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Joint Hearing

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Committee on Homeland Security

Subcommittee on Counterterrorism and Intelligence

Subcommittee on Oversight, Investigations, and Management

"Iranian Terror Operations on American Soil"

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U.S. Attorney General Eric Holder's announcement on Oct. 11 that a dual U.S.-Iranian citizen and a commander in Iran's Quds Force, the special-operations unit of the Islamic Revolutionary Guard Corps (IRGC), had been charged in New York for their alleged roles in a plot to murder the Saudi ambassador to the United States, Adel al-Jubeir, represents a brazen escalation in Iran's struggle for regional dominance. But Iran's willingness to use brutal means to achieve its foreign-policy goals is nothing new: Since the creation of the Islamic Republic, U.S. intelligence agencies have repeatedly identified terrorism as one of the regime's signature calling cards.

The plot developed quickly over just a few months, starting this spring and culminating with the arrest of Manssor Arbabsiar, the Iranian-American man, in September. According to a Justice Department news release, Arbabsiar told a Drug Enforcement Administration confidential source (CS-1) posing as an associate of an international drug cartel that "his associates in Iran had discussed a number of violent missions for CS-1 and his associates to perform, including the murder of the Ambassador." Later, after Arbabsiar was arrested and had confessed to his role in the plots, he reportedly called Gholam Shakuri, the member of the Quds Force who was also indicted, at the direction of law enforcement. Shakuri again confirmed that the plot should go forward and as soon as possible. "Just do it quickly. It's late," he said.

The timing of this plot suggests that Iran feels itself under increasing pressure, both from the international community (led by the United States) and from the regional alliance of Sunni states in the region (led by Saudi Arabia). Intriguingly, the plot seems to have been launched shortly after the Saudi-led military intervention in Bahrain against Shiite protesters to which Iran objected loudly but was unable to affect. According to press reports, a Saudi official alleged that Gholam Shakuri was "an important Quds Force case officer who had helped organize militant Shiite protesters in Bahrain." According to this Saudi official, "Shakuri was among the Iranians who met Hasan Mushaima, a radical Bahraini Shiite cleric, during a stopover in Beirut last February, when Mushaima was on his way back home to lead protests in Bahrain."<sup>1</sup>

### **Past Plots**

The fact that Iran plotted attacks in the United States is surprising, and not only because Iranian agents have traditionally carried out such attacks in Europe, South America, or the Middle East. But the fact that Iranian agents engage in assassination plots abroad is not itself news. Recall, for example, the assassinations of General Gholam Ali Oveissi in Paris in February 1984; Amir Parviz, Ali Tavakoli, and Nader Tavakoli in London in July 1987; Dr. Abdolrahman Ghassemlou, Abdollah Ghaeri-Azar, and Fazil Rasoul in Vienna in July 1989; Kazem Radjavi in Switzerland in April 1990; and Sadegh Sharafkandi and three of his colleagues at the Mykonos restaurant in Berlin in September 1992. According to the Iran

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<sup>1</sup> David Ignatius, "Intelligence Links Iran to Saudi Diplomat's Murder," *Post Partisan* blog, *Washington Post*, October 13, 2011, [http://www.washingtonpost.com/blogs/post-partisan/post/intelligence-links-iran-to-saudi-diplomats-murder/2011/10/13/gIQAFzCPiL\\_blog.html](http://www.washingtonpost.com/blogs/post-partisan/post/intelligence-links-iran-to-saudi-diplomats-murder/2011/10/13/gIQAFzCPiL_blog.html).

Human Rights Documentation Center, Iran has been tied to at least 162 extrajudicial killings around the world since 1979.<sup>2</sup>

Indeed, some of these occurred in the United States. In 1980, Dawud Salahuddin, an American convert to Islam, was recruited by the then newly formed Islamic Republic of Iran to assassinate Ali Akbar Tabatabai, a former press attaché at the Iranian Embassy in Washington who became a vocal critic of Ayatollah Khomeini and founded the Iran Freedom Foundation, an organization opposed the Islamic revolutionary regime.<sup>3</sup> In 1979, Salahuddin accepted a post as a security guard offered by Ali Agha, the embassy's Chargé d'Affaires. Salahuddin was moved to a head security post at the Iranian Interest Section at the Algerian Embassy after the U.S. and Iran severed diplomatic relations in April 1980. While at this post, according to Salahuddin, he was contracted and paid \$5000 to "kill for the Iranian Government."<sup>4</sup> Dressed as a U.S. Postal Service mail carrier, Salahuddin carried a parcel concealing a handgun to Mr. Tabatabai's front door on July 22, 1980. Salahuddin shot Mr. Tabatabai three times when he answered the door to his Bethesda home.<sup>5</sup> Following the killing, Salahuddin fled to Canada and purchased a ticket to Paris. Eventually, he arrived at the Iranian Embassy in Geneva and received a visa to Iran where he was accorded a private meeting with Ayatollah Khomeini.<sup>6</sup> U.S. authorities have charged him with murder; he remains a fugitive to this day.

