



# The Lebanese Hizbullah Financing Threat in Europe

Matthew Levitt

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**H**izbullah gets the majority of its funding and weapons from Iran, but the group also runs parallel independent fundraising and arms procurement efforts around the world, including in Europe, to complement its state sponsorship from Iran. These independent fundraising and procurement operations have become more pronounced over time, especially in the wake of wars that depleted weapons stockpiles and sanctions and declining oil prices which have impacted Iranian funding levels.

## Background: Diversifying Hizbullah's Portfolio beyond Iranian Largesse

Despite Iran's generous sponsorship of Hizbullah, events have in the past, and are now once again, forcing the group to diversify its financial portfolio beyond Iran's generous state sponsorship. The turning point came in 2009, when Hizbullah's leaders decided to vastly expand the group's independent funding capabilities.

Following Hizbullah's 2006 war with Israel, Iran ramped up its funding to defray Hizbullah's soaring costs of restocking its weapons supplies, investing in reconstruction, and buying favour within communities that suffered damage during the war.<sup>1</sup> It was especially desperate for support in advance of Lebanon's June 2009 elections, as the group attempted to compete with its Sunni political rivals, who were funded by Saudi Arabia.<sup>2</sup> But even with Iranian state sponsorship, Hizbullah began to expand its reliance on its criminal-financial networks to meet its increased financial needs in the wake of the 2006 war.<sup>3</sup>

Over the next couple of years, Iran was flush with cash as oil prices rose as high as \$147 per barrel by late-July 2008.<sup>4</sup> But by mid-January 2009, oil prices fell to \$36 per barrel and remained under \$60 until May.<sup>5</sup> At the

same time, increased international sanctions, rampant corruption, and soaring inflation severely undermined the Iranian economy. Soon after, Tehran's ruling clerical elite blatantly stole the country's June 2009 elections, leading to the months-long Green Movement protests and forcing Iran to focus its attention inward.<sup>6</sup>

According to Israeli intelligence, these economic pressures forced Tehran to slash its annual budget for Hizbullah by as much as 40% in early 2009. Suddenly constrained after years of abundant Iranian funding, Hizbullah turned to its pre-existing criminal enterprises – including those in Europe – to boost its assets.<sup>7</sup>

Hizbullah has long engaged in a wide range of activities in Europe, from operations to logistical activities such as financing and arms procurement. Sometimes, these activities are exposed only after the fact, and even then not fully understood. For example, Hizbullah operative Hossam Yaacoub was convicted in March 2013 of engaging in an operation in Cyprus, but it was only in the course of that investigation that authorities learned that Yaacoub earlier served as a Hizbullah courier with journeys to France and The Netherlands. The nature of those trips to Europe, and the identities of the Europe-based Hizbullah operatives with whom he met, remain unknown.<sup>8</sup> Later, authorities would learn that a French-Lebanese academic then living in France provided the funds for the purchase of a safe house in Cyprus where another Hizbullah operative stockpiled ice packs from which chemicals could be extracted to make ammonium-nitrate bombs.<sup>9</sup>

But what case after case demonstrates is that Hizbullah sees Europe as a land of tremendous financial opportunity, even after the 2013 EU designation of the group's terrorist and military wings – as distinct from its political or social branches, a distinction Hizbullah itself insists does not exist. In a sign of the importance Hizbullah attaches to its financial and other activities in Europe, the group

1. Nicholas Blanford, *Warriors of God: Inside Hezbollah's Thirty-Year Struggle Against Israel* (New York, NY: Random House, 2011), pp. 336–39; Alistair Lyon, 'Lebanon's Postwar Reconstruction Far from Complete', *Reuters*, 9 July 2007; 'Treasury Designates Hizballah's Construction Arm', US Treasury Department, 20 February 2007.
2. 'Iran: A Need for Budget Cuts', *Stratfor*, 13 April 2009.
3. John Fernandez, 'The DEA's Targeting of Hezbollah's Global Criminal Support Network', Policywatch 3240, The Washington Institute, 10 January 2020.
4. 'Oil Hits Record above \$147', *Reuters*, 10 July 2008.
5. US Energy Administration, 'US FOB Costs of OPEC Countries Crude Oil', 1 April 2020.
6. Robert F Worth and Nazila Fathi, 'Protests Flare in Tehran as Opposition Disputes Vote', *New York Times*, 13 June 2009.
7. Matthew Levitt, 'Hezbollah: Party of Fraud', *Foreign Affairs*, 27 July 2011.
8. Matthew Levitt, 'Hizb Allah Resurrected: The Party of God's Return to Tradecraft', *CTC Sentinel*, The Washington Institute, 29 April 2013.
9. Matthew Levitt, 'Hezbollah's Criminal and Terrorist Operations in Europe', *AJC*, 2 September 2018.

