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## Attacking Hezbollah's Financial Network: Policy Options

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Chairman Royce, Ranking Member Engel, and Members of the Committee, thank you for this opportunity to appear before you today to assess efforts pursued to date to counter Hezbollah's ability to exploit the international financial system to its benefit, and to propose policy options to more effectively target Hezbollah's bottom line.

The regional and international threats posed by Hezbollah have only increased over time, underscoring the importance of denying the group the financing and resources that are critical to its ability to function. Hezbollah has experienced a series of financial setbacks, leading U.S. officials to describe the group being in its "worst financial shape in decades."<sup>1</sup> Indeed, Hezbollah has in recent months resorted to launching an online fundraising crowdsourcing campaign titled "Equip a Mujahid Campaign," which calls for donations, large or small, payable all at once or in installments, to equip Hezbollah fighters.<sup>2</sup> Hezbollah has also promoted a fundraising campaign on billboards and posters promoting a program whereby supporters can avoid recruitment into Hezbollah's militia forces for a payment of about \$1,000.<sup>3</sup> These are desperate measures for a group suffering tough financial times.

And yet, Hezbollah continues to collect sufficient funds to deploy a significant militia at home and next door in Syria, to send smaller groups of operatives to Iraq and Yemen, and to operate an international terrorist network with deadly effect. To counter Hezbollah's financing, the United States must lead an international effort to target the group's illicit financial conduct both at home in Lebanon and around the world. The idea here is not to undermine the Lebanese economy, but to protect it from exposure to the criminal and money laundering enterprises in which Hezbollah is deeply involved. It should therefore not surprise that after Congress passed the Hezbollah International Financing Prevention Act (HIFPA), Lebanon's central bank issued a circular ordering Lebanese banks to close accounts belonging to individuals and institutions associated with Hezbollah. According to the central bank, hundreds of Hezbollah-linked accounts have since been closed.

Similarly, outreach to foreign partners regarding Hezbollah is based not only on the increasingly shared position that it is an international terrorist group, but also on the universal position that it is deeply in-

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<sup>1</sup> "Hezbollah in 'worst financial shape in decades,' US says," *Times of Israel*, May 25, 2016, <http://www.timesofisrael.com/hezbollah-in-worst-financial-shape-in-decades-us-says/>

<sup>2</sup> "Hizbullah Launches Online Fundraising Campaign," MEMRI, February 10, 2017, <http://cjlabs.memri.org/lab-projects/tracking-jihadi-terrorist-use-of-social-media/hizbullah-launches-online-fundraising-campaign/>

<sup>3</sup> "Hezbollah Asks for Support on Billboards and Posters," Al Arabiya, June 7, 2017, <https://english.alarabiya.net/en/News/middle-east/2017/06/07/Hezbollah-asks-for-support-on-billboards.html>

volved in criminal enterprises that put national economies and the international financial system at risk. Hezbollah continues to operate in Europe even after the ban placed on parts of the group (its military and terrorist wings) in July 2013, and is aggressively engaged in criminal enterprises in Africa and South America. Despite being designated a terrorist group by the Gulf Cooperation Council (GCC), Hezbollah reportedly began storing some of its funds outside Lebanon in response to the effect of the HIFPA legislation, including in places like Iraq and Dubai.

## HEZBOLLAH'S TRANSFORMATION

The war in Syria has dramatically changed Hezbollah. Once limited to jockeying for political power in Lebanon and fighting Israel, the group is now a regional player engaged in conflicts far beyond its historical area of operations (Iraq and Yemen), often in cooperation with Iran. The strongest indicators of Hezbollah's transformation are structural. Since 2013, the group has added two new commands—the first on the Lebanese–Syrian border, the second within Syria itself—to its existing bases in southern and eastern Lebanon. In establishing its new presence in Syria, Hezbollah has also transferred key personnel from its traditionally paramount Southern Command along Lebanon's border with Israel.

