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Hezbollah & Iran in Latin America – A Threat Just Beneath the Surface

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About the Author:

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Abstract:

This article provides an in depth analysis of Hezbollah & Iranian activities in Latin America, with specific attention to Mexico. The article outlines a recent historic trend by Hezbollah and Iran in the region and highlights the growing relationship between Hezbollah, Iran and Mexican drug cartels such as the Los Zetas. The article first examines a number of individual case studies in order to show the complexity of Hezbollah and Iranian activities in Latin America as well as their potential implications for United States homeland security. The article utilizes an abundance of primary source documents as well as secondary sources in order to show just how deep the activities of Hezbollah and Iran run in Mexico and greater Latin America. The article then discusses the issue of illicit financial transactions as an integral part of the overall activities taking place in Latin America. Finally, the article highlights dissenting opinions concerning the aforementioned issues. The article concludes with a brief commentary on the aforementioned cases and their possible impact for the greater Western Hemisphere.

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Introduction

In May of 2003 United States federal agents raided the home of Mahmoud Youssef Kourani, a Lebanese national, in Dearborn, MI and charged him with sheltering an illegal immigrant. While in federal custody, Kourani was then presented with evidence that he had knowingly provided

monetary and material support to Hezbollah in Lebanon.¹ What sets the Kourani case aside from other terror-support cases in the United States is the way Kourani himself had entered the United States to begin with, via Mexico.

Mahmoud Youssef Kourani illegally immigrated to the United States by crossing the border in 2001 through Mexico.² Kourani, it is now known, had bribed a Mexican official in Beirut to obtain a visa to Mexico from Lebanon.³ After arriving in Mexico, Kourani paid a Mexican guide to smuggle himself and a fellow individual from the Middle East into the United States.⁴ It was then that he made his way to Michigan and began setting up a low-key operation to raise money for Hezbollah.⁵ According to the FBI, Kourani admitted to raising at least \$40,000 for the terrorist organization and also acknowledged that his own brother, Haydar Kourani, was the group's chief of security in southern Lebanon.⁶

The case of Mahmoud Youssef Kourani highlights a growing trend in the operational mentality of Hezbollah, especially in terms of its international footprint. The following presentation of research will therefore attempt to dive even deeper into case studies, stories, and even the smallest of known details concerning particular operations by Hezbollah, and by proximity its overseer, the Islamic Republic of Iran, in Latin America and specifically in Mexico. While this paper is primarily concerned with the “what” more than the “why” of Hezbollah operations in Latin America, the importance of attempting to explain the terrorist group's actions and movements cannot be completely overlooked. As exemplified by the Kourani case, as well as a

¹ “Michigan man pleads guilty to aiding Hizbullah.” *Jerusalem Post*, March 3, 2005

² *United States of America v. Mahmoud Youssef Kourani*. VIO. 18 U.S.C. 2339B. United States District Court, Eastern District of Michigan, Southern Division. November 19, 2003. *FindLaw.com. Web. June 10, 2013.*

³ *Ibid.*

⁴ *Ibid.*

⁵ “Muslim extremists breach border.” *Herald Sun*, June 24, 2010.

⁶ *Ibid.*

number of other incidents to be discussed, the implications for the security of the United States and for the western hemisphere more generally must be considered as a guiding factor.

Furthermore, in researching Hezbollah and Iranian operations in Mexico in particular, a number of troubling connections were found to the activities of some of Mexico's most dangerous drug cartels, especially to the Los Zetas. Indeed in a March 2009 article by the *Washington Times*, Michael Braun, a former assistant administrator and chief of operations at the U.S. Drug Enforcement Agency (DEA) stated that Hezbollah draws heavily on

“the same criminal weapons smugglers, document traffickers, and transportation experts as the drug cartels” and continuing that “they rely on the same shadow facilitators. One way or another they are all connected.”⁷

Agreeing with Braun, Roger Noriega and José Cárdenas specifically noted in an October 2011 article titled *The Mounting Hezbollah Threat in Latin America* that there exists evidence that “indicates Hezbollah is sharing its terrorist experiences and techniques with Mexican drug cartels along the U.S. border.”⁸

This paper will therefore also attempt to draw a broader picture of the Hezbollah-Iranian relationship with the drug cartels, an issue of which United States security experts, elected officials, and government agencies have only recently taken notice. The stated goal is to uncover what is taking place behind the scenes and to reveal what Hezbollah and Iran are attempting to accomplish just beneath the surface.

⁷ “Exclusive: Hezbollah Uses Mexican Drug Routes into the U.S.,” *Washington Times*, March 27, 2009.

⁸ Noriega, Roger F. and Jose R. Cardenas. “The Mounting Hezbollah Threat in Latin America.” *Latin American Outlook*, American Enterprise Institute for Public Research. October, 2011.