promoted one of the senior commanders for Hizbullah activities in Europe to be political advisor to Hizbullah leader Hassan Nasrallah.<sup>10</sup>

Today, Hizbullah and Iran both face significant financial stress even as they continue to deploy operatives to fight Assad's war in Syria. US officials suggest that Iran provides Hizbullah some \$700 million a year, though that is sure to fluctuate with increased sanctions and oil market disruptions.<sup>11</sup> But as Iran and Hizbullah continue to face significant financial pressure, Hizbullah will increasingly rely even more on its own independent financing schemes, including those in Europe. These can be broken down into three primary categories: criminal enterprises, businesses, and abuse of charity.

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## Criminal Enterprises

Hizbullah's transnational criminal enterprises have expanded to such a degree that international law enforcement agencies have partnered together to create the Law Enforcement Coordination Group, which last met in December 2019 in The Hague, as a vehicle for sharing information and best practices to counter Hizbullah's terrorist and criminal activities.<sup>12</sup> Complementing this effort, the US Treasury Department launched the Counter-Hizbullah International Partnership for finance ministries and financial investigators and regulators 'to build multilateral cooperation for targeting Hizbullah's global financial networks'.<sup>13</sup>

Following the 2006 Hizbullah–Israel war, the group engaged in a global procurement effort to restock its weapons arsenal. For example, Dani Tarraf, a German-Lebanese dual-citizen and Hizbullah procurement agent, used his Slovakian import–export

company to procure weapons for Hizbullah. US authorities determined the company, Power Express, 'operated as a subsidiary of Hizbullah's technical procurement wing'.<sup>14</sup> But before the FBI caught him trying to purchase surface-to-air missiles for Hizbullah, Tarraf was already deeply involved in a host of money-making criminal schemes such as underwriting the purchase of stolen merchandise that Hizbullah operatives then shipped and sold around the world.<sup>15</sup> Other Hizbullah operatives affiliated with Tarraf engaged in other crimes, such as producing and selling counterfeit euros, US dollars, and other currencies.<sup>16</sup>

Tarraf was lured to the US and arrested there. But over the past few years, Hizbullah has expanded its criminal activities in Europe, leading to the arrest of operatives engaged in money-laundering, narcotics trafficking, counterfeit currency and clothing, and other illegal schemes in countries across Europe, from Belgium and the Czech Republic, to France and Lithuania.<sup>17</sup>

In October 2015, US and French authorities collaborated to arrest two individuals, a Lebanese-French woman, Iman Kobeissi, in Atlanta and her associate, Joseph Asmar, in Paris, on charges of conspiring to launder narcotics proceeds and international arms trafficking on behalf of Hizbullah. Kobeissi was arraigned on charges for conspiracy for laundering funds she believed to be drug money, and for 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 Hizbullah. Asmar was arrested in Paris the same day and charged with money-laundering conspiracy.<sup>18</sup> The investigation into the two Hizbullah associates effectively mapped out the extent of Hizbullah's criminal reach into and across Europe.

