



Hezbollah's Growing Threat Against U.S. National Security Interests in the Middle East

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Testimony submitted to the House Foreign Affairs Subcommittee on the Middle East and North Africa

March 22, 2016

Chairman Ileana Ros-Lehtinen, Ranking Member Deutch, and Members of the Committee, thank you for this opportunity to appear before you today to discuss the relationship between Hezbollah and Iran, which is only growing strong in the wake of the nuclear deal with Iran.

Barely ten days after the JCPOA was signed in Vienna, Hezbollah General Secretary Hassan Nasrallah stated that, "Iran's relationship with its allies is based on ideological grounds and come before the political interests."¹ In April 2015, Nasrallah noted that even under sanctions Iran funded its allies, and anticipated that a now "rich and powerful Iran, which will be open to the world" would be able to do even more: "I say that in the next phase Iran will be able to stand by its allies, friends, the people in the region, and especially the resistance in Palestine and the Palestinian people more than any time in the past, and this is what the others are afraid of."²

Hezbollah officials are comfortable and confident that Iran will not abandon the group. As one Hezbollah official told *al Monitor*: "Hezbollah is more than just an ally for Iran.' The relationship is similar to 'that between father and son'... Hezbollah's importance as an ally for Iran in the region has also become quite clear ... The group has played a pivotal role in preserving the leadership of President Bashar al-Assad in Syria, Iran's No. 1 regional ally. Hezbollah has sent military personnel to Iraq to join the fight against Islamic State terrorists, helping to prevent an extremist takeover that would pose a dangerous national security threat for neighboring Iran."³

Hezbollah and Iran's cooperation in Syria offers a tangible indication of their increasingly intimate operational collaboration since the nuclear deal. Unofficially, Hezbollah has been on the ground fighting to prop up the Assad regime since 2011 at Tehran's behest. It has been a costly venture for Hezbollah, losing as many as a

¹ Suleiman al Khalidi, "Lebanon's Hezbollah Leader Says Iran will not Abandon Support after Nuclear Deal," Reuters, July 25, 2015 <http://www.reuters.com/article/us-lebanon-hezbollah-idUSKCN0PZ0LL20150725>

² Hassan Nasrallah, "Interview of Hassan Nasrallah with Al-Ikhbariya Al-Soriya " (Arabic), Interview by Rania al-Dhanoun, Al-Ikhbariya Al-Soriya, April 6, 2015. <http://alikhbariya.sy/index.php?d=1&id=1073>

³ Ali Rizk, "What Hezbollah stands to gain from Iran's nuclear deal," *Al Monitor*, February 16, 2016, <http://www.al-monitor.com/pulse/originals/2016/02/iran-nuclear-deal-hezbollah-support.html#ixzz436236gcT>

third of its fighting forces according to a December 2015 estimate.⁴ Soon, Hezbollah forces were joined in Syria by Iranian troops and advisors on the ground. By October 2015, media reported that “Hundreds of Iranian troops have arrived in Syria in the last 10 days and will soon join government forces and their Lebanese Hezbollah allies in a major ground offensive.”⁵

And while it is by far the most significant, Syria is not the only regional conflict where Iran and Hezbollah are working together. In Yemen there have been claims that Hezbollah is on the ground fighting and training the Houthi rebels with Iran’s blessing. It has long been suspected that Iran and Hezbollah played a role in supporting the Houthis, either financially or technically, as one Hezbollah commander described it, “Houthis and Hizbollah trained together for the past 10 years. “They trained with us in Iran, then we trained them here and in Yemen.”⁶

Further indication of Iran and Hezbollah’s continued working relationship can be seen in Iran’s stern response to the GCC’s designation of Hezbollah. Major General Hassan Firouzabadi, chief of staff of the Iranian Armed Forces responded by declaring, “Despite efforts by the House of Saud [Saudi Arabia] and its regional and trans-regional allies, Hezbollah’s deep-seated position will remain intact.”⁷ Meanwhile, Iran Foreign Ministry spokesman Jaber Ansari accused Arab states of aligning themselves with the “occupiers of Palestine... Those who are behind the move are knowingly or unknowingly undermining the interests of the Muslim nations.”⁸

Behind the GCC’s Terrorist Designation of Hezbollah

The GCC decision to blacklist Hezbollah goes back at least three years. In June 2013, the Gulf Cooperation Council (GCC) countries came to the unanimous conclusion that Lebanese Hezbollah is a terrorist organization, and several member states began taking discrete actions against the groups’ supporters in their countries.⁹ For example, in May 2014, Saudi Arabia withdrew the business license of a Lebanese national, who reportedly had ties to Hezbollah.¹⁰ But at the time, the GCC was trying to woo Iran away from its then-deepening commitment to the Assad regime in Syria, which Tehran largely accomplished by dispatching its Lebanese proxy, Hezbollah, to defend the Assad regime. GCC Secretary-General Abdullatif Al-Zayani said at the time that the GCC was ready to engage Iran in dialogue if Tehran were to change its policies. That did not happen.

