

# SOUTH OF THE BORDER, A THREAT FROM HEZBOLLAH

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In December 2012, Paraguayan authorities detained Wassim el Abd Fadel, a suspected Hezbollah member with Paraguayan citizenship, and charged him with human trafficking, money laundering, and narco-trafficking. International authorities had connected Fadel to Nelida Raquel Cardozo Taboada, a Paraguayan national arrested in France the same month with 1.1 kilograms of cocaine in her stomach. Cardozo Taboada had claimed that Fadel and his wife hired her as a drug mule, prompting an Interpol investigation into Fadel's finances. According to Paraguayan police, Fadel deposited the proceeds of narco-trafficking and pirated music and movies into Turkish and Syrian bank accounts linked to Hezbollah.<sup>1</sup>

The Fadel arrest cast new light, and fresh international attention, on a long-running phenomenon. Over the past decade, policymakers have been concerned about Hezbollah activities in Latin America, particularly its relations with drug cartels along the U.S.-Mexico border and efforts to fundraise, recruit operatives, and launder money. The organization maintains a robust support network in the region—drawn from the large Shi'a and Lebanese expatriate communities on the continent—to serve as logisticians in its criminal operations. And today, faced with dwindling support from once-reliable patrons in Iran and Syria, Hezbollah increasingly has relied on a range of criminal activities, from counterfeiting schemes to trafficking weapons and narcotics, to shore up its financial reserves and stock its arsenals.



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## A home in Latin America

Hezbollah's presence in Latin America is nothing new. The group was responsible, together with Iran, for the 1992 bombing of the Israeli embassy and, two years later, the bombing of the AMIA Jewish community center, both in Buenos Aires. But Hezbollah traces its origins in Latin America back to the mid-1980s, long before the Buenos Aires bombings, when its operatives set up shop in the tri-border area (TBA) of Brazil, Paraguay, and Argentina. At the height of the Lebanese civil war, Hezbollah clerics began "planting agents and recruiting sympathizers among Arab and Muslim immigrants in the TBA," according to a study conducted for U.S. Special Operations Command. A region routinely called "the United Nations of crime," a classic "terrorist safe haven" and a counterfeiting capital, the TBA made a natural home for operatives seeking to build financial and logistical Hezbollah support networks within existing Shi'a and Lebanese diaspora communities.<sup>2</sup>

Hezbollah has long benefited from the loosely regulated TBA, using the area to engage in illicit activity for profit and solicit donations from the local Muslim communities. In its 2011 *Country Reports on Terrorism*, the State Department noted that "ideological sympathizers in South America and the Caribbean continue to provide financial and moral support to these and other terrorist groups in the Middle East and South Asia."<sup>3</sup> Similarly, in 2011, Gen. Douglas Fraser, then the Commander of United States Southern Command, told members of Congress, "Hezbollah supporters continue to raise funds within the region to finance their worldwide activities. Several entities affiliated with Islamic extremism are increasing efforts to recruit adherents in the region...."<sup>4</sup> Criminal sympathizers of the group are involved in a long list of illicit activities, including arms and drug trafficking,

document and currency fraud, money laundering, and counterfeiting. Since 2006, over a dozen individuals and several entities in the TBA have been sanctioned for providing financial support to Hezbollah leadership in Lebanon, according to the U.S. Treasury Department.<sup>5</sup>

## The TBA's crime headquarters

The four-story Galeria Page shopping center in Ciudad del Este, Paraguay, was "locally considered the central headquarters for Hezbollah members" and served as a source of fundraising for Hezbollah in the TBA, the U.S. Treasury Department noted when the center was blacklisted in December 2006. Managed and co-owned by Hezbollah operatives, Treasury explained that Galeria Page businesses generated funds to support Hezbollah and some shops had been "involved in illicit activity, including the sale of counterfeit US dollars."<sup>6</sup>

At the hub of Galeria Page activity was Assad Barakat, a known Hezbollah operative designated by the Treasury Department in 2004, who led a TBA-based network that served as "a major financial artery to Hezbollah in Lebanon." Barakat had long been on the radar of law enforcement agencies, and international authorities had raided his Galeria Page shop twice in 2001. Barakat used his businesses as "front companies for Hezbollah activities and cells," Treasury revealed, adding that the businesses provided "a way to transfer information to and from Hezbollah operatives." The extent of Barakat's criminal activity in support of Hezbollah was staggering. From selling counterfeit U.S. currency to strong-arming donations from local businessmen, Barakat was accused by the Treasury Department of engaging in "every financial crime in the book" to generate funds for Hezbollah.