A 2008 report published by the Iranian Human Rights Documentation Center notes a second assassination in the U.S. Nareh Rafizadeh, likely targeted because her husband and brother-in-law had been agents of the Shah's intelligence service, was killed in New Jersey in 1992.<sup>7</sup>

Iranian intelligence operatives have also engaged in activity in support of potential terrorist operations in the United States. In June of 2004, two security guards working at Iran's mission to the United Nations were kicked out of the country for conducting surveillance of New York City landmarks in a manner "incompatible with their stated duties." A U.S. counterintelligence official said at the time, "We cannot think of any reason for this activity other than this was reconnaissance for some kind of potential targeting for terrorists."<sup>8</sup> This fits known Iranian modus operandi, as highlighted by former FBI director Louis Freeh. Freeh would write in the 1990s, the FBI wanted to photograph and fingerprint official Iranian

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<sup>2</sup> "No Safe Haven, Iran's Global Assassination Campaign," Iran Human Rights Documentation Center, Appendix 1, "Chronological List of those Killed during the Islamic Republic of Iran's Global Assassination Campaign," May 2008, <http://www.iranhrdc.org/english/publications/reports/3152-no-safe-haven-iran-s-global-assassination-campaign.html>.

<sup>3</sup> "The Assassin—An American Who Killed for Iran," *20/20*, ABC News, January 19, 1996; "Anti-Khomeini Iranian Slain at Bethesda Home," *Washington Post*, July 23, 1980; Dawud Salahuddin was originally known as David Belfield. He changed his name to Dawud Salahuddin after converting. Other known aliases include Hassan Tantai and Hassan Abdulrahman.

<sup>4</sup> David Ottaway, "The Lone Assassin," *Washington Post*, August 25, 1996; Ira Silverman, "An American Terrorist," *New Yorker*, August 5, 2002, [http://www.newyorker.com/archive/2002/08/05/020805fa\\_fact](http://www.newyorker.com/archive/2002/08/05/020805fa_fact).

<sup>5</sup> Ira Silverman, "An American Terrorist," *New Yorker*, August 5, 2002.

<sup>6</sup> David Ottaway, "The Lone Assassin," *Washington Post*, August 25, 1996.

<sup>7</sup> "No Safe Haven, Iran's Global Assassination Campaign," Iran Human Rights Documentation Center, Appendix 1, "Chronological List of those Killed during the Islamic Republic of Iran's Global Assassination Campaign," May 2008, <http://www.iranhrdc.org/english/publications/reports/3152-no-safe-haven-iran-s-global-assassination-campaign.html>.

<sup>8</sup> Marry Weiss and Niles Lathen, "2 'Tape' Worms Booted; Iran Spies in N.Y.," *New York Post*, June 30, 2004.

delegations visiting the U.S. because "the MOIS was using these groups to infiltrate its agents into the U.S."<sup>9</sup>

More recently, in July 2009, Mohammad Reza Sadeghnia, a naturalized U.S. citizen of Iranian descent, was arrested in California for carrying out preoperational surveillance for the Iranian government. Sadeghnia was not a trained operative but a painter living in Michigan, which helps explain why he was easily spotted by his targets, Jamshid Sharmahd—a member of the Iranian opposition group Tondar, who made radio broadcast from his California home—and Ali Reza Nourizadeh, a Voice of America employee in London. Despite Sadeghnia's inexperience, many factors support the belief that he was an agent of the Iranian government. Not only did he plead guilty to the crime, but he traveled abroad extensively. Moreover, he not only conducted surveillance on two high-profile Iranian dissidents in both California and London, but he recruited someone to murder one of his targets and, once on supervised release, fled to Tehran.<sup>10</sup>