In addition to the traditional Lebanese Hezbollah, which has been deploying fighters to Syria since 2011, Islamic Revolutionary Guard Corps (IRGC) General Hossein Hamedani declared in May 2014 that Iran had formed "a second Hezbollah in Syria." In early 2014, several Shia militias in Syria began to call themselves "Hezbollah fi Suriya," or Hezbollah in Syria. Inspired by the success of Lebanese Hezbollah, Iran had begun to build a Syrian wing of the movement to "carry out ideological as well as other regional power-projection goals."<sup>4</sup> While most of their actions so far have been limited to Syria, Hezbollah fi Suriya has made calls to unify with other Shia militia groups in Iraq as well. The Hezbollah-ization of these groups, in name, structure, and allegiance, signifies a major accomplishment for Tehran, allowing Iran to preserve harder-core influence and more effectively project power within and beyond Syria.<sup>5</sup>

Iranian support for Hezbollah is believed to continue at the same level it has been at for several years, but more of that money now goes to underwrite Hezbollah activities in Syria than in Lebanon. That is putting significant pressure on Hezbollah back home, where tensions are rising over the group's lack of support for its constituent base.<sup>6</sup> This, in turn, has led to an ideological crisis for the group because many of its fighters no longer see the war in Syria as a sacred battle.<sup>7</sup>

Even as it deepens its activities in Syria, Hezbollah continues to aid Shia militias in Iraq, sending small numbers of skilled trainers to train Shia militias and help defend Shia shrines there. Indeed, Hassan Nasrallah admitted on March 6, 2016, that Hezbollah had covertly dispatched its operatives to Iraq: "In Iraq, we fought under the Iraqi command and we did not interfere in their affairs. It is an ethical, hu-

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<sup>4</sup> Philip Smyth, "How Iran Is Building Its Syrian Hezbollah," Washington Institute for Near East Policy, March 8, 2016, <https://www.washingtoninstitute.org/policy-analysis/view/how-iran-is-building-its-syrian-hezbollah>

<sup>5</sup> Ibid.

<sup>6</sup> Hanin Ghaddar, "Hezbollah's Women Aren't Happy," Washington Institute for Near East Policy, October 12, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/hezbollahs-women-arent-happy>

<sup>7</sup> Hanin Ghaddar, "Economic Alternatives Could Help Split Shiites From Hezbollah," Washington Institute for Near East Policy, October 18, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/economic-alternatives-could-help-split-shiites-from-hezbollah>

manitarian and pan-Arab duty." Moreover, he noted, some Hezbollah fighters had remained in Iraq because the Islamic State was still there.<sup>8</sup>

According to the Treasury Department, Hezbollah has also invested in commercial front organizations to support its operations in Iraq.<sup>9</sup> Hezbollah member Adham Tabaja, the majority owner of the Lebanon-based real estate and construction firm al-Inmaa Group for Tourism Works, has exploited the firm's Iraqi subsidiaries to fund Hezbollah, with the assistance of Kassem Hejeij, a Lebanese businessman tied to the group, and Husayn Ali Faour, a member of its overseas terrorism unit.

In Yemen, the number of fighters Hezbollah has sent to assist the Houthis may be small, but that is certainly not a reflection of the importance the group ascribes to the civil war there. Take for instance Khalil Harb, a former special operations commander and a close advisor to Nasrallah, who oversees Hezbollah's activities in Yemen—managing the transfer of funds to the organization within the country—and travels frequently to Tehran to coordinate with Iranian officials. Given his experience working with other terrorist organizations, his close relations with Iranian and Hezbollah leaders, and his expertise with special operations and training, appointing Harb to work in Yemen no doubt made a great deal of sense to Hezbollah.