Fast forward to March 2016, and the GCC has now formalized its designation of Hezbollah as a terrorist organization for committing hostile acts within GCC member states’ borders. As GCC Secretary General Abdullatif al-Zayani said in a public statement, “As the militia continues its terrorist practices, the GCC states have decided to label it a terrorist organization and will take the necessary measures to implement its decision

⁴ Avi Issacharoff, “A third of Hezbollah’s fighters said killed or injured in Syria,” *Times of Israel*, December 15, 2015, <http://www.timesofisrael.com/a-third-of-hezbollahs-fighters-said-killed-or-injured-in-syria/>

⁵ Laila Bassam, “Assad allies, including Iranians, prepare ground attack in Syria: sources,” *Reuters*, October 1, 2015, <http://www.reuters.com/article/us-mideast-crisis-syria-iranians-exclusi-idUSKCN0RV4DN20151001>

⁶ Erika Solomon, “Lebanon’s Hizbollah and Yemen’s Houthis open up on links,” *Financial Times*, May 8, 2015, <http://www.ft.com/cms/s/0/e1e6f750-f49b-11e4-9a58-00144feab7de.html#axzz4363W59gM>

⁷ “Top Commander: Declaring Hezbollah Terror Group Won’t Affect Resistance’s Position,” Fars News Agency, March 6, 2016, <http://en.farsnews.com/newstext.aspx?nn=13941216000536>

⁸ “Iran Judiciary Chief Condemns Anti-Hezbollah Campaign,” Fars News Agency, March 7, 2016, <http://en.farsnews.com/print.aspx?nn=13941217001117>

⁹ Sultan al-Tamimi, “GCC: Hezbollah terror group,” *Arab News*, June 3, 2013, <http://www.arabnews.com/news/453834>

¹⁰ Fahd Al-Zayabi, “Saudi Arabia launches financial sanctions on Hezbollah,” *Asbarq Al-Awsat*, May 29, 2014, <http://english.aawsat.com/2014/05/article55332700>

in this regard based on anti-terrorism laws applied in the GCC and similar international laws.”¹¹ GCC states are still concerned about Hezbollah activities in Syria, and the move is also part of the broader sectarian and geopolitical tensions between Saudi Arabia and Iran (the designation followed Saudi Arabia’s decision to cut off some \$3 billion dollars in military aid to Lebanon in February), but there is also reason for GCC states to be increasingly concerned about Hezbollah activities in the Gulf.¹²

Hezbollah has long been active beyond Lebanon’s borders, including in the Gulf. According to the CIA, Hezbollah branches have operated in the Gulf since the late 1980s.¹³ In 1986, Manama began to crack down on Bahraini Hezbollah; a year later, it arrested and tried fifty-nine accused members.¹⁴ Yet the group was far from beaten -- in March 1997, Kuwaiti intelligence arrested thirteen Bahrainis and two Iraqis in Kuwait City, at the time operating under the name "Hezbollah Gulf."¹⁵ Correspondence seized at their homes revealed that they had connections with individuals in Damascus, Syria, and Qom, Iran, and that they were raising money to send back to Bahrain. Other evidence suggested the group was getting their directives straight from Iran's Ministry of Intelligence and Security.

Saudi Hezbollah carried out its first attack on a petroleum facility inside the kingdom in May 1987.¹⁶ Ten months later, Saudi Hezbollah claimed responsibility for an explosion at the Sadaf petrochemical plant in Jubail. Saudi authorities responded forcefully, arresting and executing a number of suspected militants. In retaliation Saudi Hezbollah declared war on “the House of Saud,” and assassinated Abdulgani Bedawi, the second secretary at the Saudi embassy in Turkey. Two months later, they attempted to assassinate Ahmed al-Amri, the second secretary at the Saudi mission in Karachi, Pakistan, who survived but with serious injuries. Then, on January 4, 1989, Saleh Abdullah al-Maliki, the third secretary at the Saudi embassy in Bangkok, was shot and killed outside his home. The most well-known Hezbollah attack on Saudi interests was the June 1996 Khobar Towers bombing, which killed 19 U.S. servicemen and an unspecified number of Saudi civilians in a nearby park and wounded another 372 Americans.¹⁷

In December 12, 1983, Hezbollah and Iraqi Da'wa operatives together carried out a series of seven coordinated bombings in Kuwait, killing six people and wounding nearly ninety more. The targets included the American and French embassies, the Kuwait airport, the grounds of the Raytheon Corporation, a Kuwait National Petroleum Company oil rig, and a government-owned power station. Ultimately, seventeen convicted terrorists

¹¹ “Gulf Arab States Designate Hezbollah a Terrorist Organization,” , March 2, 2016,

<http://english.aawsat.com/2016/03/article55348066/gulf-arab-states-designate-hezbollah-a-terrorist-organization>

¹² Ben Hubbard, “Saudis Cut Off Funding for Military Aid to Lebanon,” *New York Times*, February 19, 2016,

http://www.nytimes.com/2016/02/20/world/middleeast/saudis-cut-off-funding-for-military-aid-to-lebanon.html?_r=0

¹³ Terrorism Review October 22, 1987, CIA FOIA,

http://www.foia.cia.gov/sites/default/files/document_conversions/89801/DOC_0000259360.pdf

¹⁴ Matthew Levitt, “Iran and Bahrain: Crying Wolf, or Wolf at the Door?,” *The Washington Institute for Near East Policy*, May 16, 2014, <http://www.washingtoninstitute.org/policy-analysis/view/iran-and-bahrain-crying-wolf-or-wolf-at-the-door>

¹⁵ Matthew Levitt, “Iran and Bahrain: Crying Wolf, or Wolf at the Door?,” *The Washington Institute for Near East Policy*, May 16, 2014, <http://www.washingtoninstitute.org/policy-analysis/view/iran-and-bahrain-crying-wolf-or-wolf-at-the-door>

¹⁶ Matthew Levitt, “Iranian and Hezbollah Threats to Saudi Arabia: Past Precedents,” *The Washington Institute for Near East Policy*, May 19, 2015, <http://www.washingtoninstitute.org/policy-analysis/view/iranian-and-hezbollah-threats-to-saudi-arabia-past-precedents>

¹⁷ United States of America v. Ahmed al-Mughassil (Khobar Indictment), United States District Court Eastern District of Virginia Alexandria Division, June 2001, <http://nsarchive.gwu.edu/NSAEBB/NSAEBB318/doc05.pdf>

were jailed in Kuwait -- the Kuwait 17, as they came to be called -- including several Hezbollah members.¹⁸ Over the following years, Hezbollah would carry out many more attacks, at home and abroad, seeking the release of their jailed comrades, who included Mustapha Badreddine -- brother-in-law of Hezbollah terrorist chief Imad Mughniyeh. Following Mughniyeh's 2008 assassination, Badreddine assumed leadership of Hezbollah's terrorist wing and later of its militia battalion in Syria as well.

