezbollah's IJO incapable of launching a successful operation abroad.

However, Hezbollah continued to maintain a support network throughout Europe. In December 2008, Sultani, an Israeli Arab, flew to Poland to meet with a Hezbollah operative going by the name Sami. It was at this meeting that Sami recruited Sultani into Hezbollah.⁴⁹ Hezbollah also maintained support in Austria, where in 2004 an operative, Hussein Mikdad, met with a Hezbollah contact in a café to receive a false British passport.⁵⁰ Mikdad then went on to travel to Zurich where he called the Regina Hotel, possibly to speak to another contact. The next day he met with Abu Muhammad and they reviewed details of an upcoming operation in Israel.⁵¹

Under the IJO's new leadership, Mustapha Badreddine and Talal Hamiyeh, the group has turned to its longtime ally and partner, Iran, to pursue their shared aims against Israel and the United States.⁵² In February 2012, Director of National Intelligence James Clapper characterized the relationship between Hezbollah and Iran as "a partnership arrangement,

⁴⁸ Author interview, Israeli intelligence official, Tel Aviv, June 3, 2008.

⁴⁹ Israel Defense Forces, "Israeli Arab Indicted in Hezbollah Plot"; Katz, "Israeli-Arab Indicted for Hizbullah Plot to Assassinate Ashkenazi."

⁵⁰ Mikdad.

⁵¹ Mikdad; Frantz, "Accountant Is a Terrorist."

⁵² Matthew G. Olsen, Director of the National Counterterrorism Center, "The Homeland Threat Landscape and U.S. Response," Testimony before the Senate Committee on Homeland Security and Governmental Affairs, September 19, 2012.

with the Iranians as the senior partner.”⁵³ Over time, Hezbollah has made it clear through its own actions that its commitment to Iran and Iranian interests trumps its identity as a Lebanese political movement.

As part of a recent targeted campaign against Western interests, Iran and Hezbollah have launched attacks worldwide. A series of failed attacks in Baku in May 2008, Turkey in September 2009, and Jordan in January 2010 as well as foiled attempts to kidnap Israelis in Europe and Africa highlighted the state of the IJO’s diminished capabilities. In January 2010, Iranian decision makers determined that the IJO desperately needed a makeover and Iran would no longer rely on the IJO to carry out attacks abroad. Hezbollah engaged in detailed talks with Iranian officials to lay out Hezbollah’s role in Iran’s larger plan for a coordinated shadow war targeting Israeli, American, European, and Gulf state interests. The coordinated plan, it was decided, would include operations intended to achieve several different goals, including taking revenge for Mughniyeh’s assassination, retaliating for attacks on Iran’s nuclear program, and convincing Western powers that an attack on Iran would result in attacks worldwide.⁵⁴

Initially Iran’s rehabilitation plan seemed doomed to fail. In March and September 2010, authorities disrupted undisclosed Qods Force plots in Azerbaijan and Turkey, respectively.⁵⁵ In May 2010, Kuwaiti authorities arrested Kuwaiti, Lebanese, and other individuals on suspicion of spying, monitoring U.S. military interests, and possessing explosives for attacks.⁵⁶ In April 2011, the Israeli intelligence exposed a budding Hezbollah plot in Cyprus.⁵⁷ By May 2011, Hezbollah and Qods Force operatives joined forces to carry out a complex attack against an Israeli diplomat in Turkey. This attempt also failed.⁵⁸

Mishaps and failure did not hinder Hezbollah’s quest to find a viable target or forgiving operational venue abroad. More threats arose in the months that followed, prompting travel advisories from Cyprus and Greece to Thailand, Bulgaria, and Ukraine.⁵⁹ Five attacks targeting Western diplomats were scheduled to be carried out as close to the February 2012 anniversary of Mughniyeh’s assassination as possible. A plot in Baku was foiled; another in Turkey was delayed; others would play out in India, Georgia, and Thailand.⁶⁰ All told, more than twenty terror attacks by Hezbollah or Qods Force operatives were thwarted over the fifteen-month period between May 2011 and July 2012; by another count, nine plots were uncovered over the first nine months of 2012.⁶¹ An additional terror plot targeting Israeli tourists on cruise ships arriving at the Limassol port in Cyprus was foiled in October 2012.⁶²

⁵³ James R. Clapper, Director of National Intelligence, Unclassified Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community for the Senate Select Committee on Intelligence, January 31, 2012.

⁵⁴ Author interview, Israeli Intelligence officials, September 13, 2012.

⁵⁵ Author interview, Israeli Intelligence officials, September 13, 2012.

⁵⁶ Alexandra Sandels, “Kuwait: Media Banned from Reporting on Alleged Iran Spy Ring”, *Los Angeles Times*, May 6, 2010.

⁵⁷ Author interview with Israeli intelligence officials, September 13, 2012.

⁵⁸ “Bike bomb wounds 7 in Istanbul, Kurd group suspected,” Reuters, May 26, 2011.

⁵⁹ Gili Cohen, “Israeli Counterterrorism Bureau Warns of Attacks on Israelis During High Holidays,” *Haaretz* 9Tel Aviv), September 6, 2012.

⁶⁰ Author interview, Israeli Intelligence officials, September 13, 2012.