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10. 'Treasury and the Terrorist Financing Targeting Center Partner Together to Sanction Hizbullah's Senior Leadership', US Treasury Department, 16 May 2018.
  11. Nathan Sales, 'Tehran's International Targets: Assessing Iranian Terror Sponsorship', The Washington Institute, 13 November 2018.
  12. 'Eighth Meeting of the Law Enforcement Coordination Group Focused on Countering Hizbullah's Terrorist and Illicit Activities', Office of the Spokesperson, US State Department, 17 December 2019.
  13. 'Treasury Launches the Counter-Hizbullah International Partnership (CHIP) to Thwart Illicit Financial Activity', US Treasury Department, 18 October 2019.
  14. Matthew Levitt, 'Hezbollah's Procurement Channels: Leveraging Criminal Networks and Partnering with Iran', *CTC Sentinel* (Vol. 12, No. 3, March 2019).
  15. US vs. Dani Nemr Tarraf et al, Indictment and Criminal Complaint, Crim. No. 09-743-01, US District Court, Eastern District of Pennsylvania, 20 November 2009.
  16. US vs. Hassan Hodroj et al, Indictment, United States District Court, Eastern District of Pennsylvania, 24 November 2009, <[https://www.investigativeproject.org/documents/case\\_docs/1137.pdf](https://www.investigativeproject.org/documents/case_docs/1137.pdf)>, accessed 8 April 2020.
  17. Fernandez, 'The DEA's Targeting of Hezbollah's Global Criminal Support Network'.
  18. 'Two Hezbollah Associates Arrested On Charges Of Conspiring To Launder Narcotics Proceeds And International Arms Trafficking', US Attorney's Office Eastern District of New York, US Department of Justice, 9 October 2015.

According to the Department of Justice, ‘Kobeissi and Asmar explained that they could arrange for planes from South America laden with multi-ton shipments of cocaine to land safely in Africa as a transit point before the drugs were smuggled to the US or Europe’.<sup>19</sup> In conversations recorded by law enforcement, the two discussed their money-laundering network and the transportation and banking services they provided to drug traffickers, terrorist organisations, and other criminal groups in Lebanon, Iran, France, Belgium, Bulgaria, Benin, the Democratic Republic of the Congo, Ghana, Nigeria, Cyprus, and cities across the US.<sup>20</sup>

The investigation caught Kobeissi and Asmar laundering drug proceeds through Europe and seeking to purchase cocaine and weapons there, specifically for ‘Hizbullah and other independent criminal groups in Iran’.<sup>21</sup> According to court documents, they also offered to use ‘Hizbullah-connected associates’ to provide security for narcotics shipments.<sup>22</sup> One of these Hizbullah associates, located in the UK, laundered £30,000 for a US Drug Enforcement Administration undercover agent posing as a narcotics trafficker. The UK-based Hizbullah associate also discussed distribution of cocaine shipments with the undercover agent and requested to purchase kilogram quantities of cocaine.

In another case, Colombia-based Hizbullah associate Mohammad Ammar was arrested in the US in October 2016 for laundering narcotics proceeds through Miami banks.<sup>23</sup> A British citizen (who reportedly also holds Lebanese, Canadian, and American citizenship), Ammar ‘is known for facilitating the laundering of illicit monies from or through Holland, Spain, the UK, Australia and Africa’, according to US court documents.<sup>24</sup> Another associate was arrested in France, and a third remains a fugitive, thought to be hiding in Lebanon or Nigeria.

Then, in February 2016, investigations by US and European law enforcement led to the revelation that Hizbullah’s

terrorist wing, the External Security Organisation (also known as the Islamic Jihad Organisation), runs a dedicated entity specialising in worldwide drug trafficking and money laundering. This finding was uncovered through Operation Cedar, a joint operation that included several US law enforcement agencies working in concert with Europol, Eurojust, and authorities in France, Germany, Italy, and Belgium. The investigation spanned seven countries and led to the arrest of ‘top leaders’ of a Hizbullah ‘European cell’ on charges of drug trafficking, money laundering, and procuring weapons for Hizbullah’s use in Syria.<sup>25</sup>

These included Mohamad Nouredine, ‘a Lebanese money launderer who has worked directly with Hizbullah’s financial apparatus to transfer Hizbullah funds’ through his companies while maintaining ‘direct ties to Hizbullah commercial and terrorist elements in both Lebanon and Iraq’.<sup>26</sup> The US Treasury had already designated Nouredine and his partner, Hamdi Zaher El Dine, as Hizbullah terrorist operatives in January 2016, noting that the group needs individuals like these ‘to launder criminal proceeds for use in terrorism and political destabilization’.<sup>27</sup> This was no rogue operation but, rather, a function of Hizbullah’s ‘financial apparatus’, which ‘maintained direct ties’ to both Hizbullah commercial and terrorist elements.<sup>28</sup>

According to information the German Ministry of Interior provided the German Parliament, four of the suspects arrested in Operation Cedar were in Germany and some of the early evidence leading to the operation came from Customs investigations into two Lebanese cash couriers who were bringing cash into Germany to purchase luxury goods as a means of laundering the proceeds of Hizbullah criminal activities. While Hizbullah sees Germany as a comfortable place to operate, the Ministry of the Interior informed parliament that the domestic intelligence service does keep certain entities, including the Islamic Center Hamburg, under observation. Moreover, federal

19. *Ibid.*

20. *Ibid.*

21. *Ibid.*

22. *Ibid.*

23. David Ovalle, ‘State: Hezbollah-Linked Group Laundered Drug Money through Miami Banks’, *Miami Herald*, 11 October 2016.