More recently, Hezbollah established a dedicated unit -- Unit 3800 -- to support Iraqi Shia militias targeting coalition forces during the Iraq war, which mostly focused on training Shia militias but also engaged in operations targeting American and British forces in Iraq.¹⁹

Then came the war in Syria, which has dramatically changed Hezbollah (see below). Once focused on jockeying for political power in Lebanon and fighting Israel, the group is now a regional player engaged in conflicts far beyond Lebanon's borders, often in cooperation with Iran.

The GCC's decision to blacklist Hezbollah has been coming from some time, as underscored by the GCC's more informal June 2013 determination that Hezbollah is a terrorist group. In 2014, Dubai's police chief Lieutenant General Dahi Khalfan accused Hezbollah of training local Shia militants who killed three Bahraini policemen in a bombing attack.²⁰

Since then, Hezbollah has activities in the region have increased. Over the past few months, Hezbollah operatives have been arrested in a series of operations, including in Kuwait,²¹ Bahrain,²² and the United Arab Emirates.²³

In June 2015, the Kuwaiti Ministry of Interior blacklisted nearly a dozen Lebanese journalists for suspected links to Hezbollah. Five of the Lebanese journalists will not have their residencies renewed and two others were given one month to leave the country. Authorities stated that evidence demonstrated the blacklisted individuals provided financial, media and political support to Hezbollah.²⁴ Additionally, the Kuwaiti General Directorate of State Security has prepared a list to ban people with links to Hezbollah from entering Kuwait, as well as to deport those already in the country.²⁵ In June 2015, the U.S. Treasury designated Hezbollah operatives who were using their business interests in Iraq to raise funds and provide logistical support to the

¹⁸ Matthew Levitt, "29 Years Later, Echoes of 'Kuwait 17,'" *Weekly Standard*, December 13, 2012, <http://www.washingtoninstitute.org/policy-analysis/view/29-years-later-echoes-of-kuwait-17>

¹⁹ Nadav Pollak & Matthew Levitt, "Hezbollah in Iraq: A Little Help Can Go a Long Way," *The Washington Institute for Near East Policy*, June 25, 2014, <http://www.washingtoninstitute.org/policy-analysis/view/hezbollah-in-iraq-a-little-help-can-go-a-long-way>

²⁰ "Dubai Deputy Police Chief Says Hizbullah Trained Bahraini Bomb Attacker, Party Denies," *Naharnet*, March 4, 2014, <http://www.naharnet.com/stories/en/121113-dubai-police-chief-says-hizbullah-trained-bahraini-bomb-attacker>

²¹ "Kuwait charges 'terror cell tied to Iran and Hezbollah'," *Al Jazeera*, September 1, 2015, <http://www.aljazeera.com/news/2015/09/kuwait-charges-terror-cell-tied-iran-hezbollah-150901134517950.html>

²² Caline Malek, "Bahrain smashes 'Iran-linked' terror cell," *The National*, January 7, 2016, <http://www.thenational.ae/world/middle-east/bahrain-smashes-iran-linked-terror-cell>

²³ "UAE tries 'Hezbollah', 'Qaeda' cell members: media," *DailyStar Lebanon*, February 9, 2016, <http://www.dailystar.com.lb/News/Middle-East/2016/Feb-09/336357-uae-tries-hezbollah-qaeda-cell-members-media.ashx>

²⁴ "Kuwait blacklists Hezbollah-linked journalists," *Kuwait Times*, March 17, 2016, <http://news.kuwaittimes.net/website/kuwait-blacklists-hezbollah-linked-journalists/>

²⁵ "Kuwait ups measures against Hezbollah-linked individuals," *Daily Star Lebanon*, March 17, 2016, <http://www.dailystar.com.lb/News/Lebanon-News/2016/Mar-17/342700-kuwait-ups-measures-against-hezbollah-linked-individuals.ashx>

group's activities there.²⁶ On February 26, 2016 Saudi Arabia designated four companies and three Lebanese businessmen over their ties to Hezbollah.²⁷ Although the United States had already designated these same entities a year prior, it was still an indication of the rising attention the Saudi-led GCC was paying to Hezbollah.²⁸

All of these actions provide context to the geo-political and sectarian tensions currently rising between Saudi Arabia and its Gulf Allies and Iran. These tensions can be seen playing out across the region but peaked with the execution of Sheik Nimr al-Nimr and the subsequent storming of two Saudi Arabian diplomatic communities in Iran.²⁹ Days later, the Saudis sought Arab League and Organization of Islamic Cooperation condemnations of both the embassy attacks and of Iranian and Hezbollah activities in the region. When Lebanon offered only "solidarity," but not "condemnation," the Saudis responded by cutting off monetary support to Lebanon and pulling funds from Lebanese banks.³⁰ Bahrain joined Saudi Arabia in its retaliation by issuing travel advisory warnings citizens against traveling to Lebanon, while UAE said it would ban Emiratis from visiting the country, further exacerbating the sectarian and geopolitical tensions in the region.³¹

While Hezbollah leader Hassan Nasrallah attempted to deflect the GCC blacklisting as an example of Israeli machinations, the truth is although the timing of recent GCC actions against Hezbollah is largely a factor of regional sectarian tensions, Hezbollah and Iran have been increasingly engaged in activities in Gulf countries over the past few years and months.³² Coming against the backdrop of the Iran nuclear deal, which has raised concerns among Gulf States that Iran will use an influx of funds to destabilize GCC countries, Gulf States are especially sensitive to the activities of Iran and its proxies in the region.³³