Harb, however, is not the most senior operative dispatched to Yemen. In the spring of 2015, Hezbollah sent Abu Ali Tabtabai, the senior commander formerly stationed in Syria, to upgrade the group's training program for Yemen's Houthi rebels, which reportedly involves schooling them in guerrilla tactics. "Sending in Tabtabai [to Yemen] is a sign of a major Hezbollah investment and commitment," an Israeli official told me. "The key question is how long someone of Tabtabai's stature will stay."<sup>10</sup> Beyond Iraq and Yemen, Hezbollah cells have been uncovered in Bahrain, Kuwait, and the UAE as well.<sup>11</sup>

## GLOBAL CRIMINAL ENTERPRISE

To further its objectives, Hezbollah relies on a worldwide network of supporters and sympathizers to provide financial, logistical, and operational support. These include both informal networks and centrally run enterprises that effectively operate like international organized criminal entities. The former provide smaller financial or other support as they are able. But the latter are relied on for multi-million-dollar funding schemes, for logistical support activities like setting up front and cover organizations, and for procuring weapons, dual-use items, false documents, and more for the group. Of the former, few tend to be formal networks; often they are intentionally structured to be opaquely affiliated with Hezbollah so as to avoid detection. But the latter—which also rely on relationships with criminal "super facilitators" who can move and launder massive amounts of money, among other tasks—are involved in large-scale money laundering, drug smuggling, and arms sales.

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<sup>8</sup> "Nasrallah: Hezbollah sent fighters to Iraq," *Daily Star Lebanon*, March 7, 2016,

<https://www.dailystar.com.lb/News/Lebanon-News/2016/Mar-07/340892-nasrallah-hezbollah-sent-fighters-to-iraq.ashx>

<sup>9</sup> "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," U.S. Department of the Treasury, June 10, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>

<sup>10</sup> Matthew Levitt, "Waking Up the Neighbors," *Foreign Affairs*, July 28, 2015, <https://www.foreignaffairs.com/articles/israel/2015-07-23/waking-neighbors>

<sup>11</sup> Yara Bayoumy, "Kuwait court sentences two to death for spying for Iran, Hezbollah," Reuters, January 12, 2016, <http://www.reuters.com/article/us-kuwait-security-idUSKCN0UQ0RS20160112>; "Bahrain says it dismantled Iran-linked terror cell," Agence France-Presse, January 6, 2016, <http://www.timesofisrael.com/bahrain-says-it-dismantled-iran-linked-terror-cell>; Abdulla Rasheed, "Iran set up Hezbollah cell in UAE, court hears," Gulf News, April 18, 2016, <http://gulfnews.com/news/uae/government/iran-set-up-hezbollah-cell-in-uae-court-hears-1.1715716>

Consider the arrests by the U.S. Drug Enforcement Administration (DEA) and Europol that targeted what U.S. law enforcement now refer to as the Business Affairs Component (BAC) of Hezbollah's terrorist wing, the Islamic Jihad Organization (IJO), also known as the External Security Organization (ESO). U.S. officials report that the BAC was founded by deceased Hezbollah senior leader Imad Mughniyah and currently operates under the control of senior Hezbollah official Abdallah Safieddine and Specially Designated Global Terrorist (SDGT) Adham Tabaja.<sup>12</sup> The BAC established working relationships with South American drug cartels that supplied cocaine to markets in both the United States and Europe. It would then launder the drug proceeds through the well-known Black Market Peso Exchange. In late January 2016, the DEA and Customs and Border Protection coordinated with multiple foreign counterparts to arrest top BAC leaders, including Mohamad Nouredine, an SDGT who has worked directly with Hezbollah's financial apparatus to transfer funds via his Lebanon-based company Trade Point International S.A.R.L. He has also maintained direct ties to Hezbollah commercial and terrorist elements in both Lebanon and Iraq.<sup>13</sup> The Treasury Department similarly targeted Nouredine, his accomplice Hamdi Zaher El Dine, and their company Trade Point.<sup>14</sup>

Hezbollah's aggressive and ongoing procurement efforts have not been reined in since the signing of the Joint Comprehensive Plan of Action (JCPOA), but have actually expanded in scope. These aggressive efforts span the globe but have been especially pronounced in Europe and South America. Outside of the BAC arrests, the Treasury Department designated Hezbollah procurement agent Fadi Hussein Serhan, his company Vatech SARL, procurement agent Adel Mohamad Cherri, his company Le-Hua Electronics Field Co. Limited, and two companies owned or controlled by procurement agent Ali Zeaiter, another SDGT.<sup>15</sup> Vatech SARL was designated for purchasing sensitive technology and equipment on behalf of Hezbollah, including but not limited to UAVs. Serhan sought these products from companies in the United States, Europe, Asia, and the Middle East. Similarly, Cherri was attempting to procure a variety of electronics from China and send them to the Houthis in Yemen by using his company, Le-Hua. And Zeaiter's two companies, Aero Skyone Co. Limited and Labico SAL Offshore, were designated for trying to procure UAV-related equipment through Europe and Asia.<sup>16</sup>