Iran also has a history of targeting Saudi diplomats. During Iran's worldwide assassination campaign targeting political dissidents, Hezbollah in Saudi Arabia embarked on a campaign against Saudi diplomats and officials. Attacks against Saudi officials abroad occurred in Turkey, Pakistan, and Thailand. Indeed, commenting on one of these assassinations, a CIA analysis issued in December 1988 noted that "Riyadh is concerned that the assassination of a Saudi diplomat in Ankara on 25 October may be the opening round in a Shi'a terrorist campaign targeting Saudi officials and facilities."<sup>11</sup> According to U.S. intelligence, Iranian attacks targeting the Saudis continued even under the presidency of the "moderate" President Rafsanjani. A CIA analysis published in August 1990 assessed that Iran had been responsible for "sponsoring numerous attacks against Saudi interests" over the past year. Moreover, the CIA assessed that Iranian terrorist attacks carried out over the past year (1989-1990) "were probably approved in advance" by the President and other senior Iranian leaders.<sup>12</sup>

### Terror as a Tool of Foreign Policy

One might assume Iran would behave more cautiously today, at a time when it has come under increasing international pressure over its rumored pursuit of nuclear weapons, its suppression of human rights at home, and its support of terrorism abroad. Indeed, the U.S. government designated the Quds Force as a terrorist group in 2007 for providing material support to the Taliban, Iraqi Shiite militants, and other terrorist organizations. Most counterterrorism experts, myself included, expected that future acts of Iranian terrorism would occur in places like Europe, where Iranian agents have long targeted dissidents, and not in the United States, where carrying out an attack would risk a severe countermeasures, including the possibility of a U.S. military reprisal had the attack been successfully executed and linked back to Iran.

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<sup>9</sup> Louis J. Freeh, "American Justice for Our Khobar Heroes," *Wall Street Journal*, May 20, 2003.

<sup>10</sup> Scott Stewart, "Reflections on the Iranian Assassination Plot," Stratfor Global Intelligence, October 20, 2011 <http://www.stratfor.com/weekly/20111019-reflections-iranian-assassination>.

<sup>11</sup> "Terrorism Review," Directorate of Intelligence, Central Intelligence Agency, December 1, 1988, approved for public release March 1998, <http://www.foia.cia.gov/>.

<sup>12</sup> "Iranian Support for Terrorism: Rafsanjani's Report Card," *Terrorism Review*, Directorate of Intelligence, Central Intelligence Agency, August 9, 1990, approved for release June 1999, <http://www.foia.cia.gov/>.

Iran's use of terrorism as a tool of foreign policy, however, goes back as far as the 1979 Islamic Revolution. Writing in 1986, the CIA assessed in a now declassified report titled "Iranian Support for International Terrorism" that while Iran's support for terrorism was meant to further its national interest, it also stemmed from the clerical regime's perception "that it has a religious duty to export its Islamic revolution and to wage, by whatever means, a constant struggle against the perceived oppressor states."<sup>13</sup>

In the early 1990s, these interests dictated an increase in operational activities in the Gulf. Shiite extremist violence was primarily the consequence of Iran's geopolitical calculus and its continued enmity toward Sunni Gulf states. To that end, the CIA noted, Iran not only supported and sometimes directed Hezbollah operations but also "smuggled explosives into Saudi Arabia and conducted terrorist operations against Kuwaiti targets."<sup>14</sup> As tensions in the region persisted, the CIA assessed in 1992 that "for now, Iran will sponsor easily deniable attacks on US targets and allow Hizballah to retaliate for [Hezbollah leader Abbas] Musawi's assassination."<sup>15</sup> By reaching out to someone believed to be tied to Mexican drug cartels and using Arbabsiar as a cut out, Qods Forces planners likely believed they were building for themselves the requisite "reasonable deniability" that is a central component of Iranian state sponsorship of terrorism.

A 1989 CIA report highlights several factors that made Iran more likely to take increased risks in support of terrorism—factors that faded somewhat after the mid-1990s but that are now coming back with a vengeance. The first was the dominance of radical elements within the clerical leadership, which translated into significant Iranian hostility toward the West. Then as now, there was little chance more pragmatic leaders would come to the fore. Furthermore, igniting tensions abroad could shift popular attention away from domestic problems, while asymmetrical warfare provided Tehran with a potent weapon at a time when its military and economy were weak.