The bottom line is while the GCC terrorism designation of Hezbollah is indeed a function of the recent sectarian and geopolitical tensions between the Sunni Gulf States and Shia Iran; it is also more than that. It is

²⁶ "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," US Department of Treasury, June 10, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>

²⁷ "Saudi Arabia blacklists four firms, three Lebanese men over Hezbollah ties," *Reuters*, February 26, 2016, <http://www.reuters.com/article/us-mideast-crisis-saudi-lebanon-idUSKCN0VZ1C2>

²⁸ "Treasury Sanctions Hizballah Procurement Agents and Their Companies," US Department of Treasury, November 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0255.aspx>

²⁹ Nabih Bulos, "Who was Sheik Nimr al-Nimr? A look at the man whose execution rocked the Mideast," *LA Times*, January 5, 2016, <http://www.latimes.com/world/middleeast/la-fg-sheik-nimr-profile-20160105-story.html>; Ben Hubbard, "Iranian Protesters Ransack Saudi Embassy After Execution of Shiite Cleric," *New York Times*, January 2, 2016, <http://www.nytimes.com/2016/01/03/world/middleeast/saudi-arabia-executes-47-sheikh-nimr-shiite-cleric.html>

³⁰ Anne Barnard, "Saudi Arabia Cuts Billions in Aid to Lebanon, Opening Door for Iran," *New York Times*, March 2, 2016, <http://www.nytimes.com/2016/03/03/world/middleeast/saudi-arabia-cuts-billions-in-aid-to-lebanon-opening-door-for-iran.html>

³¹ "Saudi Arabia, Gulf allies raise Lebanon travel warning amid Iran row," *Reuters*, February 23, 2016, <http://www.reuters.com/article/us-saudi-lebanon-travel-idUSKCN0VW1L4>

³² "Nasrallah: Hezbollah sent fighters to Iraq," *DailyStar Lebanon*, March 7, 2016, <https://www.dailystar.com.lb/News/Lebanon-News/2016/Mar-07/340892-nasrallah-hezbollah-sent-fighters-to-iraq.ashx>

³³ Loveday Morris and Hugh Naylor, "Arab states fear nuclear deal will give Iran a bigger regional role," *Washington Post*, July 14, 2015, https://www.washingtonpost.com/world/middle-east/arab-states-fear-dangerous-iranian-nuclear-deal-will-shake-up-region/2015/07/14/96d68ff3-7fce-4bf5-9170-6bcc9dfe46aa_story.html; Michael Eisenstadt, Simon Henderson, Michael Knights, Matthew Levitt, and Andrew J. Tabler, "The Regional Impact of Additional Iranian Money," *The Washington Institute for Near East Policy*, July 28, 2015, <http://www.washingtoninstitute.org/policy-analysis/view/the-regional-impact-of-additional-iranian-money>

the cumulative result of a long history of Hezbollah activity the region, and it comes on the heels of the nuclear deal with Iran and the recent spike in Iranian and Hezbollah-linked plots across the Gulf.

Hezbollah's Transformation

Hezbollah's recently increased activities in the Gulf are just one manifestation of the uptick in the group's global activities over the past few years, which has continued in the period since the signing of the JCPOA. Hezbollah is now a regional power player entrenched in military conflicts in multiple countries plus more covert terror plots and criminal enterprises throughout the world.

Syria

The war in Syria has dramatically changed Hezbollah. Once limited to jockeying for political power in Lebanon and fighting Israel, the group is now a regional player engaged in conflicts far beyond its historical area of operations (read Iraq and Yemen), often in cooperation with Iran. The strongest indicators of Hezbollah's transformation are structural. Since 2013, the group has added two new commands -- the first on the Lebanese-Syrian border, the second within Syria itself -- to its existing bases in southern and eastern Lebanon.

In establishing its new presence in Syria, Hezbollah has transferred key personnel from its traditionally paramount Southern Command, along Lebanon's border with Israel. Mustafa Badreddine, the head of Hezbollah's foreign terrorist operations, began coordinating Hezbollah military activities in Syria in 2012 and now heads the group's Syrian command. Badreddine is a Hezbollah veteran implicated in the 1983 bombing of U.S. barracks in Beirut, the 2005 assassination of former Lebanese Prime Minister Rafik Hariri, and terrorist bombings in , among other attacks. His appointment is the strongest sign Hezbollah can give of its commitment to Syria's civil war.

In addition to the traditional Lebanese Hezbollah, who has been deploying fighters to Syria since 2011, Islamic Revolutionary Guard Corps (IRGC) General Hossein Hamedani declared in May 2014 that Iran had formed "a second Hezbollah in Syria." In early 2014, several Shiite militias in Syria began to call themselves, "Hezbollah fi Suriya," or Hezbollah in Syria. Inspired by the success of Lebanese Hezbollah, Iran had begun to build a Syrian wing of the movement, to "carry out ideological as well as other regional power-projection goals."³⁴ While most of their actions so far have been limited to Syria, Hezbollah fi Suriya has made calls to unify with others in Iraq as well. The Hezbollahization of these groups, in name, structure, and allegiance, signifies a major accomplishment for Tehran, allowing Iran to preserve harder-core influence and more effectively project power within Syria.³⁵

Iraq

Even as it deepens its activities in Syria, Hezbollah continues to aid Shiite militias in Iraq, sending small numbers of skilled trainers to train Shia militias and help defend Shiite shrines there. Indeed, Hassan Nasrallah admitted on March 6, 2016 that Hezbollah had covertly dispatched Hezbollah operatives to Iraq, "In Iraq, we fought under the Iraqi command and we did not interfere in their affairs. It is an ethical, humanitarian and pan-Arab duty," and he continued to say that some Hezbollah fighters remained in Iraq now because the Islamic State is still there.³⁶