Investigation into Hezbollah BAC finance and facilitation networks has touched the United States as well. In October 2015, U.S. officials arrested Iman Kobeissi in Atlanta, Georgia. She was arraigned on two main charges: conspiracy to launder funds she believed to be drug money, and arranging for the sale of thousands of firearms, including military assault rifles, machine guns, and sniper rifles, to criminal groups in Iran and Lebanon, including Hezbollah. Her Hezbollah associate Joseph Asmar was arrested in Paris the same day and charged with money laundering conspiracy.<sup>17</sup>

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<sup>12</sup> "DEA and European Authorities Uncover Massive Hizballah Drug and Money Laundering Scheme," U.S. Drug Enforcement Administration, February 1, 2016, <http://www.dea.gov/divisions/hq/2016/hq020116.shtml>

<sup>13</sup> Ibid.

<sup>14</sup> "Treasury Sanctions Key Hizballah Money Laundering Network," U.S. Department of the Treasury, January 28, 2016, <https://www.treasury.gov/press-center/press-releases/Pages/jl0331.aspx>

<sup>15</sup> "Treasury Sanctions Hizballah Procurement Agents and Their Companies," U.S. Department of the Treasury, November 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0255.aspx>

<sup>16</sup> Ibid.

<sup>17</sup> "Two Hezbollah Associates Arrested On Charges of Conspiring to Launder Narcotics Proceeds and International Arms Trafficking," U.S. Attorney's Office, Eastern District of New York, October 9, 2015, <https://www.justice.gov/usao-edny/pr/two-hezbollah-associates-arrested-charges-conspiring-launder-narcotics-proceeds-and>

## HEZBOLLAH OPERATIONS IN SOUTH AMERICA

The extent of Hezbollah's drug connections was underscored once more in the wake of the Treasury narcotics kingpin designation of the Panama-based Waked Money Laundering Organization in May 2016.<sup>18</sup> The press release tied to this action mentions neither Hezbollah nor Iran, but the action reportedly proved to be particularly damaging to their illicit financial conduct in the region. When this organization was targeted, it tied up illicit finances linked to various Iran Threat Network entities, including Hezbollah, and forced them to find other money laundering channels in the region. Much of that activity reportedly shifted to the Tri-Border Area, and to Paraguay in particular.

The Tri-Border Area remains a place where Hezbollah and other militant and criminal organizations engage in a wide array of criminal activities, including the sale of stolen and counterfeit goods. Indeed, Hezbollah profits from illegal tobacco trade around the world, including in Israel, according to a report issued by the Israeli Ministry of Health.<sup>19</sup>

Fifteen years ago this month, Hezbollah operative Assad Barakat was arrested in Brazil. Today, the Barakat clan reportedly remains active in the region,<sup>20</sup> and Hezbollah activities there have picked up significantly. In its 2014 annual terrorism report, the State Department highlighted the financial support networks Hezbollah maintains in places such as Latin America and Africa. The report concluded that Hezbollah remains "capable of operating around the globe."<sup>21</sup> This conclusion was underscored in November 2014 when Brazilian police reports revealed that Hezbollah had helped a local prison gang, the First Capital Command (PCC), obtain weapons in exchange for the protection of prisoners of Lebanese origin detained in Brazil.<sup>22</sup> The same reports indicated that Lebanese traffickers tied to Hezbollah reportedly helped sell C4 explosives that the PCC allegedly stole in Paraguay.<sup>23</sup>

Peruvian counterterrorism police arrested a Hezbollah operative in Lima in November 2014, the result of a surveillance operation that began several months earlier. In that case, Mohammed Amadar, a Lebanese citizen, arrived in Peru in November 2013 and married a dual Peruvian-American citizen two weeks later. They soon moved to Brazil, living in Sao Paulo until they returned to Lima in July 2014. Authorities were clearly aware of Amadar at the time because they questioned him on arrival at the airport and began watching him then. When he was arrested in October, police raided his home and found traces of TNT, detonators, and other flammable substances. A search of the garbage outside his home found chemicals used to manufacture explosives. At the time of his arrest, intelligence indicated that Amadar's targets included places associated with Israelis and Jews in Peru, including areas popular with Israeli backpackers, the Israeli embassy in Lima, and Jewish community institutions.