24. Mark Schliebs, ‘Australia Terrorist Money-Laundering Links to Drug Cartels’, *The Australian*, 2 November 2016.

25. ‘DEA and European Authorities Uncover Massive Hizballah Drug and Money Laundering Scheme’, US Drug Enforcement Administration, 1 February 2016.

26. *Ibid.*

27. ‘Treasury Sanctions Key Hizballah Money Laundering Network’, US Treasury Department, 28 January 2016.

28. *Ibid.*

prosecutors in Germany have opened at least 37 preliminary criminal investigations of persons tied to Hizbullah.<sup>29</sup>

## Businesses

While Dani Tarraf's company was based in Europe, in other cases Hizbullah established companies elsewhere for the purpose of procuring items from around the world, including Europe. Consider the July 2014 designation of brothers Kamel and Issam Amhaz and Ali Zeiter, who functioned as 'a key Hizbullah procurement network', according to the US Treasury Department. Using a Lebanon-based consumer electronics business, Stars Group Holding, as a front for a variety of illicit activities, the network allegedly purchased technology around the world – in North America, Europe, Dubai, and China – to develop drones for Hizbullah.<sup>30</sup>

But Hizbullah also leverages businesses for massive financial profit as well. For example, in January 2016 the US Treasury designated Ali Youssef Charara and his company, Spectrum Investment Group Holding SAL, for supporting Hizbullah. Among other things, Spectrum Investment provides telecommunications in Europe.<sup>31</sup> The US State Department reports that 'Charara has received millions of dollars from Hizbullah to invest in commercial projects that support the terrorist group'.<sup>32</sup>

In May 2018, the US Treasury designated Hizbullah financier Mohammad Ibrahim Bazzi – a dual Belgian-Lebanese citizen who holds passports from Belgium, the UK, Lebanon, and Sierra Leone – as well as five companies he owns or controls. According to information released by the Treasury Department, Bazzi has provided millions of dollars to Hizbullah from the businesses he operates in Belgium, Lebanon, Iraq, and several West African countries.<sup>33</sup> One of the designated companies was Global Trading Group (GTG) NV, a Belgian energy services conglomerate. Bazzi is one of the founders and a Managing Director of GTG, which is headquartered

in Antwerp and has other locations in Sierra Leone, The Gambia, Ivory Coast, and Benin.<sup>34</sup> Bazzi is also tied to the Ayman Joumaa drug trafficking and money laundering organisation, Treasury noted. According to the State Department, Bazzi 'is a key Hizbullah financier, who has provided millions of dollars to Hizbullah generated from his business activities'.<sup>35</sup>

Following his designation, Mohammad Bazzi tried to use his Belgium-based son, Wael Bazzi, as a cut-out to continue doing business. Wael and another Belgium-based GTG employee changed the company's name to Energy Engineers Procurement and Construction, listing Wael as the owner of the European company. In April 2019, the US Treasury designated Wael Bazzi, and another of his Belgium-based companies, Voltra Transcor Energy BVBA, as a measure to disrupt Hizbullah financing through the use of 'seemingly legitimate businesses'.<sup>36</sup>

## Abuse of Charity

Hizbullah has a long history of opening charities that function as fronts raising funds for the group, leading authorities around the world to investigate and shutter non-governmental organisations raising funds for the group. One of the latest examples is the Lebanon Orphan Children Project, based in Essen, Germany. In August 2014, German police raided several offices with ties to the Orphan Children Project and the Ministry of Interior outlawed the organisation and froze its funds. 'The name of this organisation masks its real purpose', Undersecretary for the Interior Emily Harber said at the time.<sup>37</sup>

German authorities reported first investigating Orphan Welfare Project in 2009, likely after the revelation that the head of the organisation, Hisham Hassan, recruited an Israeli-Arab medical student studying in Germany for Hizbullah.<sup>38</sup> The student, Khaled Kashkoush, was introduced to a Hizbullah handler and tasked with collecting information on Israel and Israelis studying

29. 'Hezbollah's Links to Organized Crime in Germany', German Parliament 19<sup>th</sup> Legislative Period, Scientific Service of the Bundestag, 5 April 2019.