Salim Boughader Mucharrafile

Human trafficking has long been a concern of the United States government with regards to its south west border, with illegal immigration topping many other issues in Washington and discussed in the halls of congress. However, while there is ample concern over illegal immigrants with connections to job security and crime in the United States, the issue of human trafficking of potential security threats such as individuals tied to terrorist organizations has grown since the September 11th attacks. Indeed, as previously exemplified by the Kourani case, the trafficking of individuals from the Middle East and possibly connected to organizations like Hezbollah, is in fact a real and present danger to United States homeland security. For example, between 2009 and 2010 among those who illegally entered the United States and were apprehended, there were: 2 Syrians, 7 Sudanese, 17 Iranians, 2 Afghans, 5 Algerians, 13 Iraqis, 10 Lebanese, 28 Pakistanis, 2 Saudis, 14 Somalis, and 3 Yemenis.⁹ Whereas Kourani himself was smuggled into the United States and then made his way to Dearborn, MI, the case of Salim Boughader Mucharrafile focuses on the trafficker more so than those being trafficked onto U.S. soil.

In a Congressional Research Service report issued in May of 2007 titled “Terrorist Precursor Crimes: Issues and Options for Congress”, Mucharrafile’s case was highlighted as an example of an individual engaging in human trafficking along the U.S.-Mexican border.¹⁰ Salim Boughader Mucharrafile is a Mexican of Lebanese descent who, according to Noriega and Cardenas “owned and operated a small restaurant in Tijuana, Mexico, just south of San Diego.”¹¹

An indictment was first made against Mucharrafile in November of 2002 in a U.S. district court

⁹ “Muslim extremists breach border.” *Herald Sun*, June 24, 2010.

¹⁰ O’Neil, Siobhan. “Terrorist Precursor Crimes: Issues and Options for Congress.” Congressional Research Service. May 24, 2007.

¹¹ Noriega and Cardenas, 2011.

for multiple counts of smuggling, and in March of 2003 Mucharrafille pled guilty to two counts of human trafficking, going on to serve nearly a year in prison.¹² The congressional report goes on to note that following Mucharrafille's release from federal prison and return to Mexico, he was subsequently re-arrested by Mexican authorities.¹³ In May of 2006, Mucharrafille was sentenced to 14 years in prison by a Mexican judge for his involvement in organized crime and human smuggling.¹⁴ The rationale behind the Mexican judgment against Mucharrafille was his involvement in over 200 cases of human trafficking between Mexico and the United States, many of which allegedly included individuals from Middle Eastern countries, including Lebanon, and one of whom had specific connection to Hezbollah's television affiliate al-Manar.¹⁵

Elevating this case further, the CRS report also notes a minor mention of Mucharrafille's name in a 9/11 Commission Staff Report on Terrorist Travel from 2004 that described how Mucharrafille had "relied on corrupt Mexican officials in Beirut, Mexico City and Tijuana" in order to "obtain Mexican tourist visas from an official at the Mexican embassy in Beirut to facilitate the travel of humans to Mexico" and then moved those individuals from Mexico into the United States.^{16,17} It was this same method, via corrupt officials in Mexico's embassy in Beirut, and via a tourist visa in Mexico, that Mahmoud Yousef Kourani obtained illegal entrance to the United States and subsequently established his Hezbollah financing operation in Dearborn, MI. While there is no conclusive evidence of any connection between Mucharrafille and

¹² O'Neil, 2007.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Eldridge Thomas R., Susan Ginsburg, Walter T. Hempel II, Janice L. Kephart, Kelly Moore, Joanne M. Accolla and Alice Falk. "9/11 and Terrorist Travel: Staff Report of the National Commission on Terrorist Attacks Upon the United States." *9/11 Commission Report*. August 21, 2004, 67.

Kourani, the two cases suggest a pattern of behavior employed by Hezbollah-affiliated individuals attempting to both gain illegal entry to the United States as well as facilitate that illegal activity.

Rafic Labboun

One of the most recent cases placing Hezbollah operatives directly in Mexico is that of Rafic Labboun and the allegation of the existence of a southern California/Mexican Hezbollah cell. Rafic Labboun is a Lebanese-American citizen, having moved to the United States in the late 1990's.¹⁸ According to Janice Kephart at the Center for Immigration Studies, Labboun “followed classic terrorist travel embedding tactics” by attending school in the United States, graduating from University of California at Berkeley, then marrying an American and having two children.¹⁹ In 2002 Labboun went back to Lebanon and only returned to the United States in 2006 when he began working for a Costco store.²⁰ While working at Costco, Labboun stole a number of credit cards, making illegal purchases of gold from Saudi Arabia that totaled more than \$100,000, which was then funneled to Hezbollah affiliates in southern Lebanon.^{21,22} Labboun was arrested by federal authorities in 2009 on charges of credit card fraud, convicted and sentenced to 27 months in prison.²³

Labboun, it is understood was also “a lead recruiter and imam for Hezbollah” where he preached at a number of Islamic centers and locations in the San Francisco Bay area. Among the locations

¹⁸Kephart, Janice. “No Hezbollah in Mexico?” *Center for Immigration Studies*, September 21, 2012.

