

# Dangerous Partners:

## Targeting the Iran-Hizballah Alliance

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### ABOUT THE AUTHORS



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### Brief Analysis

**J**uly 18 marked the thirteenth anniversary of Argentina's deadliest terrorist attack: a 1994 car bombing carried out by Hizballah at Iran's behest. The attack targeted the Asociacion Mutual Israelita Argentina (AMIA), a Jewish community organization, killing 85 and wounding more than 200. Last week also saw the release of a new National Intelligence Estimate (NIE) warning of an increased likelihood that Hizballah could attack U.S. soil if it, or Iran, feels directly threatened by the United States. Washington continues to take action against the organization, but given Hizballah's impressive fundraising capabilities and Iranian support -- both highlighted recently by Argentinean officials involved in the long-running AMIA case -- the task is challenging.

### Operations in Argentina, Connections to Iran

In late 2006, an Argentinean special prosecutor released a detailed report on the AMIA bombing, issuing arrest warrants for high-level Iranian officials and Hizballah members involved in the attack. According to a U.S. State Department assessment, "members of the Iranian government's highest echelons planned out how the attack would occur and entrusted its execution to the Lebanese terrorist organization [Hizballah]."

Indeed, the bombing was an archetypal example of Iran's direct sponsorship of Hizballah. The Argentinean investigation concluded that Tehran transferred at least \$152,812 to accounts controlled by Mohsen Rabbani, a Shiite cleric who at the time held diplomatic immunity as a cultural attache at the Iranian embassy in Buenos Aires. Rabbani was responsible for coordinating logistical details and procuring materials (e.g., vehicles and explosives) for the attack. Arrest warrants were issued for nine others, including former Iranian president Ali Akbar Rafsanjani and Hizballah operations chief Imad Mughniyeh. Rafsanjani was charged with "heading the intelligence office whose main function was to devise a preliminary plan to attack Argentina," Mughniyeh with "overseeing the complex operations of Hizballah overseas, and was a specialist in recruiting soldiers for foreign operations, reporting to no one else but Iran."

The findings from Argentina suggest that Iran has long used Hizballah as a militant extension of its foreign policy. Similar to the U.S. NIE warning about potential Hizballah attacks in the United States, a June 2006 report issued by British authorities warned "of an increased threat to the U.K. from Iranian state-sponsored terrorism should the

diplomatic situation deteriorate." All of these reports make clear that Hizballah would conduct an attack abroad if asked to do so by Iran. As Hizballah secretary-general Hassan Nasrallah once remarked, "If [Iranian Supreme Leader Ayatollah Ali] Khamenei would tell me to divorce my wife, I would do it." Accordingly, actions targeting financial, operational, or logistical links between Hizballah and Iran are critical to undermining the organization's ability to conduct operations of its own or Iranian design.

#### New Designation

Last week, the U.S. Treasury Department designated a parastatal Iranian organization as a key link between Tehran and Hizballah. The latest in a series of ongoing measures intended to prevent Hizballah from raising funds either abroad or in the United States, the designation targeted the Iran-based Martyrs Foundation (Bonyad-e shahid) for "provid[ing] financial support to the families of killed or imprisoned Hizballah and PIJ [Palestinian Islamic Jihad] members, including suicide bombers in the Palestinian territories," and for being "directly involved in Hizballah operations against Israel during the July-August 2006 conflict." Two individuals intimately involved in the foundation's operations -- Qasem Aliq and Ahmad al-Shami, who concurrently serves as director of the previously designated Hizballah construction arm Jihad al-Bina -- were also designated.

The United States is not the first nation to highlight the relationship between the Martyrs Foundation and Hizballah. In 2001, Paraguayan police searched the home of Hizballah operative Sobhi Mahmoud Fayad in Ciudad del Este, a town in the Tri-Border Area between Brazil, Argentina, and Paraguay. There, they found Martyrs Foundation receipts for donations by Fayad totaling more than \$3.5 million. Authorities believe he had sent more than \$50 million to Hizballah since 1995. According to press reports, Iran has traditionally funded Palestinian dissident groups in the Lebanese refugee camps, including Munir al-Maqdah, through the foundation's Palestinian branch.

In the United States, a Martyrs Foundation satellite office in Dearborn, Michigan -- the Goodwill Charitable Organization (GCO) -- was also designated for instructing "Hizballah members in the United States to send their contributions to GCO and to contact the GCO for the purpose of contributing to the Martyrs Foundation." The same day GCO was designated and raided, federal agents raided the offices of another Hizballah-linked organization, the al-Mabarrat Charity Association. Although it was not designated, the charity has long been under a heavy cloud of suspicion.

In 2003, for example, then-Lebanese finance minister and current prime minister Fouad Siniora was barred from entering the United States because of a donation he made to al-Mabarrat in 2000. The charity, headed by former Hizballah spiritual leader Muhammad Hussein Fadlallah, raised \$954,027 in 2005. Just last week, Fadlallah -- who is on the Treasury Department's list of specially designated terrorists and maintains close ties with Hizballah -- asserted in a Washington Post online forum that "jihad is confronting violence by means of violence and force by force, which makes it of a defensive nature at times and a preventive one at others."

#### Difficult Challenge

Targeting Hizballah's finances is difficult for two key reasons: the organization receives significant support from Iran, and it raises considerable funds autonomously. Regarding the former, Western diplomats and Lebanese analysts have estimated that Hizballah receives close to \$200 million a year from Iran. Tehran provides additional funding when needed, such as contributing to the estimated \$300 million spent by Hizballah as a result of its summer 2006 war with Israel. Beyond this tangible support, Iran also provides Hizballah with training and help in logistical operations. Indeed, many of Hizballah's global activities -- financial, logistical, and operational -- are, at some level, overseen by Iranian officials.

In addition to Iranian funding, Hizballah has become an adaptive financial adversary, often forcing investigators to engage in cat-and-mouse games. For example, according to the recent Treasury Department designation of loan

agency al-Qard al-Hassan (AQAH), "[A]s of February 2007, bank accounts of [previously designated] Bayt al-Mal and Yousser Company were changed and re-registered in the name of senior employees of AQAH. Further, after the majority of Bayt al-Mal's offices were destroyed during the summer 2006 conflict, Hizballah transferred a portion of its financial activity to AQAH, giving Hizballah access to the international banking system." Bayt al-Mal and Yousser had been designated in September 2006 for "function[ing] as Hizballah's unofficial treasury, holding and investing its assets and serving as intermediaries between the terrorist group and mainstream banks."

## Conclusion

The latest NIE highlights the significance of Iran's support for Hizballah. Undoubtedly, the 1994 AMIA bombings could not have occurred without Iranian authorization and support; reports have detailed Tehran's leading role from the planning through the execution of the attack. This level of assistance continues unabated today. Targeting the financial links between Iran and Hizballah -- as the Treasury Department did last week -- is critical to undermining the organization's capability to conduct operations at home and abroad.

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