Underlying Iranian grievances with the West exacerbated these tensions in the late 1980s in much the same way that they have today. In the late 1980s, Iranian anger was fed by the accidental 1988 downing of an Iranian airliner by the USS Vincennes, as well as anger over the publication of Salman Rushdie's *The Satanic Verses*, deemed by Iran to be offensive to Islam. Now, the Iranian authorities' anger is fed by increasing U.S. and European sanctions plus Tehran's conviction that the West is pursuing a "soft overthrow" of the Islamic Republic by use of modern communications to whip up protests. Tehran thinks that the West caused the 2009 protests in Iran and is behind the protests shaking Syria now.

According to CIA reporting in the late 1980s, "Iranian leaders view terrorism as an important instrument of foreign policy that they use both to advance national goals and to export the regime's Islamic revolutionary ideals." The CIA noted that Iran had already "supported and sometimes directed terrorist operations by Hezbollah" described as "a thriving Shia fundamentalist movement in Lebanon." Iran had also "smuggled explosives into Saudi Arabia and conducted terrorist operations against Kuwait targets." Iran, the CIA concluded, would "keep the United States as a primary terrorist target" for itself and its surro-

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<sup>13</sup> "Iranian Support for International Terrorism," Directorate of Intelligence, Central Intelligence Agency, November 22, 1986, approved for release June 1999, <http://www.foia.cia.gov/>.

<sup>14</sup> "Terrorism Review," October 22, 1987, Directorate of Intelligence, Central Intelligence Agency, approved for release June 1999, <http://www.foia.cia.gov/>.

<sup>15</sup> "Lebanon's Hizballah: Testing Political Waters, Keeping Militant Agenda [redacted]," Central Intelligence Agency, July 1992, <http://www.foia.cia.gov/>.

gates for a variety of reasons, including the U.S. military presence in the Gulf, the recent reflagging of Kuwaiti oil tankers, the seizure of an Iranian ship laying mines in the Gulf, and an attack on an Iranian oil platform used to support Iranian military operations.<sup>16</sup>

## Iran under Stress

Iran's competition for regional dominance with the United States and Saudi Arabia is also at least as contentious as it was in the late 1980s and 1990s. Iran is under increasing international diplomatic and economic sanctions, for which it holds both Saudi Arabia and the United States responsible—and for good reason. From the Stuxnet virus to the assassination of Iranian scientists and the defection of Iranian agents, Iran feels increasingly targeted by Western intelligence services. And Iran had reason to target Ambassador al-Jubeir in particular: according to press reports, a 2008 State Department cable made public by WikiLeaks quotes Ambassador Jubeir as telling American officials that the king of Saudi Arabia said the U.S. should "cut off the head of the snake," a likely reference to an attack on Iran.<sup>17</sup>

A few weeks ago, a Western intelligence official and I were mulling over the string of attempted attacks by Hezbollah operatives targeting Israeli interests over the past three years. From Azerbaijan to Turkey and from Cyprus to Egypt, terrorist operations by Iran's terrorist proxy, often operating jointly with members of the Quds Force, have been foiled time and again. But while attacks in the past were widely seen as acts of revenge for the 2008 assassination of Hezbollah's Imad Mughniyeh, an attack today, this official mused, could just as likely be an Iranian-driven plot in retaliation for the sabotage of Iran's nuclear program. And Iran, he noted, attributes these setbacks to Israel and the United States.

The fact that the vaunted Qods Force has experienced several recent failed attempts to carry out attacks abroad – most notably in Azerbaijan and Turkey, both in cooperation with Hezbollah – suggests that the Force may be lacking capability and may explain what some have described as an unprofessional plot lacking the kind of tradecraft we have come to expect from the Iran's IRGC and MOIS. In fact, Iran has relied on fairly unskilled and simple operatives to carry out attacks in the past. For example, Iran and Hezbollah relied on Fouad Ali Saleh to run a cell of twenty operatives responsible for a series of bombings in Paris in 1985 and 1986. Saleh, a Tunisian-born Frenchman (a convert from Sunni to Shia Islam) who sold fruits, vegetables and clothing in the Paris subway, was as unskilled and unlikely an operative as Arbabsiar, the Iranian-American car salesman arrested in the al-Jubeir assassination plot.<sup>18</sup>

All the evidence available suggests the attempted assassination of Ambassador al-Jubeir was a high-level IRGC plot, though authorities have been careful to describe it as "directed by *elements* of the Iranian government" and not more than that. It is, however, noteworthy that the Treasury Department designated IRGC Quds Force Commander Qassem Suleimani as a global terrorist on Oct. 11 because, as commander of the Force, he "oversees the IRGC-QF officers who were involved in this plot." In the past, major

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<sup>17</sup> "WikiLeaks Cable Hints at Motive for Alleged Iran Plot," National Public Radio, October 15, 2011, <http://www.npr.org/2011/10/15/141364863/wikileaks-cable-hints-at-motive-for-alleged-iran-plot>.