³⁴ Philip Smyth, "How Iran Is Building Its Syrian Hezbollah," *The Washington Institute for Near East Policy*, March 8, 2016, <https://www.washingtoninstitute.org/policy-analysis/view/how-iran-is-building-its-syrian-hezbollah>

³⁵ Philip Smyth, "How Iran Is Building Its Syrian Hezbollah," *The Washington Institute for Near East Policy*, March 8, 2016, <https://www.washingtoninstitute.org/policy-analysis/view/how-iran-is-building-its-syrian-hezbollah>

³⁶ "Nasrallah: Hezbollah sent fighters to Iraq," *DailyStar Lebanon*, March 7, 2016, <https://www.dailystar.com.lb/News/Lebanon-News/2016/Mar-07/340892-nasrallah-hezbollah-sent-fighters-to-iraq.ashx>

According to the U.S. Department of the Treasury, Hezbollah has also invested in commercial front organizations to support its operations in Iraq. Hezbollah member Adham Tabaja, the majority owner of the Lebanon-based real estate and construction firm Al-Inmaa Group for Tourism Works, has exploited the firm's Iraqi subsidiaries to fund Hezbollah, with the assistance of Kassem Hejeij, a Lebanese businessman tied to Hezbollah, and Husayn Ali Faour, a member of Hezbollah's overseas terrorism unit.³⁷

Yemen

On February 24, 2016, the Gulf-backed government in Yemen asserted it had physical evidence of "Hezbollah of training the Houthi rebels and fighting alongside them in attacks on Saudi Arabia's border."³⁸ Although the number of fighters Hezbollah has sent to Yemen to assist the Houthis may be small, that is certainly not a reflection of the importance with which they view the civil war there. Take for instance Khalil Harb, a former special operations commander and a close adviser to Nasrallah, oversees Hezbollah's activities in Yemen -- managing the transfer of funds to the organization within the country -- and travels frequently to Tehran to coordinate Hezbollah activities with Iranian officials.³⁹ Given his experience working with other terrorist organizations, his close relations with Iranian and Hezbollah leaders, and his expertise in special operations and training, appointing Harb to work in Yemen no doubt made a great deal of sense to Hezbollah.

Harb, however, is not the most senior operative dispatched to Yemen by Hezbollah. In the spring of 2015, Hezbollah sent Abu Ali Tabbabai, the senior commander formerly stationed in Syria, to upgrade the group's training program for Yemen's Houthi rebels, which reportedly involves schooling them in guerilla tactics. "Sending in Tabbabai [to Yemen] is a sign of a major Hezbollah investment and commitment," an Israeli official told me. "The key question is how long someone of Tabbabai's stature will stay."⁴⁰

Hezbollah's activities in Yemen are done at Iran's behest, and there is no doubt Iran views Yemen as an important battlefield. In September 2015, an Iranian vessel loaded with weapons and destined for the Houthis was intercepted off the coast of Oman by the Saudi-led coalition. According to the coalition forces that seized the vessel, "14 Iranian sailors were detained on the boat, which was carrying 18 anti-armored Concourse shells, 54 anti-tank shells, shell-battery kits, firing guidance systems, launchers and batteries for binoculars."⁴¹

Global Networks

To carry further its operational objections, Hezbollah relies on a worldwide network of supporters and sympathizers to provide financial, logistical, and operational support. These include both informal networks of supporters and centrally-run enterprises that effectively operate like international organized criminal organizations. The former provide small level financial or other support, as they are able. But the latter are relied upon for multi-million dollar funding schemes, for logistical support activities like setting up front and cover organizations, and to procure weapons, dual-use items, false documents, and more for the group. Of the former, few tend to be formal networks; often they are intentionally structured to be opaquely affiliated with Hezbollah as to avoid detection. But the latter, which also rely on relationships with criminal "super

³⁷ "Treasury Sanctions Hizballah Front Companies and Facilitators in Lebanon And Iraq," US Department of Treasury, June 10, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0069.aspx>

³⁸ "Yemen government says Hezbollah fighting alongside Houthis," *Reuters*, February 24, 2016, <http://www.reuters.com/article/us-yemen-security-idUSKCN0VX21N>

³⁹ "Treasury Sanctions Hizballah Leadership," US Department of Treasury, August 22, 2013, <https://www.treasury.gov/press-center/press-releases/Pages/jl2147.aspx>

⁴⁰ Matthew Levitt, "Waking Up the Neighbors," *Foreign Affairs*, July 28, 2015, <https://www.foreignaffairs.com/articles/israel/2015-07-23/waking-neighbors>

⁴¹ William Maclean, "Weapons bound for Yemen seized on Iranian boat: coalition," *Reuters*, September 30, 2015, <http://www.reuters.com/article/us-yemen-security-idUSKCN0RU0R220150930>

facilitators” who can move and launder massive amounts of money, for example, are involved in large-scale money laundering, drug smuggling, and arms sales.

Consider the recent arrests by the US Drug Enforcement Administration (DEA) and Europol that targeted what U.S. law enforcement now refer to as the Business Affairs Component (BAC) of Hezbollah’s terrorist wing, the Islamic Jihad Organization (also known as the External Security Organization). Engaging in drug trafficking and drug smuggling, U.S. officials report that the BAC was founded by deceased Hezbollah Senior Leader Imad Mughniyah and currently operates under the control of senior Hezbollah official Abdallah Safieddine and recently designated Specially Designated Global Terrorist (SDGT) Adham Tabaja.⁴²