¹⁹ Kephart, 2012.

²⁰ Ibid.

²¹ Ibid.

²² Kaplan, Lee. “California Imam Caught in Hezbollah Arrests in Mexico While Fleeing U.S.” *Northeast Intelligence Network*, September 10, 2012.

²³ Ibid.

known: the Iraqi Community Association (ICA), the Shia Center of San Francisco, and the Islamic Center Fatimiyya in Hayward, CA.²⁴ Kephart, in outlining Labboun's history in the Bay-area, also noted that by the late 2000's, San Francisco had all but replaced Dearborn, MI as "the U.S. Hezbollah hub."²⁵ The reference, of course, is the previously aforementioned case of Mahmoud Kourani, who at the time had since been convicted of terrorist financing and was serving time in federal prison. After serving his own time in federal prison, Labboun was then released on parole in September of 2012.²⁶

On September 10, 2012, Mexican immigration authorities, working alongside both the FBI and the Department of Homeland Security, captured Rafic Labboun and two other individuals in the Mexican border town of Merida.²⁷ Having violated his probation less than a month after being released from prison, Labboun was arrested again.²⁸ In a special report for Belizean newspaper *Amandala*, journalist Adele Ramos described the operation to capture Labboun in Mexico as follows,

"Days before the 11th anniversary of the September 11, 2001 destruction of the World Trade Center Twin Towers, Mexican state police and immigration agents descended with high caliber weapons on a house located in Francisco de Montejo in west Merida and detained Rafic Mohammad Labboun Allaboun, 44, an imam from the Shia Association Bay Area (SABA Islamic Center) in San Jose, California."²⁹

²⁴ Kephart, 2012.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Kaplan, 2012.

²⁸ Ibid.

²⁹ Ramos, Adele. "Belize Enters The World Of Terrorism!" *Amandala*, September 14, 2012.

This time however, Labboun was taken alongside two known Hezbollah operatives, George Abdallah Elders and Samer Youssef Safa, after attempting to use a false passport from Belize to travel through Mexico.³⁰ Both Elders and Safa were citizens of Belize who had entered Mexico through the south and met with Labboun in Merida.³¹ The fact that Hezbollah operatives could be utilizing the passageways through Merida was not completely unknown, according to Vision Radio of Mexico.³² A report by the station indicated that the U.S. embassy and its affiliated consulate in Merida had in fact, “been investigating the possible presence of Hezbollah in Yucatán since 2009” and that there was even “the possibility that they may have been using the same narco-trafficking and human trafficking routes that have been used to access the US.”³³ Lee Kaplan, a senior analyst on Homeland Security issues, noted that Samer Safa’s own connections to high-level Hezbollah operatives may run deep. He wrote, “Safa...may be related to Wafik Safa, who was Hezbollah’s top security chief in Lebanon and is married to Hezbollah Chief Hassan Nasrallah’s sister.”³⁴ Concerning this link to Hezbollah’s commander-in-chief, Kaplan wrote “one security source has said this may indicate that Nasrallah personally authorized this escape attempt for Labboun.”³⁵ Ramos, in the special report in *Amandala* also noted that following his capture the FBI began investigating Labboun’s possible connections to the September 11, 2001 attacks.³⁶ After his capture, Labboun was returned to Texas, whose parole he had originally violated, and put back in prison.³⁷ Yet, the latest circumstances surrounding Labboun have him out of prison, with his current whereabouts unknown to the public. According

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ Kaplan, 2012.

³⁵ Ibid.

³⁶ Ramos, 2012.

³⁷ Ibid.

to the Federal Bureau of Prisons, Rafic Labboun, registered as prisoner #11053-111 was released from federal custody on May 10, 2013.³⁸

While the history and continuing saga of Rafic Labboun showcases one individual who had established Hezbollah affiliated activities in the United States, it highlights a growing trend of Hezbollah interest in the western hemisphere. Labboun had breached U.S. immigration oversight, settled in the United States, and had only been caught because of credit card fraud rather than terror-related activity. Only after serving his time in prison did Labboun lead federal authorities to more Hezbollah-related personnel, and only then after deciding to breach his parole. The fact that Labboun attempted to escape via the porous U.S.-Mexico border, compounded by the knowledge that two Hezbollah operatives utilizing false passports tried to support him directly, shows the terrorist organization's growing operational prowess in the western hemisphere. It is also important to note that Hezbollah's interest in Labboun's wellbeing, reflected in this attempt to smuggle him out of the United States via Mexico and into Belize, and the possibility, while speculative, that Hassan Nasrallah authorized the attempt, emphasizes Hezbollah's deepening commitment to and interest in Latin America.