Treasury also tied Sobhi Mahmoud Fayad, Barakat's executive assistant, to

the counterfeit currency scheme, in addition to other illicit activities involving drugs.<sup>7</sup> Fayad, “a senior TBA Hezbollah official,” was no stranger to law enforcement. In 2001, Paraguayan police had searched his Ciudad del Este home and found receipts from the Martyrs Organization for donations Fayad sent totaling more than \$3.5 million. Authorities believe Fayad has sent more than \$50 million to Hezbollah since 1995.<sup>8</sup>

Hezbollah often uses charities and front organizations, like the Martyrs Organization, to conceal its fundraising activities. In July 2007, the Treasury Department blacklisted the Martyrs Foundation for its ties to the group. Beyond its work raising funds for Hezbollah, in several cases the foundation’s officials were found to be directly involved in supporting terrorism.<sup>9</sup>

### **Beyond the tri-border**

Hezbollah’s reach in Latin America extends beyond the borders of Brazil, Argentina, and Paraguay, however. In early September 2012, Mexican authorities, in a joint operation conducted by migration and state police, arrested three men suspected of operating a Hezbollah cell in the Yucatan area and Central America. Among them was Rafic Mohammad Labboun Allaboun, a dual U.S.-Lebanese citizen, whom Mexican authorities extradited to the United States. Before his trip to Mexico, Allaboun had served over two years in prison for participating in a credit card “bust-out” scheme that netted more than \$100,000. Authorities believed the credit card fraud was linked to a U.S.-based Hezbollah money laundering operation.<sup>10</sup> Allaboun’s partners, George Abdalah Elders and Justin Yasser Safa, both Lebanese immigrants and naturalized Belizeans, “were participating in financing activities in an attempt to bail out incarcerated Hezbollah members jailed in the United States,” according to local media reports.<sup>11</sup>

At the time of his arrest, Allaboun produced a fake passport identifying himself as Wilhelm Dyck, a citizen of Belize. The true Wilhelm Dyck had died in 1976, just two months after his birth. Investigators determined that over a three-day period in August, Allaboun fooled officials into issuing the passport, a valid birth certificate, and a driver’s license.<sup>12</sup> But the gaffe is not exclusive to Belize; eighteen Hezbollah members obtained passports by presenting fraudulent visa applications at an unnamed U.S. embassy, according to a 1994 FBI report.<sup>13</sup>

The speed and ease with which Hezbollah operatives are able to secure false documentation in Latin America should not come as a surprise. According to Israeli intelligence, the use of such passports by Hezbollah operatives is widespread, and the documents are “used by the organization’s activists in their travels all over the world.”<sup>14</sup> At times well-placed sympathizers secure documents for operations in the region. In 2009, U.S. authorities accused Tarek el Aissami, then Venezuela’s Interior Minister, of issuing passports to members of Hamas and Hezbollah. El Aissami reportedly recruited young Venezuelan Arabs to train in Hezbollah camps in southern Lebanon.<sup>15</sup>

Hezbollah supporters outside the TBA engage in the same types of activities as their TBA counterparts, including recruitment, fundraising, money laundering, and drug smuggling.

### **Drugs**

While massive fundraising and procurement schemes underscore the extent to which Hezbollah sympathizers, supporters, and operatives are active in Latin America, the connection between drugs and terror has grown particularly strong. According to the U.S. Drug Enforcement Administration (DEA), nineteen of the forty-three U.S.-designated Foreign Terrorist Organizations are definitively

linked to the global drug trade, and up to 60 percent of terror organizations are suspected of having some ties with the illegal narcotics trade.<sup>16</sup> Hezbollah is no exception, and in recent years it has increased its role in the production and trafficking of narcotics. In this effort, Hezbollah has leveraged the vast Lebanese Shi'a diaspora populations, mainly located in South America and Africa, to its advantage.<sup>17</sup>

Former Southern Command commander Admiral James Stavridis testified in early 2009 about regional counternarcotics takedowns, executed by SOUTHCOM and the DEA, in coordination with host nations, targeting Hezbollah drug trafficking. "We see a great deal of Hezbollah activity throughout South America, in particular. [The] tri-border of Brazil is a particular concern, as in Brazil, Paraguay and Argentina, as well as [other] parts of Brazil and in the Caribbean Basin," Stavridis told lawmakers.<sup>18</sup> Most of these were only publicly identified as counterdrug operations, but a few, including drug rings busted in Ecuador in 2005, Colombia in 2008, and Curaçao in 2009, were explicitly tied to Hezbollah. Such revelations should not be surprising, given the long history of Lebanese criminal elements in the drug trade in South America in general—and in light of revelations by the U.S. Treasury Department three years earlier that Hezbollah operatives like Sobhi Fayad have engaged in all kinds of Hezbollah support activities, including "illicit activities involving drugs and counterfeit U.S. dollars."<sup>19</sup>