The BAC established working relationships with South American drug cartels that supplied cocaine to drug markets in both the US and Europe. The BAC would then launder the drug proceeds through the well-known Black Market Peso Exchange. In late January 2016, the DEA and Customs and Border Protection coordinated with multiple foreign counterparts to arrest top leaders of Hezbollah’s BAC, including U.S.-designated SDGT Mohamad Nouredine, who has worked directly with Hezbollah’s financial apparatus to transfer Hezbollah funds via his Lebanon-based company Trade Point International S.A.R.L. and maintained direct ties to Hezbollah commercial and terrorist elements in both Lebanon and Iraq.⁴³ United States Department of Treasury similarly targeted Nouredine and his accomplice Hamdi Zaher El Dine and their company, Trade Point International S.A.R.L.⁴⁴

Hezbollah’s aggressive and ongoing procurement efforts have not been reigned in since the signing of the JCPOA, but have actually expanded in scope. These aggressive efforts span the globe, but have been especially pronounced in Europe and South America. Outside of the BAC arrests, United States Department of Treasury designated Hezbollah procurement agent Fadi Hussein Serhan, his company Vatech SARL, Hezbollah procurement agent Adel Mohamad Cherri and his company Le-Hua Electronics Field Co. Limited, and two companies owned or controlled by Specially Designated Global Terrorist and Hezbollah procurement agent Ali Zeaiter.⁴⁵

Vatech SARL, run by Fadi Serhan, was designated for purchasing sensitive technology and equipment, including but not limited to UAVs on behalf of Hezbollah. Serhan sought these products from companies in the US, Europe, Asia and the Middle East. Adel Mohamad Cherri was attempting to procure a variety of electronics from China and send them to the Houthis in Yemen by using his company, Le-Hua Electronic Field Co. Ali Zeaiter’s two companies, Aero Skyone Co. Limited and Labico SAL Offshore, were designated for again trying to procure UAV-related equipment through Europe and Asia.⁴⁶

Investigation into Hezbollah BAC finance and facilitation networks has touched the United States as well. In October 2015, U.S. officials arrested Iman Kobeissi in Atlanta, Georgia. Kobeissi was arraigned on money laundering conspiracy charges, unlicensed firearms dealing, 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

⁴² “DEA and European Authorities Uncover Massive Hizballah Drug and Money Laundering Scheme,” US Drug Enforcement Administration, February 1, 2016, <http://www.dea.gov/divisions/hq/2016/hq020116.shtml>

⁴³ “DEA and European Authorities Uncover Massive Hizballah Drug and Money Laundering Scheme,” US Drug Enforcement Administration, February 1, 2016, <http://www.dea.gov/divisions/hq/2016/hq020116.shtml>

⁴⁴ “Treasury Sanctions Key Hizballah Money Laundering Network,” US Department of Treasury, January 28, 2016, <https://www.treasury.gov/press-center/press-releases/Pages/jl0331.aspx>

⁴⁵ “Treasury Sanctions Hizballah Procurement Agents and Their Companies,” US Department of Treasury, November 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0255.aspx>

⁴⁶ “Treasury Sanctions Hizballah Procurement Agents and Their Companies,” US Department of Treasury, November 5, 2015, <https://www.treasury.gov/press-center/press-releases/Pages/jl0255.aspx>

guns, and sniper rifles, to criminal groups in Iran and Lebanon, including Hezbollah. The same day, her Hezbollah associate, Joseph Asmar, was arrested in Paris and charged with money laundering conspiracy.⁴⁷

Kobeissi informed a DEA undercover agent posing as a narcotics trafficker that her Hezbollah associates sought to purchase cocaine, weapons, and ammunition. Asmar, an attorney, discussed potential narcotics deals with a DEA undercover agent and suggested he could use his connections with Hezbollah to provide security for narcotics shipments. According to the Department of Justice, “Kobeissi and Asmar explained that they could arrange for places 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 United States or Europe.” In the DEA recording of the conversation the two discussed their money laundering network and the services they provided to drug traffickers, terrorist organizations, and other criminal groups in Lebanon, Iran, France, Belgium, Bulgaria, Benin, the Democratic Republic of the Congo, Ghana, Nigeria, Cypress, and cities across the United States.⁴⁸

Cyprus 2.0: Looking toward Europe

Europe has not only served as a procurement destination for Hezbollah but also as a place to carry out operations (Bulgaria, Cyprus) and as a launching point for potential attacks elsewhere. While nuclear negotiations were underway in May of 2015, a Hezbollah plot was disrupted in Larnaca, Cyprus. Hussein Bassam Abdallah, a dual Lebanese-Canadian citizen, stockpiled 8.2 tons of ammonium nitrate, a popular chemical explosive.⁴⁹ Abdallah pled guilty to all eight charges against him -- including participation in a terrorist group (read: Hezbollah), possessing explosives, and conspiracy to commit a crime.⁵⁰ It was the second time in three years that a Cypriot court has sentenced a Hezbollah operative to prison for plotting an attack in Cyprus. The arrest of Abdallah was also an indication that regardless of the ongoing nuclear negotiations and the EU's July 2013 announcement to designate Hezbollah's military wing had not stopped or even slowed Hezbollah's momentum throughout Europe. According to Israeli investigators familiar with the arrest, Hezbollah, was using Cyprus as a “point of export” from which to funnel explosives elsewhere for a series of attacks in Europe.⁵¹ In the words of Israeli Defense Minister Moshe Yaalon, Cypriot authorities had “defeated attempts by Hezbollah and Iran to establish a terror infrastructure” on the island that aimed to expand “throughout Europe.”⁵²

⁴⁷ “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, October 9, 2015, <https://www.justice.gov/usao-edny/pr/two-hezbollah-associates-arrested-charges-conspiring-launder-narcotics-proceeds-and>

⁴⁸ “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, October 9, 2015, <https://www.justice.gov/usao-edny/pr/two-hezbollah-associates-arrested-charges-conspiring-launder-narcotics-proceeds-and>

⁴⁹ “Bulgaria identifies bomber of Israeli tourist bus,” *Times of Israel*, July 18, 2014, <http://www.timesofisrael.com/bulgaria-identifies-bomber-of-israeli-tourist-bus/>