⁶¹ Itamar Eichner, “PM Reveals: South Africa Attack against Israelis Thwarted,” *Ynetnews* (Tel Aviv), July 20, 2012; Author interview, Israeli Intelligence officials, September 13, 2012; Mark Hosenball, “New York Police Link Nine 2012 Plots to Iran, Proxies,” Reuters, July 21, 2012.

⁶² “Cyprus Thwarts Terror Attack against Israelis,” *Ynetnews* (Tel Aviv), October 18, 2012.

Renewed Focus on European Targets and Operatives

The veil on Hezbollah's renewed operational efforts in the region was lifted when Bulgarian investigators concluded that Hezbollah operatives were responsible for the July 2012 Burgas bombing. On July 18, 2012, at the height of the summer tourist season, a bomb destroyed one of the seven tour buses, killing the Bulgarian bus driver and five Israelis and wounding some thirty more.⁶³ From the outset Israeli officials publicly insisted—and anonymous American and British officials confirmed—that Hezbollah was behind the attack.⁶⁴ "We are confident," Israeli defense minister Ehud Barak told CNN, "without any doubt about the responsibility of Hezbollah [for] the actual execution of the operation—preparation, planning and execution."⁶⁵ Nor, officials added, was the attack the work of rogue Hezbollah gunmen. "Nobody pushes the button in Burgas without Nasrallah's approval," explained an Israeli official close to the investigation.⁶⁶ Authorities continued to investigate the Burgas bombing on multiple continents, leading to new information only some of which has been made public—like the fact that the printer used to produce the fake driver's licenses used by the bombers was owned by a Hezbollah operative in Lebanon.⁶⁷

In September 2012 an Israeli-Arab accused of collecting intelligence for Hezbollah on Israeli public figures, army bases, defense manufacturing plants, and weapons storage facilities over a three-year period was arrested. Like several other Hezbollah spies before him, Milad Khatib was reportedly recruited by a Hezbollah agent in Denmark. The two would meet in several European countries.⁶⁸

In February 2013, after more than six months of investigations, the Bulgarian government described clear links between Hezbollah and the deadly attack on European soil. Speaking at a press conference in Sophia, Bulgarian Interior Minister Tsvetan Tsvetanov informed that two of the three suspects were operatives with Canadian and Australian passports, respectively, who "belonged to the military formation of Hezbollah." Tracing the activities of the suspects, he explained, authorities "followed their entire activities in Australia and Canada, so we have information about financing and their membership in Hezbollah." The two men had lived in Lebanon the past few years, one since 2006 and the other since 2010. The operatives carried forged Michigan driver's licenses produced in Lebanon (although one was a poor fake—a Michigan license listing a Louisiana address). Originally believed to be a suicide bombing, Europol experts determined the bomb was detonated remotely, suggesting the lanky, fair-skinned backpack bomber may have been a mule, unaware he was carrying an explosive that was about to detonate.

But this was not the first Hezbollah attempt to carry out an attack in Bulgaria in recent years. In January 2012, just weeks before the anniversary of Mughniyeh's assassination, a suspicious package was spotted on a bus carrying Israeli tourists from Turkey to Bulgaria. Officials in Bulgaria subsequently honored Israeli requests to provide enhanced security for buses carrying Israeli tourists. Additional security was reportedly put in place at the country's premier ski resort as well. At the time, Israeli officials had deemed airport security sufficient.⁶⁹ In fact, Western intelligence officials had long worried about Bulgaria

⁶³ "Israelis Killed in Bulgaria Bus Terror Attack, Minister Says," *CNN*, July 18, 2012.

⁶⁴ Nicholas Kulish and Eric Schmitt, "Hezbollah is Blamed for Attack on Israeli Tourists in Bulgaria," *New York Times*, July 19, 2012.

⁶⁵ "Interview with Israeli Defense Minister Ehud Barak," *CNN* (The Situation Room), July 30, 2012.

⁶⁶ Author interview, Israeli official, Tel Aviv, September 13, 2012.

⁶⁷ "Bulgaria Reveals New Evidence on Hezbollah-Burgas Link," *JTA*, June 20, 2013

⁶⁸ Yonah Jeremy Bob, "Shin Bet Nabs Alleged Hezbollah Spy Living in North," *Jerusalem Post*, October 4, 2012.

⁶⁹ Yaakov Katz, "Bulgaria Foils Terror Attack Against Israelis," *Jerusalem Post*, January 8, 2012.

as a potential venue for Hezbollah or Qods Force attacks. Five years earlier, Western intelligence indicated “that Hezbollah chiefs and Iranian intelligence officials had put Bulgaria on a list of nations propitious for developing plots against Western targets.”⁷⁰ Around the same time that authorities foiled the January 2012 plot targeting Israeli vacationers in Bulgaria, another Hezbollah plot was disrupted in Greece.⁷¹ But it was halfway across the world, in Bangkok, where Israeli and local authorities broke up a far more ambitious Hezbollah bid to target Israeli tourists.