<sup>18</sup> Youssef M. Ibrahim, "Trial of Accused Mastermind in Bombings Begins in Paris," *New York Times*, January 30, 1990.

acts of Iranian state sponsorship of terrorism have ultimately been linked back to the most senior elements of the Iranian leadership.

Consider, for example, the June 1996 bombing of the Khobar Towers housing complex that was home to American, Saudi, French, and British service members in Saudi Arabia's Eastern Province – the last time Iranian agents carried out an attack targeting both U.S. and Saudi interests. In that case, Iranian agents teamed up with Saudi and Lebanese Hezbollah operatives to carry out the attack. According to the testimony of a former CIA official, arrangements for the Khobar Towers attack began around 1994, including planning meetings likely held in Tehran and operational meetings held at the Iranian embassy in Damascus, Syria. It was in 1994, according to this account, that the Supreme Leader of Iran, Ayatollah Khomeini, gave the order for the attack on the Khobar Towers complex.<sup>19</sup> While planning the attack on Khobar Towers, Shia extremists continued to carry out other plots, including the hijacking of a Saudi Airbus flight, also in 1994.<sup>20</sup> According to former FBI Deputy Director for Counterterrorism Dale Watson, evidence the FBI collected to determine Saudi Hezbollah carried out the attack at Iran's behest included not only forensics and the statements of detained conspirators but also "a lot of other types of information that I'm not at liberty to discuss."<sup>21</sup> According to Watson, whose tenure at the FBI spanned twenty-four years and included a stint as the Unit Chief for the Iran-Hezbollah unit at FBI Headquarters, Hezbollah does not carry out terrorist attacks internationally on its own. "It must be sanctioned, it must be ordered, and it must be approved and somebody has to fund it," Watson noted in explaining Iran's role in the attack.<sup>22</sup> According to former CIA officer Bruce Tefft, the Khobar Towers attack was planned and overseen by Iran's Islamic Revolutionary Guard Corp (IRGC) and Ministry of Intelligence and Security (MOIS) "acting on the orders of the Supreme Leader of Iran."<sup>23</sup>

Based on evidence gathered in the investigation into the 1994 bombing of the AMIA Jewish community center in Buenos Aires, including the testimony of Iranian intelligence defector Abolghasem Mesbahi, prosecutors would ultimately conclude that Iran's Supreme National Security Council held a meeting in Mashhad on Saturday, August 14, 1993, where senior Iranian leaders approved the bombing plot and selected the AMIA building as the target. The meeting, chaired by then-President Ali Akbar Hashemi Rafsanjani, began promptly at 4:30pm and ran for two hours.<sup>24</sup> According to the FBI, around the time of

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<sup>19</sup> Testimony of Bruce D. Tefft, *Paul A Blais v. Islamic Republic of Iran et al*, Civil Action No. 02-285, United States District Court for the District of Columbia, May 26, 2006.

<sup>20</sup> Memorandum for the Secretary of Defense, Report of the Assessment of the Khobar Towers Bombing, Downing Assessment Task Force, August 30, [www.fas.org/irp/threat/downing/report.pdf](http://www.fas.org/irp/threat/downing/report.pdf).

<sup>21</sup> Testimony of Dale Watson, *Heiser et al v The Islamic Republic of Iran*, Civil Action Nos. 00-2329, 01-2104, United States District Court for the District of Columbia, December 18, 2003.

<sup>22</sup> Testimony of Dale Watson, *Heiser et al v The Islamic Republic of Iran*, Civil Action Nos. 00-2329, 01-2104, United States District Court for the District of Columbia, December 18, 2003.

<sup>23</sup> Testimony of Bruce Tefft, *Blais et al v The Islamic Republic of Iran*, Civil Case No 2003-285, United States District Court for the District of Columbia, May 26, 2003.