⁵⁰ Menelaos Hadjicostis, “Hezbollah member pleads guilty to 8 charges in Cyprus,” *AP*, June 29, 2015, <http://bigstory.ap.org/article/9b2fba18477b4f9098dd3da95fb0ff2b/hezbollah-member-pleads-guilty-8-charges-cyprus>

⁵¹ Matthew Levitt, “Inside Hezbollah’s European Plots,” *Daily Beast*, July 20, 2015, <http://www.thedailybeast.com/articles/2015/07/20/inside-hezbollah-s-european-plots.html>

⁵² Menelaos Hadjicostas, “Israel Says Iran Building Terror Network in Europe, US,” *AP*, February 24, 2016, <http://bigstory.ap.org/article/32958bc6d5ee48c9bd18dd4dfc558d91/israel-says-iran-building-terror-network-europe-us>

Hezbollah Operations in South America

Last week marked the 24th anniversary of Hezbollah's 1992 bombing of the Israeli embassy in Buenos Aires. Less than two years later, Hezbollah and Iran teamed up again in the 1994 bombing of the Asociación Mutual Israelita Argentina (AMIA).

Meanwhile, Hezbollah activities in the region have picked up pace significantly. In its 2014 annual terrorism report the State Department highlighted the financial support networks Hezbollah maintains in places like Latin America and Africa. The report concluded that Hezbollah remains, "capable of operating around the globe."⁵³ This conclusion was underscored in November 2014 when Brazilian police reports revealed that Hezbollah helped a Brazilian prison gang, the First Capital Command (PCC), obtain weapons in exchange for the protection of prisoners of Lebanese origin detained in Brazil.⁵⁴ The same reports indicated that Lebanese traffickers tied to Hezbollah reportedly helped sell C4 explosives that the PCC allegedly stole in Paraguay.⁵⁵

Nor is Hezbollah plotting strictly an Israeli concern. "Beyond its role in Syria," Matt Olsen, the then-director of the National Counterterrorism Center (NCTC) warned in September 2014, "Lebanese Hezbollah remains committed to conducting terrorist activities worldwide." The NCTC director continued: "We remain concerned the group's activities could either endanger or target U.S. and other Western interests." NCTC officials note that Hezbollah "has engaged in an aggressive terrorist campaign in recent years and continues attack planning abroad."⁵⁶ Indeed, of the group's most recently foiled plots, one was in Peru -- involving a Hezbollah operative married to a U.S. citizen.

Peruvian counterterrorism police arrested a Hezbollah operative in Lima in November 2014, the result of a surveillance operation that began several months earlier. In that case, Mohammed Amadar, a Lebanese citizen, arrived in Peru in November 2013 and married a dual Peruvian-American citizen two weeks later. They soon moved to Brazil, living in Sao Paulo until they returned to Lima in July 2014. Authorities were clearly aware of Amadar at the time, because they questioned him on arrival at the airport and began watching him then. When he was arrested in October, police raided his home and found traces of TNT, detonators, and other inflammable substances. A search of the garbage outside his home found chemicals used to manufacture explosives.⁵⁷ By the time of his arrest, intelligence indicated Amadar's targets included places associated with Israelis and Jews in Peru, including areas popular with Israeli backpackers, the Israeli embassy in Lima, and Jewish community institutions.

It warrants noting that Hezbollah activity in the Southern Hemisphere often includes links to the United States. This was underscored in January 2015 when the FBI's Miami field office released a "request for

⁵³ "Hezbollah has ties to Brazil's Largest Criminal Gang; Group also Found Active in Peru," Fox News Latino, November 11, 2014. <http://latino.foxnews.com/latino/news/2014/11/11/hezbollah-has-ties-to-brazil-largest-criminal-gang-group-also-found-active-in/>

⁵⁴ "Hezbollah has ties to Brazil's Largest Criminal Gang; Group also Found Active in Peru," Fox News Latino, November 11, 2014. <http://latino.foxnews.com/latino/news/2014/11/11/hezbollah-has-ties-to-brazil-largest-criminal-gang-group-also-found-active-in/>

⁵⁵ "Hezbollah has ties to Brazil's Largest Criminal Gang; Group also Found Active in Peru," Fox News Latino, November 11, 2014. <http://latino.foxnews.com/latino/news/2014/11/11/hezbollah-has-ties-to-brazil-largest-criminal-gang-group-also-found-active-in/>

⁵⁶ Matthew G. Olsen, "Worldwide Threats to the Homeland," Hearing before the Senate Committee on Homeland Security, September 17, 2014. http://www.nctc.gov/docs/2014_worldwide_threats_to_the_homeland.pdf

⁵⁷ Stuart Winer, "Hezbollah operative targeted Jews, Israelis in Peru," *Times of Israel*, October 30, 2014, <http://www.timesofisrael.com/hezbollah-operative-targeted-jews-israelis-in-peru/>

information” bulletin about a dual Venezuelan-Lebanese Hezbollah operative known both for raising money for the group and meeting with Hezbollah officials in Lebanon to discuss “operational issues.”⁵⁸

Hezbollah today is more invested in operations in South America than ever before. Not only are counterterrorism officials tracking Hezbollah operational plotlines there on a regular basis, but one of the most prominent operatives behind the AMIA bombing has now risen up the ranks of the organization and is personally overseeing Hezbollah operations in the region.⁵⁹

Salman al-Reda, whose true name is reportedly Salman Raouf Salman, was the on-the-ground coordinator of the AMIA bombing. A dual Lebanese-Colombian citizen who lived at various times in Colombia, in Buenos Aires and in the Tri-Border area, al-Reda fled the region after the bombing, before being indicted by Argentine authorities for his role in the attack. But in the years that followed, he served as an active member of Hezbollah’s Islamic Jihad Organization (IJO), the group’s international terrorist apparatus, also known as the External Security Organization (ESO). He was especially active in Southeast Asia and South America in the 1990s, including a flurry of operational missions in 1997 with three visits to Panama, two to Colombia, and one to Brazil.⁶⁰ Following Mohammad Hamdar’s arrest in Peru, he identified al-Reda as the Hezbollah operative who served as his handler and with whom he met with on three different occasions in Turkey to plan the Peru operation.⁶¹

Conclusion

Despite the Iran deal, or perhaps because of it, Hezbollah continues to present a significant threat to U.S. interests both in the Middle East and, as events in Europe and South America indicate, closer to home.