On January 12, 2012, acting on a tip from Israeli intelligence, Thai police arrested Hussein Atris—a Lebanese national who also carried a Swedish passport—at Bangkok’s Suvarnabhumi Airport as he attempted to flee the country.⁷² Atris led police to a three-story building on the outskirts of Bangkok where he and his housemate had stockpiled some 8,800 pounds of chemicals used to make explosives.⁷³ Intelligence officials surmised that Hezbollah had been using Thailand as an explosives hub and decided to use its on-hand operatives and material to target Israeli tourists. The conclusion should not have surprised: U.S. officials already determined that Hezbollah was known to use Bangkok as a logistics and transportation hub, describing the city as “a center for a [Hezbollah] cocaine and money-laundering network.”⁷⁴ Six months later, European officials in particular were alarmed by the arrest of another dual Swedish-Lebanese citizen accused of participating in Hezbollah operations.⁷⁵

On July 7, 2012, just days before the Burgas bombing, Cypriot authorities raided the hotel room of Hossam Taleb Yaacoub, a twenty-four-year-old Lebanese-Swedish man traveling on a foreign passport. Although Yaacoub initially denied ties to terrorist activity, he later testified to being a paid and “active member of Hezbollah” sent to Cyprus to conduct surveillance. Just four hours after insisting to police he was just in Cyprus on business, Yaacoub sat back down and told police, “I did not tell the whole truth.” He claimed he did not know what his reconnaissance was for, but knew “something weird was going on” and speculated it was “probably to bring down a plane, but I don’t know, I just make assumptions.” Later, he put it to police differently: he was not part of a terrorist plot in Cyprus at all: “it was just collecting information about the Jews, and that is what my organization is doing everywhere in the world.”⁷⁶

His trial offers insight into Hezbollah’s European operations and tradecraft. Over the course of his trial Yaacoub admitted to following instructions from a masked Hezbollah handler known only as Ayman. The men stayed connected using SIM cards purchased at different locations to avoid detection. Ayman directed Yaacoub to search for kosher restaurants in Cyprus, in addition to his surveillance duties at the airport, bus terminals, and hotels. In a small red notebook, Yaacoub recorded flight arrivals from Israel, bus routes of Israeli tourists, and license plate information of two tour buses. Before sending Yaacoub on his mission to Cyprus, Hezbollah reportedly first used him as a courier, dispatching him to

⁷⁰ Rotella, “Before Deadly Bulgaria Bombing, Tracks of a Resurgent Iran-Hezbollah Threat.”

⁷¹ Author interview, Israeli official, Tel Aviv, September 13, 2012.

⁷² Dudi Cohen, “Bangkok Threat: Terrorist’s Swedish Connection,” Ynetnews (Tel Aviv), January 15, 2012; “Second Terror Suspect Sought, Court Issues Warrant for Atris’s Housemate,” *Bangkok Post*, January 20, 2012.

⁷³ James Hookway, “Thai Police Seize Materials, Charge Terror-Plot Suspect,” *Wall Street Journal*, January 17, 2011; Rotella, “Before Deadly Bulgaria Bombing, Tracks of a Resurgent Iran-Hezbollah Threat.”

⁷⁴ Fuller, “In Twisting Terror Case, Thai Police Seize Chemicals.”

⁷⁵ U.S. Department of State, Office of the Coordinator for Counterterrorism, *Country Reports on Terrorism 2009*, August 2010, p. 105.

⁷⁶ Cyprus Police, Hossam Taleb Yaacoub Deposition, Criminal Record Number 5/860/12, July 7, 2012; Joby Warrick, “Elaborate Surveillance Operation Raises Concerns about Broader Hezbollah Attacks,” *Washington Post*, February 26, 2013; Nicholas Kulish, “Hezbollah Courier Was Told to Track Israeli Flights,” *New York Times* February 21, 2013.

deliver packages to operatives in places like Turkey in 2008, the Netherlands, and France in 2011.⁷⁷ A Cypriot court sentenced Yaacoub to four years in prison after he was found guilty on five of the eight charges against him, including participation in a criminal organization and in the preparation of a criminal act.

Hezbollah as a Transnational Criminal Threat

In recent years, financial blows to Hezbollah's patrons have limited its access to a once reliable funding stream. Before the increase of international sanctions targeting Iran's nuclear program and a protracted uprising in Syria, American intelligence analysts believed Hezbollah received \$200 million in aid from Iran and additional resources from Syria. Today, Hezbollah's financial woes impact Europe as the group's operatives turn to criminal enterprises, including narcotics trafficking and counterfeiting European currency to pad its coffers and stock its arsenals.

Hezbollah networks have been involved in organized crime across the European continent. In 2008, German authorities at the Frankfurt airport arrested two Lebanese men carrying more than eight million euros raised by a Hezbollah cocaine smuggling ring. A year later, two other men from the same ring moving drugs from Beirut into Europe were arrested in a house raid in Speyer.⁷⁸

Despite being discovered in several cases, Hezbollah operatives continue to run one of the largest and most sophisticated global criminal operations in the world. These criminal activities have strengthened Hezbollah and made it more difficult for Western nations to undermine it, yet they have also exposed Hezbollah to unprecedented risk. Investigations in the U.S. have exposed Hezbollah's criminal links to Europe. For example, in the late 2000s, Hassan Karaki was helping lead a broad criminal conspiracy to sell counterfeit and stolen currency to an undercover FBI informant posing as a member of the Philadelphia criminal underworld.⁷⁹ In a parallel plot overseen by Hezbollah politician Hassan Hodroj, Hezbollah sought to procure a long list of sophisticated weapons in a black market scheme involving Hezbollah operatives across the globe.