30. 'Treasury Sanctions Procurement Agents of Hezbollah Front Company Based in Lebanon with Subsidiaries in the UAE and China', US Treasury Department, 10 July 2014.

31. 'Treasury Sanctions Hizballah Financier and his Company', US Treasury Department, 7 January 2016.

32. 'Lebanese Hizballah's Financial Network', Rewards for Justice, US State Department.

33. 'Treasury Targets Key Hizballah Financing Network and Iranian Conduit', US Treasury Department, 17 May 2018.

34. *Ibid.*

35. 'Lebanese Hizballah's Financial Network', Rewards for Justice.

36. 'Treasury Targets Sanctions Evasion Conduits for Major Hizballah Financiers', US Treasury Department, 24 April 2019.

37. 'Germany Outlaws Support Group with Hezbollah Ties, Raids Offices Nationwide', *Deutsche Welle*, 4 August 2014.

38. *Ibid.*



abroad.<sup>39</sup> On appeal, Germany's Federal Administrative Court upheld the decision to ban the Orphan Children Project, noting that the group provided nearly €3.3 million to Hizbullah's Shahid (Martyr) Foundation, which the court described as 'an integral part of Hizbullah'.<sup>40</sup>

In other cases, Hizbullah activists solicit private donations from Lebanese and Shia expatriate communities. For example, alongside its covert activities, Hizbullah's Foreign Relations Department (FRD) operates in a semi-public manner raising funds, recruiting supporters, providing logistical support, and collecting intelligence for Hizbullah. FRD personnel include both Hizbullah activists sent abroad from Lebanon and local Hizbullah supporters living abroad. Hizbullah's FRD has long been active in Europe. For example, Hizbullah sent FRD delegations to Denmark, Italy, Germany, Switzerland, and the UK in 2002–3 for the purpose of trying to keep the group off the EU terrorism list and bolster support and fundraising within local Lebanese and Shiite communities in Europe. The UK government has long acknowledged 'a small, overt Hizbullah presence in the UK with extensive links' to the FRD and, since the FRD reports to Hizbullah's political not terrorist leadership, tolerated its fundraising and other activities until the government's decision last year to expand its designation to include Hizbullah in its entirety.<sup>41</sup>

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## Conclusion

Hizbullah financing in Europe has not diminished since the EU's partial designation of the group in July 2013. While some of the cases discussed here predate the designation, many came afterwards. The designation empowered EU member states to do much more regarding Hizbullah terrorist operations, but less so when it comes

to the group's financial activities. Unless a given action is explicitly tied to Hizbullah's terrorist or military activities, it is not covered under the designation. And while the EU's Common Position 931 allows for designations of Hizbullah terrorist entities, it does not require them. In other words, such actions still require the political will to use this authority and such will has been in short supply. Beyond the question of a broader EU designation, however, European investigations into financial crime need to be more intelligence-driven to be able to target the types of activities carried out by illicit and covert organisations such as Hizbullah and its criminal associates. Operation Cedar stands out as a tremendous success, but it came about as a result of intelligence developed outside of Europe and shared with European partners. To make Europe a less hospitable jurisdiction for Hizbullah's criminal and other financing schemes European authorities will have to take the lead in developing cases. Until that happens, Hizbullah is likely to continue seeing Europe as a comfortable place to raise funds.

**Matthew Levitt** is the Fromer-Wexler fellow and director of the Reinhard program on counterterrorism and intelligence at The Washington Institute for Near East Policy. He sits on the advisory board for RUSI's Centre for Financial Crime and Security Studies, and is the author of *Hezbollah: The Global Footprint of Lebanon's Party of God*.

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39. 'Arrest of Hezbollah Agent from Kalansua', Israel Ministry of Foreign Affairs, 6 August 2008.

40. German Federal Administrative Court in the contentious administrative matter of the Association Farber fur Waisenkinder e.V., 16 November 2015 (author's translation).

41. Matthew Levitt, 'Hezbollah's 'Diplomats' Go Operational', PolicyWatch 2734, The Washington Institute, 2 December 2016.