<sup>24</sup> Report by the Investigations Unit of the Office of the Attorney General, "AMIA Case," signed by District Attorney Marcelo Martinez Burgos, Attorney General Alberto Nisman, and Secretary of the Office of the Attorney General Hernan Longo, October 25 2006, p.92; Larry Rohter, "Defector Ties Iran to 1994 Bombing of Argentine Jewish Center," *New York Times*, November 7, 2003.

this August meeting, intelligence reports indicated Hezbollah was "planning some sort of spectacular act against Western interests, probably Israeli but perhaps against the United States."<sup>25</sup>

To be sure, an Iranian plot to assassinate a prominent diplomat in the heart of Washington in an attack that would likely include significant collateral damage marks a significant break with the traditional *modus operandi* of Iran's Ministry of Intelligence and Security and the IRGC Qods Force. The decision to engage in such a brazen, risky, and desperate operation underscores reports of fissures within Iranian decision making circles and suggests powerful elements of Iran's ruling elite are under significant pressure. Whatever the reason, and despite Iran's apparent attempt to mask its role in the plot to assassinate the Saudi Ambassador by employing a team of assassins from Mexico tied to a violent drug cartel, the indictment—as well as the parallel Treasury Department designations of several senior Qods Force officers as specially designated global terrorists—exposes Iran for the terrorist state it is. It is too early to tell what the consequences of Iran's assassination plot may be, but there should be no doubt the plot lays bare the myth that sufficient carrots—from offers of dialogue to requests for an emergency hotline to reduce naval tensions in the Gulf—can induce the regime in Tehran to abandon its support for terrorism, part with its nuclear weapons program, or respect human rights.

### What Should Be Done?

Pointing to the 1983 and 1984 Beirut bombings, the CIA reported in 1987 that "many Iranian leaders use this precedent as proof that terrorism can break U.S. resolve" and view "sabotage and terrorism as an important option in its confrontation with the United States in the Persian Gulf."<sup>26</sup> That calculus appears to remain intact among senior Iranian decision makers. There are, however, several concrete steps that could and should be taken in response to the planned assassination of Ambassador al-Jubeir to signal the international community's resolve to confront Iranian state sponsorship of terrorism. Authorities may want to hold back on some more severe actions until after Arbabsiar's trial runs its course for fear of acting prejudicially, but the intelligence supporting the case appears to be especially strong. On that basis, there are several things that could be done now:

1. **Diplomatic Pressure:** Press allies to restrict the size of Iranian missions to the minimum needed to conduct official business, to restrict visits by Iranian officials to official business only (no meetings with sympathizers, no speeches, etc.), and to exercise diligence about the possibility that non-diplomatic Iranian travelers connected to the Iranian government may be engaged in illegal activities. Iranian diplomats should only be allowed to travel outside the city to which they are assigned on official business.

Consider that Iran's intelligence penetration of South America has expanded significantly since the AMIA bombing. Testifying before Congress in the weeks following that 1994 attack, the State Department's coordinator for counterterrorism expressed concern that Iranian embassies in

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<sup>25</sup> "International radical Fundamentalism: An Analytical Overview of Groups and Trends," Terrorist Research and Analytical Center, Federal Bureau of Investigation, Department of Justice, November 1994, declassified on November 20, 2008, <http://www.investigativeproject.org/documents/misc/469.pdf>.

<sup>26</sup> "Terrorism Review," October 22, 1987, Directorate of Intelligence, Central Intelligence Agency, approved for release June 1999, <http://www.foia.cia.gov/>.

the region were stacked with larger than necessary numbers of diplomats, some of whom were believed to be intelligence agents and terrorist operatives: "We are sharing information in our possession with other States about Iranian diplomats, Iranian terrorist leaders who are posing as diplomats, so that nations will refuse to give them accreditation, or if they are already accredited, to expel them. We have had some success in that respect, but we have not always succeeded."<sup>27</sup> Another witness recounted meeting with senior government officials in Chile, Uruguay, and Argentina regarding overrepresentation at Iranian embassies in the region in March 1995 – eight months after the AMIA bombing. Officials in Chile and Uruguay, the countries of most concern regarding Iranian overrepresentation at the time, indicated that "the activities of those at the [Iranian] embassy were being monitored and that this was very clearly a concern."<sup>28</sup> Five years later, the commander of U.S. Southern Command, which has responsibility for the U.S. military over the southern half of the Western Hemisphere, indicated the Iranian presence in the region had grown still larger by expanding the number of embassies in the region from just a handful a few years earlier to 12 missions by 2010. That, plus Iran's traditional support for terrorism, had General Douglas Fraser concerned. "Transnational terrorists – Hezbollah, Hamas – have organizations resident in the region," Fraser noted.<sup>29</sup> According to press reports, the Qods Force plot may have also included plans to target Saudi or possibly Israeli diplomats in Argentina.<sup>30</sup>