In the Philadelphia case, an undercover officer posed as someone who could fence stolen goods to the group of suspected Lebanese criminals. Members of the group bought what they believed to be stolen property from the undercover agent and sent the merchandise to destinations as diverse as Michigan, California, Paraguay, Brazil, Slovakia, Belgium, Bahrain, Lebanon, Syria, and Iran. The money for these purchases came from Danni Tarraf, a German-Lebanese procurement agent for Hezbollah with homes in Lebanon and Slovakia and significant business interests in China and Lebanon.⁸⁰ Tarraf wasted little time before asking whether the agent could supply guided missiles and 10,000 "commando" machine guns from the United States.⁸¹ With that, a massive Hezbollah criminal fundraising

⁷⁷ Nicholas Kulish, "Hezbollah Courier was Told to Track Israeli Flights," *New York Times*, February 21, 2013;

Menelaos Hadjicostis, "Hezbollah Member Denies Preparing Cyprus Attack," Associated Press, February 21, 2013.

⁷⁸ "Germans Trace Hezbollah Coke Smuggling Profits," *The Local* (Berlin), January 9, 2010.

⁷⁹ Author interview with law enforcement officials, March 11, 2010.

⁸⁰ Author interview with law enforcement officials, Philadelphia, PA, March 11, 2010; for "Guardian" see, U.S. Department of Justice, Federal Bureau of Investigation, "Connecting the Dots: Using New FBI Technology," September 19, 2008.

⁸¹ Author interview with law enforcement officials, Philadelphia, PA, March 11, 2010; United States Department of Justice, Press Release, "Arrests Made in Case Involving Conspiracy to Procure Weapons, Including Anti-Aircraft Missiles," November 23, 2009; *United States of America v. Dani Nemr Tarraf et al*, Indictment, Crim. No. 09-743 01, United States District Court, Eastern District of Pennsylvania, November 20, 2009.

and weapons procurement case was all but delivered to investigators on a silver platter.⁸²

When Tarraf visited the United States in March 2009, the FBI's Joint Terrorism Task Force (JTTF) and its member agencies put on a show, giving him a tour of a fake criminal network capable of procuring many of the weapons Tarraf sought for Hezbollah through his company, Power Express. Law enforcement officers concluded that Power Express essentially "operated as a subsidiary of Hezbollah's technical procurement wing."⁸³ In another meeting three months later, Tarraf was very clear about why he wanted guided and shoulder-fired missiles: they had to be able to "take down an F-16." Tarraf showed the undercover agent exact weapons specifications on the internet as the FBI taped the conversations and captured the computer search records. Within weeks Tarraf and the undercover agent met in Philadelphia again, where Tarraf paid the agent a \$20,000 deposit toward the purchase of Stinger missiles and 10,000 Colt M4 machine guns. Tarraf noted that the weapons should be exported to Latakia, Syria, where Hezbollah could shut down all the cameras when the shipment arrived.⁸⁴

In November 2009, Tarraf visited the United States one last time to inspect the missiles and machine guns the undercover agent had procured for him.⁸⁵ On November 21, 2009, Tarraf was arrested on terrorism and other charges and quickly confessed in full, admitting to being a Hezbollah member, receiving military training from the group, and "working with others to acquire massive quantities of weapons for the benefit of Hezbollah."⁸⁶

Given Tarraf's global contacts, investigators saw him as the most valuable target of their operation. But their next priority was Dib Harb, the son-in-law of senior Hezbollah official Hassan Hodroj and a close associate of Hezbollah militant Hasan Karaki. While an undercover agent worked to build Tarraf's trust, an FBI source worked another angle of the case, building rapport with Moussa Ali Hamdan, a naturalized U.S. citizen from Lebanon involved in petty crime but also well connected to senior Hezbollah officials.⁸⁷ In late 2007, Hamdan met with someone who promised to deliver a reliable flow of bulk stolen goods—cell phones, laptops, game consoles, and automobiles—that Hamdan could resell for a nice personal profit. But Hamdan's new supplier was actually an FBI source, who helped authorities unwind an extensive international Hezbollah network.

As the seemingly criminal relationship between the two men grew, Moussa Hamdan introduced the FBI source to the Hezbollah official mentioned earlier, Beirut-based Dib Hani Harb. In a conversation with the source, Harb explained that Iran produces high-quality counterfeit currencies in facilities staffed by people in the Baalbek working eighteen hours a day to produce the fake bills for Hezbollah's use. Harb was shopping for a buyer. Hezbollah officials would need approval to sell the source this particular type of high-quality counterfeit currency, he added. The necessary approvals apparently came through, because two months later Hamdan and the source were hashing out the details of a deal

⁸² Author interview with law enforcement officials, Philadelphia, PA, March 11, 2010; *United States of America v. Sadek Mohamad Koumaiha et al*, Indictment, United States District Court, Eastern District of Pennsylvania, November 23, 2009.

⁸³ Author interview with law enforcement officials, Philadelphia, PA, March 11, 2010.