It warrants noting that Hezbollah activity in the Southern Hemisphere often includes links to the United States. This was underscored in January 2015 when the FBI's Miami field office released a "request for

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<sup>18</sup>"Treasury Sanctions the Waked Money Laundering Organization," U.S. Department of the Treasury, May 5, 2016, <https://www.treasury.gov/press-center/press-releases/Pages/jl0450.aspx>

<sup>19</sup> Minister of Health Report on Smoking in Israel, 2015, page 54, [http://www.health.gov.il/PublicationsFiles/smoking\\_2015.pdf](http://www.health.gov.il/PublicationsFiles/smoking_2015.pdf)

<sup>20</sup> Emanuele Ottolenghi and John Hannah, "To Combat Illegal Immigration, Trump Should Target Latin America's Hezbollah-Narco Nexus," *Foreign Policy*, December 23, 2016, <http://foreignpolicy.com/2016/12/23/to-combat-illegal-immigration-trump-should-target-latin-americas-hezbollah-narco-nexus/>

<sup>21</sup> "Hezbollah Has Ties to Brazil's Largest Criminal Gang; Group Also Found Active in Peru," Fox News Latino, November 11, 2014, <http://latino.foxnews.com/latino/news/2014/11/11/hezbollah-has-ties-to-brazil-largest-criminal-gang-group-also-found-active-in/>

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

information" bulletin about a dual Venezuelan-Lebanese Hezbollah operative who had raised money for the group and met with Hezbollah officials in Lebanon to discuss "operational issues."<sup>24</sup>

Today, Hezbollah is more invested in South American operations than ever before. Not only are counterterrorism officials tracking the group's operational plotlines there on a regular basis, but one of the most prominent perpetrators behind the 1994 AMIA bombing in Buenos Aires has now risen up the organization's ranks and is personally overseeing its operations in the region.<sup>25</sup> Salman al-Reda, whose true name is reportedly Salman Raouf Salman, was the on-the-ground coordinator of the AMIA bombing. A dual Lebanese-Colombian citizen who lived at various times in Colombia, Buenos Aires, and the Tri-Border area, he fled the region after the bombing before being indicted by Argentine authorities for his role in the attack. But in the years that followed, he served as an active member of Hezbollah's IJO/ESO. He was especially active in Southeast Asia and South America in the 1990s, including a flurry of missions in 1997 with three visits to Panama, two to Colombia, and one to Brazil.<sup>26</sup> Following Mohammad Hamdar's arrest in Peru, he identified Reda as the Hezbollah operative who served as his handler and with whom he met on three different occasions in Turkey to plan the Peru operation.<sup>27</sup>

Hezbollah's ties to certain governments in Latin America have been of particular concern. Of note, the current vice president of Venezuela, Tareck al-Aissami, was designated by the Treasury Department in February 2017 under a counter-narcotics authority<sup>28</sup> and is also reportedly close to Hezbollah.<sup>29</sup>

## HEZBOLLAH'S FOREIGN RELATIONS DEPARTMENT

Alongside its clandestine foreign operatives and networks, Hezbollah also maintains a more public international presence through the Foreign Relations Department (FRD) representatives it maintains around the world. Sometimes referred to as Hezbollah's External Relations department, the FRD functions overtly in Lebanon and in a semi-public fashion abroad. Previously headed by Nawaf al-Musawi, the FRD is now led by Ali Damush, who was added to the U.S. list of designated terrorists in January 2017.<sup>30</sup> Some FRD personnel stationed around the world are Lebanese sent abroad to perform these functions, while others are Hezbollah supporters who live in foreign countries and willingly perform this service for the group. Most have close ties to senior Hezbollah officials, and many have some military training themselves and personal ties to ESO officials as well. Around the world, FRD personnel provide logistics to visiting Hezbollah delegations and build "community centers" to engender support within Shia communities and serve as a base for the group's local activities. In addition, they raise funds, spot potential recruits, and serve as liaison officials, maintaining communications not only between local supporters and Hezbollah leaders in Lebanon, but also among Hezbollah operatives around the world.

