

Hezbollah's Transnational Organized Crime

by [Matthew Levitt \(/experts/matthew-levitt\)](/experts/matthew-levitt)

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ABOUT THE AUTHORS



[Matthew Levitt \(/experts/matthew-levitt\)](/experts/matthew-levitt)

Matthew Levitt is the Fromer-Wexler Fellow and director of the Reinhard Program on Counterterrorism and Intelligence at The Washington Institute.



Brief Analysis

Given the group's ever-lengthening criminal rap sheet around the world, designating it as a TCO has become an open-and-shut case.

On the heels of several U.S. government actions targeting Hezbollah's global criminal enterprises, including Justice Department indictments and Treasury Department designations, the Office of the Director of National Intelligence (DNI) is expected to release a congressionally mandated report on the subject in the near future. The report was due April 18 but has been delayed because the topic is sensitive within interagency circles. In addition to serving as the baseline for deciding whether or not to designate Hezbollah as a Transnational Criminal Organization (TCO), the report will highlight the long-simmering debate between various departments over how to characterize the group's criminal activities.

BACKGROUND

Under the Hizballah International Financing Prevention Act of 2015 (HIFPA), the president is required to submit a report on the group's "significant transnational criminal activities" no later than 120 days after the bill's passage; this deadline passed on April 18. Last month, President Obama delegated responsibility for the report to the DNI, whose office is expected to submit it within the next few weeks. Within a month of submitting the report, the administration is required to brief Congress on its contents and lay out the planned procedures for designating Hezbollah as a "significant transnational criminal organization" under Executive Order 13581 of 2011.

Since its inception, Hezbollah has leveraged worldwide networks of members and supporters to provide financial, logistical, and sometimes even operational support. Through these networks, the group is able to raise funds, procure weapons and dual-use items, obtain false documents, and more. Some of these are formal networks run by Hezbollah operatives on the ground and back in Lebanon, but most are intentionally structured to be more informal, seeking to keep their links with the group hazy in order to provide a measure of deniability. Generally, the Hezbollah

criminal enterprise tends to be organized around loosely connected nodes and does not depend on hierarchical links up the group's chain of command.

But make no mistake: Hezbollah demonstrably operates as a TCO, and this assessment has been repeatedly and explicitly confirmed by law enforcement investigations and criminal courts. For example, in their March 2013 ruling against Hezbollah operative Hossam Yaacoub, a three-judge panel in Cyprus concluded in no uncertain terms that the group "acts as a criminal organization."

HEZBOLLAH'S BUSINESS AFFAIRS COMPONENT

In February, investigations by U.S. and European law enforcement led to the revelation that Hezbollah's terrorist wing, the External Security Organization (aka the Islamic Jihad Organization), runs a dedicated entity specializing in worldwide drug trafficking and money laundering. This finding was made by a joint operation that included the Drug Enforcement Administration (DEA), Customs and Border Protection, the Treasury Department, Europol, Eurojust, and authorities in France, Germany, Italy, and Belgium. The investigation spanned seven countries and led to the arrest of several members of Hezbollah's so-called Business Affairs Component (BAC) on charges of drug trafficking, money laundering, and procuring weapons for use in Syria.

The BAC is no rogue operation -- U.S. investigators determined that it was founded by the group's senior terrorist figure, Imad Mughniyah, before his death in 2008, and that it is now run by senior Hezbollah official Abdallah Safieddine and other operatives such as Adham Tabaja. Safieddine, a cousin of Hezbollah leader Hassan Nasrallah, served as the group's representative to Tehran and helped Iranian officials access the now-defunct Lebanese Canadian Bank, which the Treasury Department blacklisted in 2011 for having ties to a global narcotics trafficking and money laundering network and to Hezbollah directly. Likewise, Treasury designated Tabaja in June 2015 for providing financial support to the group via his businesses in Lebanon and Iraq, describing him as "a Hezbollah member" who "maintains direct ties to senior...organizational elements, including the terrorist group's operational component, the Islamic Jihad."