⁸⁴ Author interview with law enforcement officials, Philadelphia, PA, March 11, 2010; U.S. Department of Justice, "Conspiracy to Procure Weapons, Including Anti-Aircraft Missiles;" *United States of America v. Dani Nemr Tarraf et al*, Indictment and Criminal Complaint, Crim. No. 09-743-01, United States District Court, Eastern District of Pennsylvania, November 20, 2009.

⁸⁵ *United States of America v. Dani Nemr Tarraf et al*, Supplement to Government's Motion for Pretrial Detention, Crim. No. 09-743-01, United States District Court, Eastern District of Pennsylvania, December 3, 2009; for photo see trial exhibits.

⁸⁶ *United States of America v. Dani Nemr Tarraf et al*, Pretrial Detention Order.

⁸⁷ *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.; Newall, "Road to Terrorism;" Author interview with law enforcement officials, March 11, 2010.

for \$1 million in counterfeit U.S. currency to be sold at around forty cents to the dollar. But something strange happened when Hezbollah officials in Lebanon sent sample counterfeit notes to the source for inspection. The supposedly counterfeit notes were in fact genuine currency.⁸⁸

Law enforcement officers thought Hezbollah was trying to scam the source by passing off genuine bills as extremely high-end forgeries and then providing low-end forgeries when the deal actually came through. In fact, Hezbollah suddenly had an acute interest in dumping a stockpile of genuine currency stolen by Hezbollah supporters around the world. In support of its international terrorist activities, Hezbollah had a program in place through which Hezbollah supporters sent stolen currency to Iran for later use by Imad Mughniyeh and members of Hezbollah's IJO. Following Mughniyeh's assassination, a decision was made to sell the stockpile of stolen money.⁸⁹

So it was in early December 2008, just about a week after Moussa Hamdan and the source met outside Philadelphia to discuss plans for the sale of the counterfeit bills, that the source found himself on the phone with Dib Harb in Beirut discussing plans to buy stolen currency at a rate of about sixty-five cents to the dollar. The scene was now set for a meeting in person to firm up the relationships underpinning the source's illicit dealings with Hezbollah. After receiving another photo album containing a new batch of stolen currency, the source traveled to Beirut in mid-February to meet Harb's boss, Hasan Antar Karaki, who seemed at ease, unguardedly discussing Hezbollah and his own ties to the group.⁹⁰

Hasan Karaki reiterated to the source that the stolen currency could not be spent in Lebanon because it was "blood money" Hezbollah smuggled from Iran through Turkey and Syria into Lebanon. Some of the money—just under \$10,000—was money stolen from Iraq, the source was told, explaining why Hezbollah was sensitive about the funds being spent in small amounts only, and not in Lebanon. In fact, U.S. officials, using the serial numbers, traced the bills' movement through Germany to coalition forces in Iraq but never could determine if the bills were stolen, were paid out to insurgents tied to Iran as ransom, or had made their way to Iran and Hezbollah through normal business transactions in Iraq. In any event, Karaki's assistant followed up on the meeting, sending the source samples of counterfeit American \$100 bills and European €200 notes.⁹¹

Karaki sent Dib Harb to an April 2009 meeting in southern Florida with the source and the source's purported Philadelphia crime boss. The men negotiated terms for the sale of the stolen U.S. currency and multiple counterfeit currencies. According to Harb, the eighteen-to twenty-hour days worked by Hezbollah's representatives to counterfeit U.S. dollars also included currency from "Kuwait, Saudi Arabia, and the European Union." All told, the Hezbollah officials provided the source a little less than \$10,000 in counterfeit U.S. currency.⁹²

At one point, Harb showed the undercover agent a Swedish krona bill with stains from a dye-pack security system used by banks to mark stolen funds. According to Harb, the bill was part of a \$2 million bank heist Hezbollah supporters pulled off in Sweden. He explained

⁸⁸ *United States of America v. Hassan Hodroj et al*, Indictment; Newall, "Road to Terrorism;" Author interview with law enforcement officials, March 11, 2010; *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.

⁸⁹ Author interview with law enforcement officials, March 11, 2010; *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.; *United States of America v. Hassan Hodroj et al*, Indictment.

⁹⁰ *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.

⁹¹ *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.; *United States of America v. Hassan Hodroj et al*, Indictment; Author interview with law enforcement officials, March 11, 2010.

⁹² *United States of America v. Hassan Hodroj et al*, Indictment.

that Hezbollah cells conduct robberies all over the world and send the money to Iran, where it is held before ultimately being distributed to Hezbollah in Lebanon.⁹³

When they got down to business, Harb explained that Karaki is a major figure in Hezbollah's forgery operations, a role that would also allow for the production of forged passports and visa stamps if desired. A few months after the meetings in Florida, Harb and Karaki delivered fraudulent British and Canadian passports to the source using the pictures and biographical information he had provided.⁹⁴