2. Press regional bodies, such as the Gulf Cooperation Council, the Arab League, and other regional bodies to condemn the Iranian plot to target one of their most prominent diplomats. Countries in the region and beyond should be pressed to expel known IRGC and MOIS operatives operating out of Iranian embassies; this would send a coordinated message that the world is aware that Iran is proactively engaged in illicit conduct based out of its embassies and that such activities will no longer be tolerated.
3. Build international consensus and support for the suspension of Iran's participation in international bodies until such time as Iran is no longer acting in flagrant violation of its international obligations. To date, Iran participates in several such bodies, including:
  - The Commission on the Status of Women (UN)
  - Executive Board, United Nations Development Program
  - Board Member, United Nation's World Food Program
  - Member, International Olympic Committee
  - Member, Interpol
  - Member, United Nations World Tourism Organization
  - Member, World Health Organization

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<sup>27</sup> Testimony of Ambassador Philip Wilcox, Testimony at Hearing on "Terrorism in Latin America/AMIA Bombing in Argentina" before the Committee on International Relations, House of Representatives, September 28, 1995.

<sup>28</sup> Testimony of Mr. Tommy Baer, president of B'NAI BRITH, Testimony at Hearing on "Terrorism in Latin America/AMIA Bombing in Argentina" before the Committee on International Relations, House of Representatives, September 28, 1995, p. 34 of oral testimony.

<sup>29</sup> Benjamin Birnbaum, "General in Latin America Trains Eye on Middle East," *Washington Times*, July 29, 2010.

<sup>30</sup> Kevi G. Hall, "U.S. Says Iran Plot to Kill Saudi Ambassador Hatched in Mexico," *Miami Herald*, October 11, 2001.

- Member, The International Fund for Agricultural Development (IFAD-UN)
  - Member, World Customs Organization
4. **Military Pressure:** More overtly contest Iranian military activities and support for insurgent elements in Iraq. For example, U.S. unilateral raids or raids undertaken in collaboration with Iraq's Counter Terrorism Service could be accelerated.

Efforts to bolster Iraqi military tactical intelligence capabilities could also be bolstered with additional training and equipment, provided largely through embedded contractors. Such assistance could allow divisional formations along the Iraq-Iran border to undertake UAV operations, cell-phone and document exploitation, ground-facing radar surveillance and other border security sensors. This would require US government to consider releasing new technologies to Iraq, which obviously presents certain risks due to Iranian penetration of Iraqi agencies.

The U.S. military should develop a concentrated program to develop Iraqi Army counter-intelligence capabilities. Washington should also consider releasing further evidence demonstrating Iranian complicity in mass casualty attacks in Iraq.<sup>31</sup>

5. **Customs Controls:** In line with the May 2011 recommendations of the UN Monitoring Committee, the United States should partner with the European Union to press allies and UN Member States "to provide information, expertise and experience to States whose export control regimes and capacities for effective implementation could be strengthened."<sup>32</sup> States should be pressed to allow authorities seeking to inspect the cargo of Iranian ships, pursuant to UN Security Council Resolution 1929, the ability to bring said ships to port in their countries for full inspection.<sup>33</sup>

Also along these lines, the United States and the European Union could emulate the EU's Customs and Fiscal Assistance Office program (CAFAO), launched in 1996 to promote the development of a customs service in Bosnia and Herzegovina. The CAFAO was charged with assisting in the creation of more efficient customs services in order to allow for better management of border-crossings and customs checkpoints at airports and naval ports. Further, it was tasked with developing infrastructures to combat organized crime and commercial fraud and to facilitate legitimate trade.<sup>34</sup> A concerted effort to develop similar infrastructures and build the capacities of other states to combat Iran's illicit financial and procurement activities would be welcome and could be led by a joint US-EU effort, perhaps based out of Brussels where DHS and other US agencies are already doing excellent work on customs enforcement related to Iran.