As a result of this transnational investigation, authorities arrested "top leaders" of the BAC's "European cell." These included Mohamad Nouredine, "a Lebanese money launderer who has worked directly with Hezbollah's financial apparatus to transfer Hezbollah funds" through his companies while maintaining "direct ties to Hezbollah commercial and terrorist elements in both Lebanon and Iraq." In January, Treasury had designated Nouredine and his partner, Hamdi Zaher El Dine, as Hezbollah terrorist operatives, noting that the group needs individuals like these "to launder criminal proceeds for use in terrorism and political destabilization."

HEZBOLLAH'S CRIMINAL ASSOCIATES

The outing of the BAC 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 are carried out by people with formal, even senior ties to the group.

Consider the two operatives arrested in October 2015 for conspiring to launder narcotics proceeds and international arms trafficking on behalf of Hezbollah. Iman Kobeissi, arrested in Atlanta, had offered to launder drug money for an undercover agent and informed him that her associates in Hezbollah were seeking to purchase cocaine, weapons, and ammunition. Joseph Asmar, arrested in Paris the same day in a coordinated operation, also discussed potential narcotics transactions with an undercover agent, offering to use his connections with Hezbollah to provide security for drug shipments. In total, the suspects mentioned criminal contacts in at least ten countries around the world, highlighting the transnational nature of this Hezbollah-run operation.

Indeed, the group's criminal facilitators have been arrested around the world over the past few months, from

Lithuania to Colombia and many points in between. Others have been designated by the Treasury Department, including Kassem Hejeij, a businessman with direct ties to Hezbollah; Husayn Ali Faour, a member of the Islamic Jihad Organization; and Abd Al Nur Shalan, a key Hezbollah weapons procurer who has close ties with the group's leadership. In the words of a senior Treasury official, "Hezbollah is using so-called legitimate businesses to fund, equip, and organize [its] subversive activities."

The involvement of bona fide Hezbollah operatives in criminal enterprises is nothing new, however. Discounting followers who donate to "the cause" from the proceeds of their personal criminal activities, there are many past cases of TCO networks run directly by Hezbollah. For example, the "Barakat network" in the Tri-Border Area of South America was led by Nasrallah's personal representative to the region, Assad Ahmad Barakat. When Treasury designated Barakat in 2004, it left no doubt as to his place in the group, describing him as "a key terrorist financier in South America who has used every financial crime in the book, including his businesses, to generate funding for Hezbollah...From counterfeiting to extortion, this Hezbollah sympathizer committed financial crimes and utilized front companies to underwrite terror."

CONCLUSION

Hezbollah is deeply involved in organized criminal enterprises, running illicit networks of its own while also plugging into those of other criminal entities. The U.S. interagency debate over how to characterize these activities is based on a distinction that makes little difference in practice. In some cases, Hezbollah criminal operatives are carrying out direct instructions from Hezbollah officials. In other cases, members or supporters of the group share the proceeds of their crimes with Hezbollah but do not always act under its direction. The reality is that the group purposefully structures its criminal activities and covert operations to be as opaque as possible, and whichever model is used, Hezbollah is the ultimate beneficiary.

Moreover, the recent spike in criminal investigations has spooked the group. In a speech last December, Nasrallah categorically denied charges that Hezbollah is involved in drug trafficking, money laundering, and other crimes, challenging his accusers to "Bring me the evidence!" That has now been done, in case after case, with ample evidence from American and European law enforcement agencies. These agencies investigate criminal activities as a matter of course and are therefore best positioned to judge whether a group has engaged in transnational organized crime. Intelligence agencies are at a disadvantage in this regard, so the DNI's forthcoming report should reflect the repeated findings of law enforcement, criminal courts, and Treasury designations. As Nasrallah's televised denials demonstrate, investigators have pursued so many Hezbollah-related cases that the group can no longer pretend to ignore them. Neither should the DNI.

Matthew Levitt is the Fromer-Wexler Fellow and director of the Stein Program on Counterterrorism and Intelligence at The Washington Institute. ❖

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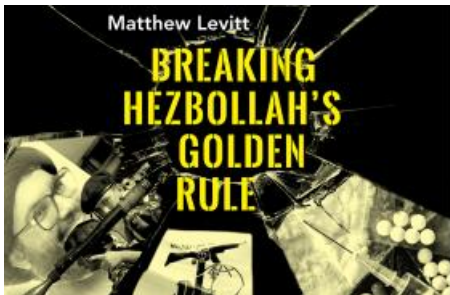
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