### **Criminal connections**

Hezbollah's expanding criminal networks have led to closer cooperation with organized crime networks, especially Mexican drug cartels. In a March 2012 speech at the Washington Institute for Near East Policy, Michael Braun, former DEA chief of operations, detailed Hezbollah's skill in identifying and exploiting existing smuggling and organized crime

infrastructure in the region. Braun and other officials have noted that the terrain along the southern U.S. border, especially around San Diego, is similar to that on the Lebanese-Israeli border. Intelligence officials believe drug cartels, in an effort to improve their tunnels, have enlisted the help of Hezbollah, which is notorious for its tunnel construction along the Israeli border. In the relationship, both groups benefit, with the drug cartels receiving Hezbollah's expertise and Hezbollah making money from its efforts.<sup>20</sup> In 2008, the Mexican newspaper *El Universal* published a story detailing how the Sinaloa drug cartel sent its members to Iran for weapons and explosives training. The article reported that the Sinaloa members traveled to Iran via Venezuela, that they used Venezuelan travel documents, and that some members of Arab extremist groups were marrying local Mexican and Venezuelan citizens in order to adopt Latino-sounding surnames and more easily enter the United States.<sup>21</sup>

Also on the U.S. radar is the relationship between Hezbollah and the Revolutionary Armed Forces of Colombia (FARC). "One thing both Hezbollah and the FARC have in common is a demonstrated willingness to work with outside groups that do not share their same ideology or theology, but who share a common enemy," notes Latin America expert Douglas Farah.<sup>22</sup> A July 2009 indictment exposed Jamal Youssef, a former member of the Syrian military and known international arms dealer, who attempted to make a weapons-for-cocaine trade with the FARC. Unbeknownst to him, Youssef negotiated the deal with an undercover DEA agent. The military-grade arms he agreed to provide had been stolen from Iraq and stored in Mexico by Youssef's cousin, who he claimed was a Hezbollah member.<sup>23</sup>

### **Staging ground and safe haven**

Latin America is significant for Hezbollah and other terrorist organiza-

tions as well: the region provides an ideal point of infiltration into the United States. In at least one instance, a highly trained Hezbollah operative, Mahmaoud Youssef Kourani, succeeded in sneaking across the border into the U.S. through Mexico in the trunk of a car. Kourani paid the owner of a Lebanese café in Tijuana \$4,000 to smuggle him across the border in February 2001. The café owner, Salim Boughader Mucharrafille, admitted to assisting more than 300 Lebanese sneak into the U.S. in similar fashion over a three-year period.

An attempt to establish a Hezbollah network in Central America, foiled by Mexican authorities in 2010, provides even more insight into Hezbollah's foothold in Mexico. Hezbollah operatives, led by Jameel Nasr, employed Mexican nationals who had family ties in Lebanon to set up a network targeting Western interests, the media reported. According to these reports, Nasr routinely traveled to Lebanon to receive directions from Hezbollah.<sup>24</sup> Over the past several years, U.S. criminal investigations also have revealed links between the group's illicit activities in the United States and criminal networks in Latin America.

### **Fertile soil**

For some, Hezbollah's attacks in Buenos Aires are ancient history. Indeed, the government of Argentine President Cristina Fernández de Kirchner recently announced that her country was partnering with the Islamic Republic of Iran to establish an independent truth commission to resolve the AMIA bombing.<sup>25</sup> In fact, Argentina's own investigation into the matter has already determined beyond a shadow of a doubt that Hezbollah and Iran partnered together to carry out these bombings.<sup>26</sup>

This disturbing turn of events demonstrates how far some in the region have yet to go to get serious about the threat

Hezbollah and Iran pose. The need for attention is perhaps greater today than it has been in years past, since Hezbollah—as a result of both necessity and opportunity—appears to have renewed operational planning focused on South America. Confronting the threat it poses will require close law enforcement, intelligence, and policy coordination throughout the Western Hemisphere. And with Hezbollah actively plotting terrorist attacks around the world, such cooperation should take shape as quickly as possible.



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