FRD representatives have long been active in South America and elsewhere around the world. In Africa, FRD official Ali Ahmed Chehade has coordinated travel for Hezbollah members and actively assists

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<sup>24</sup> Federal Bureau of Investigation, Miami and San Diego Field Offices, "Seeking Information Ghazi Nasr al-Din," January 29, 2015, <https://www.fbi.gov/wanted/terrorinfo/ghazi-nasr-al-din>

<sup>25</sup> Author interview with counterterrorism officials, June 9, 2015

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> "Treasury Sanctions Prominent Venezuelan Drug Trafficker Tareck El Aissami and His Primary Frontman Samark Lopez Bello," U.S. Department of the Treasury, February 13, 2017, <https://www.treasury.gov/press-center/press-releases/Pages/as0005.aspx>

<sup>29</sup> Emanuele Ottolenghi, "Meet Venezuela's New VP, Fan of Iran and Hezbollah," The Hill, January 3, 2017, <http://thehill.com/blogs/pundits-blog/international/314283-meet-venezuelas-new-vp-a-hezbollah-fan>

<sup>30</sup> "State Department Terrorist Designations of Ali Damush and Mustafa Mughniyeh," U.S. Department of State, January 9, 2017, <https://www.state.gov/j/ct/rls/other/des/266748.htm>

Abd al-Menhem Qubaysi, who, according to U.S. government information, serves as a personal representative of Hezbollah leader Hassan Nasrallah in West Africa.<sup>31</sup> Qubaysi has also hosted senior Hezbollah officials visiting the Ivory Coast and elsewhere in Africa. His activities have included speaking at Hezbollah events and opening an official Hezbollah foundation in the Ivory Coast that is used "to recruit new members for Hezbollah military ranks in Lebanon."<sup>32</sup> Such efforts have drawn the attention of officials in Africa, where the regional body of the Financial Action Task Force (FATF) noted Chehade's FRD activities in a report on terrorist financing in West Africa.<sup>33</sup> Elsewhere in Africa, the duties of FRD operatives Fouzi Fawaz and Abdallah Tahini included organizing Hezbollah delegation visits to Nigeria.<sup>34</sup>

The group's criminal enterprises also run deep in Africa, as evidenced most recently by the arrest in Morocco, extradition, and indictment in Washington of Hezbollah financier Kassim Tajideen.<sup>35</sup>

## IRANIAN STATE SPONSORSHIP

Of course, Hezbollah continues to enjoy significant financial and other support from Tehran. Beyond training, weapons, and other kinds of support, Iran provides the group with massive amounts of money, as exposed most recently in the February 2017 Treasury Department designation of Hasan Dehghan Ebrahimi, a Lebanon-based IRGC-Qods Force official. According to the Treasury, "Ebrahimi has facilitated cash transfers to Hezbollah worth millions of dollars," some of which was sent and laundered through the U.S.-designated Hezbollah construction firm al Waad Company. Ebrahimi and some of his employees raised money and transferred and laundered funds through a network of Lebanon-based companies with ties across the region.<sup>36</sup>

## POLICY OPTIONS

Several concrete steps could be taken to strengthen current efforts and counter Hezbollah's ability to exploit the international financial system:

1. **Designate additional Hezbollah entities as appropriate.** HIFPA proscribes doing business with designated Hezbollah entities, so the more entities that are included in Treasury and State Department lists, the more impactful HIFPA will be. While Lebanese regulatory authorities intervened to prevent so-called "over-compliance" with the U.S. law by local banks and forestall further confrontation with Hezbollah, additional U.S. designations of the group's businessmen and businesses would give these banks cover to protect the Lebanese financial system from fur-

