

# Hizballah Finances: Funding the Party of God

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## ABOUT THE AUTHORS



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## Brief Analysis

The following is a summary of Matthew Levitt's "Hizballah Finances: Funding the Party of God," a chapter in the forthcoming volume *Terrorism Financing and State Responses in Comparative Perspective*, sponsored by the Center for Homeland Defense and Security at the Naval Postgraduate School. [Read](http://www.washingtoninstitute.org/templateC06.php?CID=772) (<http://www.washingtoninstitute.org/templateC06.php?CID=772>) the full text of the chapter.

Hizballah operatives, long used as a foreign policy tool by the mullahs of Iran, have recently been accused by Palestinian and Iraqi officials of seeking to undermine reform and stability in those key arenas. Flush with cash, Hizballah is in fact well poised to carry out many such operations, in the Middle East and beyond. Halting the flow of funds to Hizballah's coffers—a critical step in undermining the organization's ability to engage in terrorism and foment violence and unrest in the region—requires understanding the means and sources of its financing.

### Foreign Remittances

Hizballah receives significant financial support from contributions by supporters living abroad, particularly Lebanese nationals in Africa, South America, and other places with large Lebanese Shiite expatriate communities. For example, after Union Transport Africaines (UTA) Flight 141, bound for Beirut, crashed upon takeoff from Benin, West Africa, in December 2003, Arab press reports claimed that Hizballah officials on the flight were carrying \$2 million in contributions from wealthy Lebanese nationals living in Africa. Indeed, according to Hizballah parliamentarian Muhammad Raad, the organization's main sources of income are contributions from wealthy Shiites and its own investment portfolios.

### Charitable Fronts

Several Iranian and Hizballah-run charities provide additional funding. For example, by its own admission, the "Martyr's Organization" (Bonyad-e Shahid), headed by Muhammad Hasan Rahimiyan, supplies charitable funds for Hizballah-affiliated suicide bombers. In 2001, Paraguayan police searched the home of Hizballah operative Sobhi Mahmoud Fayad in Ciudad del Este, a town along the so-called "Tri-Border Area" between Paraguay, Brazil, and Argentina. There, they found receipts from the Martyr's Organization for donations Fayad had sent totaling more than \$3.5 million. Authorities believe he had sent more than \$50 million to Hizballah since 1995.

## Criminal Enterprises

Hizballah also depends on a wide variety of criminal enterprises, including smuggling, fraud, drug trafficking, and diamond trading efforts in North America, South America, the Middle East, and elsewhere. Some reports even suggest that al-Qaeda and Hizballah have formed tactical, ad hoc alliances with various other terrorist organizations in order to cooperate on money laundering and other illegal activities.

In the United States, law enforcement officials are investigating several criminal enterprises suspected of funding Middle Eastern terrorist groups, including food stamp fraud, the stealing and reselling of baby formula, and scams involving grocery coupons, welfare claims, credit cards, and even unlicensed T-shirt sales. In one prominent case from 2002, several suspects were convicted on charges that included coordinating an interstate cigarette-smuggling ring in Charlotte, North Carolina, in order to help fund Hizballah. U.S. officials believe that the estimated \$20-30 million raised annually through such activities in the United States alone constitutes “a substantial portion” of the millions brought in by Middle Eastern terrorist groups.

In South America, Hizballah operatives engage in a wide range of criminal enterprises, including mafia-style shakedowns of local Arab communities, sophisticated import-export scams involving traders from India and Hong Kong, and small companies that engage in only a few thousand dollars worth of actual business but help transfer tens of thousands of dollars around the globe. The Tri-Border Area is especially important to Hizballah; according to the U.S. Naval War College, the group raises nearly \$10 million per year there.

## Syrian Patronage

In a sharp break from the caution exercised by his father, Syrian president Bashar al-Asad supplied Hizballah with heavy arms in 2002, including new 220-millimeter rockets; these were in addition to the Iranian arms transshipped to the organization via Damascus. Moreover, according to senior U.S. officials, Hizballah leader Sheikh Hassan Nasrallah and “special operations chief” Imad Mughniyeh worked together in planning terrorist attacks both globally and across the UN-certified “Blue Line” separating Israel and Lebanon. When asked recently whether Syria would permit Lebanon to hand over Mughniyeh—who is prominently listed on the FBI's list of most-wanted terrorists—to U.S. authorities, Syrian spokeswoman Buthaina Shaaban responded, “I don't think this is the issue of the moment.” In addition, Syria and Lebanon host the greatest concentration of terrorist training camps, with Iran a close second. Camps for Hizballah and Palestinian groups dot the landscape, where Hizballah and Iranian trainers school recruits in a variety of terrorist and intelligence tactics.

## Iranian Sponsorship

Western diplomats and analysts in Lebanon estimate that Hizballah receives \$100-200 million per year from Iran. Tehran also provides Hizballah with less quantifiable financial aid through its training and logistical support. Perhaps the best documented example of Iran's operational relationship with Hizballah is the 1994 bombing of the Jewish community center in Buenos Aires. First, senior Iranian decisionmakers handed down a fatwa (religious edict) to Imad Mughniyeh ordering the operation. Mughniyeh then worked in conjunction with Mohsen Rabbani, an Iranian secret service agent who helped orchestrate the plan clandestinely under the guise of heading the cultural bureau at the Iranian embassy in Buenos Aires. Hizballah would have had much greater difficulty carrying out the attack without the operational support of Iran, which reportedly included a \$10 million bribe to the Argentinean president at the time, Carlos Menem, in order to keep Tehran's involvement quiet.

Iran has also supported Hizballah's involvement in the Israeli-Palestinian conflict. As of August 2002, Iran was reported to have financed camps in the Syrian-controlled Bekaa Valley to train terrorists from Hizballah, Hamas, and other Palestinian groups in the use of various rockets. The camps were reportedly under the command of Gen. Ali Reza Tamzar of Iran's Islamic Revolutionary Guard Corps.

Beyond training and arming Hizballah, Iran bankrolls the group's well-oiled propaganda machine as well. This includes al-Manar, the official television mouthpiece of Hizballah. Calling itself the “station of resistance,” it helps the organization disseminate propaganda and promote terrorist activity throughout the Arab and Muslim worlds.

## Conclusion

Most terrorist groups must devote a great deal of time and effort to raising, laundering, and transferring money in order to fund their activities. Yet, Hizballah has long been able to rely on Iran's largesse, which provides the group with a sizable, continuous flow of funding. Much of Hizballah's own fundraising activity can be boiled down to simply taking advantage of the vast expatriate Shiite population that is sympathetic to the group. Such activity is intended to guarantee the group's future independence through diversified funding, particularly in the event that Iran strikes a grand bargain with the West (i.e., eschewing terrorism sponsorship and proliferation activities in exchange for full economic and diplomatic relations). For the time being, however, Hizballah's relationships with Iran and Syria continue to provide it with critical support, and targeting these relationships offers the best means of undermining the group. Only with greater international coordination will authorities succeed in dismantling Hizballah's international financial support network and constricting the operating environment in which the group thrives.

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