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<sup>31</sup> This section benefited from input from my colleague, Michael Knights, who recently spent a period of three weeks embedded with Iraqi Army headquarters in the south of Iraq.

<sup>32</sup> See leaked UN Panel of Experts Report on Iran Sanctions, May 2011, <http://www.scribd.com/doc/55737041/Leaked-UN-Panel-of-Experts-Report-on-Iran-Sanctions-May-2011>.

<sup>33</sup> See UNSCR 1929, <http://www.un.org/News/Press/docs/2010/sc9948.doc.htm>.

<sup>34</sup> See "Cooperation in the Field of Customs and Taxation: The European Union and the Western Balkans," European Commission, 2005, [http://www.mathra.gr/files/CAFAO\\_en.pdf](http://www.mathra.gr/files/CAFAO_en.pdf).

6. **Financial Pressure:** Work with allies to sanction and target the full array of IRGC business entities. The IRGC is deeply involved in the suppression of human rights in Iran; it controls the country's nuclear, missile and other weapons proliferation activities, and it maintains the Qods Forces as a special branch to support terrorism. The plot to assassinate Ambassador al-Jubeir is just the latest IRGC plot authorities have uncovered in a long line of illicit activities the Corp has been involved in from Iraq and Afghanistan to Europe, South America and the United States. Nonbinding sections of UN Security Council Resolutions already call on member states to "exercise vigilance" toward certain activities related to Iran, particularly transactions involving Iranian banks or the Islamic Revolutionary Guard Corps (IRGC), among other business dealings. While it appears clear a new UN resolution is unlikely to pass in the near future, despite the UN Monitoring Committee's list of further designations it recommended, pressing allies to do more to enforce such voluntary guidelines would be welcome.<sup>35</sup>
7. Coordinate with European and other allies to allay their fears over the possible unintended consequences of designating Bank Merkazi, the Central Bank of Iran (CBI), for its ongoing financial support of Iran's illicit conduct. (As of this writing, Treasury Undersecretary David Cohen is reportedly in Europe doing just this). For all those pressing for a non-kinetic measure that would truly affect Iran's bottom line, this is it. U.S. officials have apparently concluded that sanctioning CBI would not throw the international oil economy into a tailspin, and now they must convince key allies so as not to lose their support and maintain a united front against Iran (here, the Saudi's increasing oil production is very useful). The time for such a push is now, as it would come on the heels of this latest plot, a UN report on Iran's horrific human rights record, and the expected IAEA report on Iran's nuclear program. Indeed, in light of recent events most GCC countries now reportedly support sanctioning CBI.

And there is no doubt that targeting the CBI would undermine Iran's ongoing effort to engage in illicit conduct. Iran disguises its involvement in financing terrorist activities through an array of deceptive practices. For example, the CBI and other Iranian commercial banks have requested – in order to make it more difficult for intermediary financial institutions to track transactions – that their names be removed from global transactions.<sup>36</sup> The U.S. Treasury is concerned that CBI may facilitate transactions for sanctioned Iranian banks much like Iran's Bank of Industry and Mine (BIM) has provided financial services to other designated Iranian banks.<sup>37</sup> Additionally, CBI continues to provide financial services to Iranian entities designated by the UN Security Council.<sup>38</sup>

I thank you for your attention and look forward to answering any questions you may have.

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<sup>35</sup> See leaked UN Panel of Experts Report on Iran Sanctions, May 2011, <http://www.scribd.com/doc/55737041/Leaked-UN-Panel-of-Experts-Report-on-Iran-Sanctions-May-2011>.

<sup>36</sup> Bulletin, U.S. Department of the Treasury, "Guidance to Financial Institutions on the Continuing Money Laundering Threat Involving Illicit Iranian Activity," March 20, 2008, <http://www.occ.treas.gov/news-issuances/bulletins/2008/bulletin-2008-13a.pdf>.

<sup>37</sup> David Cohen, "Emerging Threats and Security in the Western Hemisphere: Next Steps for U.S. Policy," Testimony before the Senate Committee on Banking, Housing, and Urban Affairs, October 13, 2011.

<sup>38</sup> Bulletin, U.S. Department of the Treasury, "Guidance to Financial Institutions on the Continuing Money Laundering Threat Involving Illicit Iranian Activity," March 20, 2008, <http://www.occ.treas.gov/news-issuances/bulletins/2008/bulletin-2008-13a.pdf>.