The meetings in southern Florida went so smoothly that the source was invited back to Beirut in mid-June to meet senior Hezbollah officials, including Karaki and Harb's father-in-law, Hassan Hodroj, who served on Hezbollah's political council. Publicly described as a Hezbollah spokesman and the head of its Palestinian issues portfolio, Hodroj was also involved in Hezbollah's procurement arm.⁹⁵ Hodroj knew what he wanted: 1,200 Colt M4 assault rifles, which the source said he could procure for \$1,800 apiece. Hezbollah only needed "heavy machinery," he added, for the "fight against the Jews and to protect Lebanon." Like Dani Tarraf, Hodroj wanted the weapons shipped to the port of Latakia, Syria, which he described as "ours."⁹⁶

Before the meeting ended, Hodroj broached one more subject: Hezbollah's desire to procure still more sensitive items from the United States, specifically communication and "spy" systems. Hodroj confided that he was involved not only in weapons but also technology procurement for Hezbollah and asked him to keep his eyes open for technologies that could help Hezbollah secure its own and spy on its adversaries' communications. In the meantime, Hodroj directed the source to work through Dib Harb to complete the deal for the M4 machine guns.⁹⁷

While investigators succeeded in luring Dani Tarraf back to the United States, bureaucratic infighting undermined their effort to do the same for Dib Harb.⁹⁸ The case came to a head in November 2009, when authorities rolled out three sets of indictments and exposed a Hezbollah politician's role in global arms deals and criminal enterprises.

Regional Security Threat

In late January 2013, Israeli military planes carried out a strike on the outskirts of Damascus, targeting a convoy transporting anti-aircraft weapons bound for Hezbollah. The strike was just the latest indication that Hezbollah is not only involved in the Syrian crisis, but that the group continues to threaten regional security. Months earlier, UN Secretary General Ban Ki-moon sharply criticized Hezbollah for its militant activity inside and outside Lebanon. In a report submitted to the Security Council, Secretary General Ki-moon warned that the Iranian-made drone Hezbollah launched into Israel in October 2012 was a "reckless provocation" that could lead to regional conflict. "The maintenance by Hezbollah

⁹³ *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.

⁹⁴ *United States of America v. Hassan Hodroj et al*, Indictment; Author interview with law enforcement officials, March 11, 2010.

⁹⁵ Spencer Hsu, "Hezbollah Official Indicted on Weapons Charge," *Washington Post*, November 25, 2009; "Sayyid Nasrallah, Hamas Call for Resumption of Lebanese-Palestinian Dialogue," Al Manar TV, December 2, 1999, (supplied by BBC Worldwide Monitoring); Stewart Bell, "10 People Charged with Supporting Hezbollah," *National Post* (Canada), November 24, 2009; Author interview with law enforcement officials, March 11, 2010; *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.

⁹⁶ *United States of America v. Hassan Hodroj et al*, Affidavit Samuel Smemo, Jr.

⁹⁷ *Ibid.*

⁹⁸ Mike Newall, "Ex-Camden County Resident Indicted in Alleged Terror Cell Held in Paraguay," *Philadelphia Inquirer*, June 17, 2010.

of sizeable sophisticated militaries outside the control of the government of Lebanon remains a matter of grave concern," the report added, "particularly as it creates an atmosphere of intimidation in the country...[and] constitutes a threat to regional peace and stability." The UN report also cited credible reports that Hezbollah is involved in the Syrian civil conflict, fighting along the Assad regime's forces.⁹⁹

Hezbollah called Israel's January raid part of the conspiracy "that aims to destroy Syria, its army and vital role in the line of resistance." President Assad accused Israel of seeking to "destabilize and weaken Syria," according to SANA, the state-run news agency.¹⁰⁰ It is Assad's ally Hezbollah, however, which has proven to be one of the most destabilizing forces in the war-torn country. In fact, the group's destabilizing activities in Syria began as early as 2011, within weeks of the uprising, when Nasrallah himself called on all Syrians to stand by the regime.¹⁰¹ As reports emerged in May 2011 that Iran's Qods Force was helping the Syrian regime crack down on antigovernment demonstrators, Hezbollah denied playing "any military role in Arab countries."¹⁰² But by the following month, Syrian protesters were heard chanting not only for Assad's downfall but also against Iran and Hezbollah. Video footage showed protesters burning posters of Nasrallah.¹⁰³ According to a senior Syrian defense official who defected from the regime, Syrian security services were unable to handle the uprising on their own. "They didn't have decent snipers or equipment," he explained. "They needed qualified snipers from Hezbollah and Iran."¹⁰⁴

During the course of the Syria conflict, Hezbollah has increasingly struggled to conceal its on-the-ground support of the Assad regime. In August 2012, the Treasury Department blacklisted Hezbollah, already on the department's terrorism list, this time for providing support to the Assad regime. Since the beginning of the rebellion, Treasury explained, Hezbollah had been providing "training, advice and extensive logistical support to the Government of Syria's increasingly ruthless efforts" against the opposition.¹⁰⁵ Two months later, reports surfaced that a prominent Hezbollah military commander was killed in Syria. Most funerals for those killed in the fighting were quiet affairs, as Hezbollah tried to keep a lid on the extent of its activities in Syria, but news began to leak.¹⁰⁶ Hezbollah's "resistance" rhetoric notwithstanding, U.S. officials informed the UN Security Council in October 2012, "the truth is plain to see: Nasrallah's fighters are now part of Assad's killing machine."¹⁰⁷

Hezbollah's destabilizing efforts in the region extend far beyond the countries that share borders with Lebanon. For years, Hezbollah, in coordination with Iran, has provided military support to Shia rebel groups operating in Yemen, especially the Houthis in the north. In March 2009, Yemen's former president, Ali Abdullah Saleh, accused "Lebanese Hezbollah activists" of providing military and logistics training to a Yemeni rebel group. Rebels "received training from a number of specialists and entities associated with Hezbollah, in assembling bombs, mines and explosives," Saleh added, with some members traveling to

⁹⁹ <http://www.haaretz.com/resources/misc/1559Report.pdf>

¹⁰⁰ "Israelis Say Syria Strike Shows 'When We Say Something We Mean It,'" *al-Akhbar*, February 3, 2013.