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<sup>31</sup> "Treasury Sanctions Hizballah Operatives in West Africa," U.S. Department of the Treasury, June 11, 2013, <http://www.treasury.gov/press-center/press-releases/Pages/jl1980.aspx>

<sup>32</sup> "Treasury Targets Hizballah Network in Africa," U.S. Department of the Treasury, May 27, 2009, <http://www.treasury.gov/press-center/press-releases/Pages/tg149.aspx>

<sup>33</sup> "Terrorist Financing in West Africa," Financial Action Task Force, Inter Governmental Action Group Against Money Laundering in West Africa, October 2013, <http://www.fatf-gafi.org/publications/methodsandtrends/documents/tf-west-africa.html>

<sup>34</sup> "Treasury Targets Africa-Based Hizballah Support Network," U.S. Department of the Treasury, February 26, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl9982.aspx>

<sup>35</sup> "Lebanese Businessman Tied to Hizballah Arrested for Violating IEEPA and Defrauding the U.S. Government," U.S. Department of Justice, March 24, 2017, <https://www.justice.gov/usao-dc/pr/lebanese-businessman-tied-hizballah-arrested-violating-ieepa-and-defrauding-us-government>

<sup>36</sup> "Treasury Sanctions Supporters of Iran's Ballistic Missile Program and Iran's Islamic Revolutionary Guard Corps-Qods Force," U.S. Department of the Treasury, February 3, 2017, <https://www.treasury.gov/press-center/press-releases/Pages/as0004.aspx>

ther abuse. This should include, but not be limited to, entities operating in Lebanon. Consider, for example, the list of Lebanese businesses designated along with Lebanon-based IRGC Qods Force operative Hasan Dehghan Ebrahimi in February 2017.<sup>37</sup>

Targeting Hezbollah's criminal enterprises in South America, Africa, and Europe is important as well. Additionally, whenever possible, officials should inform the Treasury Department about any Hezbollah connections to actions taken under authorities other than support for terrorism, so that these can be covered by HIFPA as well (e.g., the counter-narcotics action taken against the Waked Money Laundering Organization).

Finally, officials should consider follow-on actions to existing designations where appropriate. For example, Ebrahimi was providing Hezbollah funds through Hezbollah's al-Waad construction firm, which was designated in 2009.<sup>38</sup> Similarly, Hezbollah's "Equip a Mujahid" social media fundraising campaign was launched by Hezbollah's Islamic Resistance Support Organization (IRSO), which was designated in 2006.<sup>39</sup> In fact, the Treasury Department revealed at the time that IRSO was raising funds for Hezbollah around the world using terms like "equipping a mujahid project."<sup>40</sup>

2. **Target key Hezbollah criminal support networks.** Hezbollah's Foreign Relations Department has taken on a variety of criminal and operational functions over the past few years, so targeting its operatives and front organizations would deal a significant blow to the group.<sup>41</sup> Similarly, Hezbollah increasingly relies on the services provided by "super facilitators" who may not be Hezbollah members themselves but provide the group with specialized services that are mission-critical for its criminal enterprises. Targeting these super facilitators would also be an effective way of undermining the group's ability to access and abuse the international financial system.<sup>42</sup> The arrest, extradition, and forthcoming prosecution of designated Hezbollah financier Kassim Tajideen indicate a newfound willingness to target individuals or organizations that play key roles in the group's criminal support networks, and stand in stark contrast to the failure to secure the extradition of other arrested Hezbollah supporters around the world (e.g., Ali Fayyad, who was arrested in the Czech Republic but later released to Lebanon).
3. **Apply secondary sanctions under HIFPA to financial institutions that bank Hezbollah or its associates outside the Middle East, such as in Africa or Latin America.** This would serve as a powerful reminder of HIFPA's global reach and minimize the impact on Lebanon's financial sector. Consider a financial institution like Balboa Bank & Trust, which was designated by

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<sup>37</sup> Ibid.