Iran is Hezbollah’s primary benefactor, giving the Lebanese political party and militant group some \$200 million a year in addition to weapons, training, intelligence, and logistical assistance. For about eighteen months prior to the nuclear deal, however, Iran had cut back its financial support to Hezbollah -- a collateral benefit of the unprecedented international sanctions regime targeting Iran’s nuclear program, as well as the fall in oil prices.

The cutback mostly curtailed Hezbollah’s political, social, and military activities inside Lebanon. Its social-service institutions had to cut costs, employees received paychecks late or were laid off, and funding for civilian organizations, such as the group’s satellite television station, al-Manar, was reduced. By contrast, Hezbollah’s Syria command, which has been a priority for Tehran given its commitment to defending Bashar al-Assad’s regime, showed no sign of financial hardship even then.

Increased Iranian spending in the wake of the Iran deal is likely to benefit Hezbollah’s regional and international operations. The group is no longer limited to jockeying for political power in Lebanon and fighting Israel. With more money, it should be expected to step up its aid to Shiite militias in Iraq and Yemen in cooperation with Iran, sending small numbers of skilled trainers to bolster local forces and, in some cases, fight alongside them. In Iraq, Hezbollah is training and fighting with Shiite militias, and that will likely expand. Though they are fighting on behalf of the government, their tactics exacerbate sectarian tensions. In Yemen, Hezbollah’s footprint is small, but it could expand with additional resources. The group is already trying to find long-term support for these operations, such as investments in commercial front organizations in Iraq.

⁵⁸ Federal Bureau of Investigation, Miami and San Diego Field Offices, “Seeking Information Ghazi Nasr al-Din,” January 29, 2015, <https://www.fbi.gov/wanted/terrorinfo/ghazi-nasr-al-din>

⁵⁹ Author interview with counterterrorism officials, June 9, 2015

⁶⁰ Author interview with counterterrorism officials, June 9, 2015

⁶¹ Author interview with counterterrorism officials, June 9, 2015

Finally, increased funding could help Hezbollah reconstitute its capabilities beyond the Middle East as well. Hezbollah is busier than ever, especially in Syria, where it is engaged in expensive militant operations and support activities. Meanwhile, the group has expanded its regional activities further afield, straining its coffers even as it has had to cut back its activities in Lebanon. A newly enriched Hezbollah should be expected to act more aggressively at home and abroad, challenging less-militant parties across the Lebanese political spectrum and boosting its destabilizing activities outside Lebanon. And at a time when Iran may not want to be seen engaging directly in activities that could undermine the nuclear deal, the likelihood increases that it will rely still more on the reasonably deniable activities of its primary terrorist proxy organization, Hezbollah.

The good news is that U.S. law enforcement has been proactively targeting Hezbollah criminal activities worldwide. Working closely with law enforcement agencies, the Treasury Department has not only picked up the pace of its Hezbollah designations but also taken the financial fight to Beirut, where Hezbollah has until recently banked with impunity. Now armed with the Hezbollah International Financing Prevention Act, U.S. agencies truly are empowered to "thwart" the group's "network at every turn" by imposing sanctions on financial institutions that deal with Hezbollah or its al-Manar television station.⁶²

At the same time, through the Counterterrorism Partnership Fund (CTPF) the State Department has launched an international initiative to raise awareness about Iran and Hezbollah's broad range of terrorist and criminal activities around the world, and to increase law enforcement cooperation and coordination among a wide range of countries to counter these activities. The U.S. co-lead the Law Enforcement Coordination Group with Europol focused on Hezbollah's illicit activities, and regional capacity building workshops were held in South America, Eastern Europe, West Africa, and Southeast Asia, all focused on improving local countries' ability to detect and prosecute Hezbollah's terrorist and criminal activities in their regions.

And Hezbollah has taken notice. Leader Hassan Nasrallah gave lengthy televised addresses in July and December 2015, focused not on the group's battlefield losses in Syria, but on denying that Hezbollah engages in commercial activities and declaring "unjust" charges that it has ties to drug trafficking and money laundering. The vehement denials were a response to intensifying efforts by the United States and key allies to target the group's wide-ranging international organized criminal activities.⁶³

Nasrallah further lamented that when the United States accuses people or businesses of having ties to Hezbollah, Lebanese banks actually "take measures" against those people or the accounts of their entities. Investigators have pursued so many Hezbollah-related cases in recent years that the group can no longer pretend to ignore them. The trail has led to the inner circle of Hezbollah's leadership, including Abdullah Safieddine, the group's representative to Iran and a cousin of Mr. Nasrallah.

In his December speech, Nasrallah challenged his accusers: "Bring me the evidence!" The United States and partner countries are doing just that, with great effect.

⁶² "Statement by the Press Secretary on the Hizballah International Financing Prevention Act of 2015," December 18, 2015, <https://www.whitehouse.gov/the-press-office/2015/12/18/statement-press-secretary-hizballah-international-financing-prevention>

⁶³ "Nasrallah Says Hizbullah to Avenge Quntar at 'Appropriate Time, Place'," *Naharnet*, December 21, 2015, <http://www.naharnet.com/stories/en/197665>