¹⁰¹ "Hezbollah Chief Calls on Syrians to Stand by Assad Regime," *Los Angeles Times*, May 26, 2011.

¹⁰² Warrick, "Iran Reportedly Aiding Syrian Crackdown," *Washington Post*, May 27, 2011; Thomas El-Basha, "Nasrallah Blasts Obama, Urges Arabs Withdraw Peace Initiative," *Daily Star* (Beirut), May 25, 2011.

¹⁰³ "Syrian Protestors Turn on Iran and Hezbollah," *France 24*, June 3, 2011.

¹⁰⁴ Nate Wright and James Hidler, "Syrian Regime 'Importing Snipers' for Protests," *Australian*, January 26, 2012.

¹⁰⁵ U.S. Treasury Department, "Treasury Designates Hizballah Leadership," September 13, 2012.

¹⁰⁶ Elizabeth A. Kennedy, "Official: Hezbollah Fighters Killed in Syria," *Daily Star* (Beirut), October 2, 2012.

¹⁰⁷ Edith M. Lederer, "US Says Hezbollah is Part of Assad's War Machine," Associated Press, October 15, 2012.

Lebanon for training.¹⁰⁸ Later that year, Yemeni officials claimed to have seized Iranian vessels in the Red Sea transporting weapons near rebel strongholds. Moreover, officials discovered multiple Houthi storehouses with Iranian-made weapons—including machine guns, short-range rockets, and ammunition.¹⁰⁹ As recently as January 2013, Yemeni authorities have intercepted weapons, explosives, and military equipment en route from Iran to northern Yemen.¹¹⁰

Stability of Lebanon

Perhaps the greatest reservation European leaders have about banning Hezbollah, however, has nothing to do with the group's activities on the continent but rather with concerns that blacklisting the group in Europe might further destabilize Lebanon, where Hezbollah is now one of the most dominant political parties. This is a well-founded concern given the history of Lebanon's devastating civil war, but upon further examination it is clear no party has played a more destabilizing role in Lebanon over the past few years than Hezbollah.

In July 2006, Hezbollah drew both Israel and Lebanon into a war neither country wanted by crossing the U.N.-demarcated border between the two countries, killing three Israeli soldiers and kidnapping two more in an ambush. After the war Hezbollah predominantly focused on rebuilding Lebanon's destroyed infrastructure and Hezbollah's own fractured grassroots support.¹¹¹ The July 2006 war caused massive damage to the Lebanese infrastructure and led to significant criticism of Hezbollah. Local criticism arose once more in May 2008, after Hezbollah briefly seized control of part of West Beirut, turning the weapons purportedly maintained to "resist" Israel against fellow Lebanese and contributing, according to a senior U.S. intelligence official, "to a dramatic increase in sectarian tensions."¹¹² Years later when the government of New Zealand blacklisted Hezbollah's military wing, it did so in part based on a determination that the group's "pre-planned and well-coordinated operation" to take over West Beirut, and the group's use of machine guns and rocket-propelled grenades during street battles, fit its definition of a terrorist act.¹¹³

One year after seizing West Beirut, the group was forced to contend with the unexpected exposure of its covert terrorist activities both within Lebanon and internationally. Hezbollah stood accused by a UN tribunal of playing a role in the February 2005 assassination of former Lebanese Prime Minister Rafiq Hariri. In May 2009, the German weekly *Der Spiegel* revealed that the UN Special Tribunal for Lebanon (STL) investigating Hariri's assassination had implicated Hezbollah operatives in the murder. Citing Lebanese security sources, the report referred to cell phones linked to the plot and found that "all of the numbers involved apparently belonged to the 'operational arm' of Hezbollah."

Indeed, the STL named four Hezbollah members connected to Hariri's murder in June 2011. Among the indicted suspects was Mustafa Badreddine, the group's current chief

¹⁰⁸ "President of Yemen: The Hezbollah Organization is Supplying Military and Logistical Training to the Yemenite Al-Khawthi Group, Which is Striving to Topple the Regime," International Institute for Counter-Terrorism, IDC Herzliya, August 2009, p. 2-3

¹⁰⁹ Robert Worth, "Saudis' Efforts to Swat Rebels from Yemen Risk Inflaming Larger Conflict," *New York Times*, November 13, 2009; "Yemen Seizes Iranian-made Weapons in Rebel Caches," *AFP*, August 24, 2009.

¹¹⁰ Thom Shanker and Robert Worth, "Yemen Seizes Sailboat Filled with Weapons, and U.S. Points to Iran," *New York Times*, January 28, 2013.