<sup>38</sup> "Treasury Targets Hizballah Construction Company," U.S. Department of the Treasury, January 6, 2009, <https://www.treasury.gov/press-center/press-releases/Pages/hp1341.aspx>

<sup>39</sup> "Treasury Designated Key Hezbollah Fundraising Organization," U.S. Department of the Treasury, August 29, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp73.aspx>

<sup>40</sup> English translation of IRSO donation form included in Treasury's IRSO designation, <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/0829translationofreceipts.pdf>

<sup>41</sup> Matthew Levitt, "Hezbollah's 'Diplomats' Go Operational," Washington Institute for Near East Policy, December 2, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/hezbollahs-diplomats-go-operational>

<sup>42</sup> Matthew Levitt, "Hezbollah's Criminal Networks: Useful Idiots, Henchmen, and Organized Criminal Facilitators," Washington Institute for Near East Policy, October 2016, <http://www.washingtoninstitute.org/policy-analysis/view/hezbollahs-criminal-networks-useful-idiots-henchmen-and-organized-criminal>

the Treasury Department in the context of the action taken against the Waked Money Laundering Organization.<sup>43</sup>

**4. Revisit the question of designating Hezbollah as a Transnational Criminal Organization.**

The outing of Hezbollah's Business Affairs Component resulted from a series of DEA cases run under the rubric of "Project Cassandra," which targeted "a global Hezbollah network responsible for the movement of large quantities of cocaine in the United States and Europe." But there are many other recent cases in which transnational organized criminal activities were carried out by people with formal, even senior ties to Hezbollah. Accordingly, the group's status as a transnational criminal organization (TCO) should be revisited.<sup>44</sup>

**5. Resume sanctioning Iran for state sponsorship of Hezbollah (and other) terrorism.** The group continues to receive significant funding and resources from Iran. Without undermining the JCPOA, which is limited to nuclear development and proliferation, more vigorous action could be taken against Iranian entities such as the IRGC Qods Force, Mahan Air, and a host of others involved in Tehran's support for terrorism. The designation of Hasan Dehghan Ebrahimi in February 2017 was a move in the right direction.

**6. Enhance interagency coordination and cooperation against the Iran Threat Network (ITN).** All of the policy options laid out here require close interagency coordination and cooperation. In the past, that has been in short supply when it comes to dealing with Iran, Hezbollah, and Tehran's other proxies. Today, organized Shia militias closely tied to Iran are operating in Iraq and Syria. These include Shia militants not only from Iraq and Lebanon, but also from Pakistan, Afghanistan, the Gulf, and Africa. Designations and other interagency actions targeting ITN actors allied with Hezbollah would go a long way toward undermining some of the group's key partners. The ITN threat is growing, not shrinking, and demands maximum coordination between the intelligence community, law enforcement, regulatory bodies, and policy departments and agencies. One positive sign in this regard is the use of convening bodies such as the Global Counterterrorism Forum (GCTF) and the Law Enforcement Coordination Group (LECG) to address best practices for countering Hezbollah's terrorist, criminal, and other illicit activities.<sup>45</sup>

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<sup>43</sup> "Treasury Sanctions the Waked Money Laundering Organization," U.S. Department of the Treasury, May 5, 2016, <https://www.treasury.gov/press-center/press-releases/Pages/jl0450.aspx>

<sup>44</sup> Matthew Levitt, "Hezbollah's Transnational Organized Crime," Washington Institute for Near East Policy, April 21, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/hezbollahs-transnational-organized-crime>

<sup>45</sup> Matthew Levitt, "America May Have Unlocked a Key to Fighting Terrorism—and It Doesn't Involve Drones," Washington Institute for Near East Policy, January 8, 2016, <http://www.washingtoninstitute.org/policy-analysis/view/america-may-have-unlocked-a-key-to-fighting-terrorism-and-it-doesnt-involve>; and "Treasury Hosts Meeting of the Law Enforcement Coordination Group Focused on Countering Hizballah's Terrorist Activities," U.S. Department of the Treasury, May 8, 2017, <https://www.treasury.gov/press-center/press-releases/Pages/sm0075.aspx>