¹¹¹ John Kifner, "Hezbollah Leads Work to Rebuild, Gaining Stature," *New York Times*, August 16, 2006.

¹¹² Donald Kerr, "Emerging Threats, Challenges, and Opportunities in the Middle East," keynote address, Washington Institute for Near East Policy, Soref Symposium, May 29, 2008.

¹¹³ New Zealand, "Case to Designate Lebanese Hizbollah's Military Wing,"

operations officer, Mughniyeh's brother-in-law, and longtime partner in terrorist plots dating back to the Beirut bombings in the early 1980s.¹¹⁴ But even before the formal indictments were issued, Hezbollah reportedly conducted quiet surveillance of the tribunal's headquarters in The Hague. The group reportedly collected information on tribunal officials entering and leaving the country through airport surveillance and intimidated them overtly.¹¹⁵ The January 25, 2008, assassination of Lebanese Internal Security Forces captain Wissam Eid, who was detailed to the Hariri investigation, underscored those fears. According to a Canadian Broadcasting Corporation report, the investigation of Eid's murder, which also fell under the tribunal's jurisdiction, implicated two additional Hezbollah officials.¹¹⁶

Hezbollah members are accused not only of assassinating Hariri, but are also key suspects in the assassination of several Lebanese journalists, political figures, and security officials, including General Wissam al-Hassan, who was killed in a massive car bombing, like Hariri, in late 2012. General al-Hassan's death stirred up sectarian tensions as fighting in Lebanon between pro-Assad and opposition supporters increased fears that Syria's conflict would engulf its neighbor. Many feared that Hezbollah's involvement in Syria would spark a conflict pitting Sunni against Shia across the Syria-Lebanon border.

Conclusion

The death of six civilians—including a European citizen—and the injury of many more in the Burgas bombing almost exactly one year ago, along with the arrest of Husam Yaacoub for his role in a nearly identical plot just a few days earlier, sparked the debate that is the topic of this hearing. Subsequent evidence that has reportedly been presented to the CP931 committee, along with the conviction of Husam Yaacoub in Cyprus, have provided significant evidence of Hezbollah's recent activities in Europe, while parallel cases continue to pop up around the world, from Thailand to Nigeria and many other places in between.

These cases have prompted a healthy debate among European leaders on the prospect of banning Hezbollah, in whole or in part. To be sure, Hezbollah has firmly reinstated itself in the business of European terrorism in a manner not witnessed since the 1980s, when it carried out attacks from Copenhagen to Paris. In addition to the Burgas and Cyprus plots, Hezbollah has conducted surveillance and planned operations in Greece and other European countries. The reemergence of such activity is cause for immediate concern among European law enforcement and intelligence agencies. But that is not all.

Hezbollah is also deeply involved in a wide array of criminal activities on the continent. Its role in drug trafficking and money laundering is on the rise, as documented in recent cases against the Lebanese Canadian Bank, Lebanese drug kingpin Ayman Joumaa, and others. According to Interpol, authorities have "dismantled cocaine-trafficking rings that used their proceeds to finance [Hezbollah] activities...while drugs destined for European markets are increasingly being channeled through West African countries." As detailed above, the group also uses Europe as a base for fundraising and weapons procurement. And it is now deeply involved in narcotics trafficking and money laundering, as well as counterfeiting European and other currencies, including Euros, Swedish Kroner, and more.

But the EU should also ban Hezbollah for its proactive efforts to undermine regional

¹¹⁴ Prosecutor for Special Tribunal for Lebanon v. Mustafa Badreddine et al, STL-11-01/1/PTJ, June 10, 2011; Neil Macdonald, "Who Killed Lebanon's Rafik Hariri?" *CBC News* (Canada), November 21, 2010.

¹¹⁵ Author telephone interview, Dutch intelligence official, March 9, 2010.

¹¹⁶ Macdonald, "Who Killed Lebanon's Rafik Hariri?"

stability in the Middle East. CP 931 does not require that the terrorist activities in question be carried out within Europe. Hezbollah is helping Iran ferry weapons to Houthi rebels in Yemen; it supports Shia militant groups tied to Iran throughout the Gulf region; and in Syria, U.S. officials concluded, Hezbollah fighters are now "part of Assad's killing machine."

Finally, Hezbollah plays a terribly destabilizing role at home in Lebanon. In July 2006, Hezbollah drew Israel and Lebanon into a war neither country wanted. In 2008, it took over parts of Beirut by force, leading to the deaths of several fellow countrymen. Its activities in Syria have drawn that sectarian conflict across the border into Lebanon. And Hezbollah members have been indicted for the assassination of former Prime Minister Rafiq Hariri by the UN's Special Tribunal for Lebanon.

In short, an EU designation is critical, not only to send Hezbollah a clear message that it can no longer muddy the waters between politics and terrorism, but also because it would empower EU member states to open terrorism-specific investigations into the group's activities—something many cannot or will not do today despite the resumption of attacks in Europe. The EU must show Hezbollah that there are consequences for its illicit conduct. Inaction or half-measures—such as listing only specific individuals but no part of the group itself—would only embolden the group to continue operating there as if it were business as usual.