Ayman “Junior” Joumaa

One of the definitive reports concerning criminal and terror activities being conducted along the U.S.-Mexico border was published by the United States House Committee on Homeland Security. The report issued in November of 2012, was overseen by Republican Representative Michael T. McCaul, chairman of the committee, and highlighted topics ranging from illegal

³⁸ *Inmate Locator*, Federal Bureau of Prisons – U.S. Department of Justice, Accessed August 18, 2013.

immigration, the ongoing conflict with Mexican drug cartels, as well as the threat of terrorist organizations along the border.³⁹ Indeed, while there are a number of issues that the report deals with, the two highlighted most are those of terrorist infiltration into the United States, and the growing influence of Iran and Hezbollah in Latin America; with the former and latter issues the subjects of the report's first and second sections respectively.⁴⁰ The report noted that its immediate precursor, issued in 2006, had previously mentioned the growing presence of Iran and Hezbollah in Latin America but that now, six years later, that presence had since grown exponentially.⁴¹ The report detailed a congressional delegation trip to Latin America the previous August "for a first-hand assessment" that ultimately concluded "Iran and Hezbollah pose a threat to the entire Western Hemisphere including the United States and our Southwest border."⁴²

One of the cases highlighted by the committee report is that of Ayman "Junior" Joumaa, described as a "Lebanese national and Hezbollah supporter" who was labeled a "Specially Designated Narcotics Trafficker" for his connections and participation in illegal activities concerning the "transportation, distribution, and sale" of South American cocaine.⁴³ The House report also mentioned Joumaa's involvement in the laundering of "hundreds of millions of dollars of cocaine proceeds from Europe and the Middle East" making his overall association with illegal criminal activities much deeper than simple trafficking.⁴⁴ The report took note of a Federal indictment against Joumaa that alleged he participated in the shipment of "thousands of kilograms of Colombian cocaine to the United States via Guatemala, Honduras, and Mexico."⁴⁵

³⁹ Michael T. McCaul, *A Line in the Sand: Countering Crime, Violence and Terror at the Southwest Border* (Washington, DC: House Committee on Homeland Security Subcommittee on Investigations, 2012).

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

The report then highlighted Joumaa's relationship with the Mexican drug cartel known as the Los Zetas. The report also noted that the indictment had specifically mentioned "85,000 kilograms of cocaine that was sold to the Los Zetas drug cartel from 2005 to 2007" and that this "substantiates the established relationship between Hezbollah, a proxy for Iran, and Mexican drug cartels."⁴⁶

The House Committee Report, in citing this evidence against Joumaa and establishing the connection between Hezbollah's narco-terror activities with that of the Los Zetas and other drug cartels more generally, not only corroborated the previously mentioned statements made in 2009 by former DEA official Michael Braun, but also opened the door for further inquiry into Hezbollah's operational activities in Mexico and greater Latin America.

Jamal Yousef

Beyond highlighting Hezbollah drug trafficking activities in Mexico, the House Committee report also discussed the incident of Jamal Yousef, a former member of the Syrian military accused of arms trafficking in Latin America.⁴⁷ The New York Times reported on August 19, 2009 that Yousef

"had plans to supply rebels from the Revolutionary Armed Forces of Colombia, or FARC, with an enormous cache of weapons that included 100 M-16 assault rifles, 100 AR-15 rifles, 2,500 hand grenades, C-4 explosives and antitank munitions."⁴⁸

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ "Arrest in plot to sell arms to terrorists." *The New York Times*. August 19, 2009.

As payment for the weapons arsenal, Yousef expected nearly 1,000 kilograms of cocaine from the terrorist organization.⁴⁹ However, it is now known that the individuals Yousef was directly in contact with, allegedly representing FARC in Colombia were actually informants for the DEA.⁵⁰ The House Committee report described how Yousef confirmed the origin of the illegal and stolen weapons cache as from Iraq and that they “were being stored in Mexico by Yousef’s cousin who is an active member of Hezbollah.”⁵¹ Finally, the report noted that Yousef’s cousin in Mexico made a videotape of the weapons to confirm to the DEA informants their actual existence, and that this tape also showed the cache as being much larger than originally described.⁵² For the additional weapons, another 7,000-8,000 kilograms of cocaine would be included as payment.⁵³

While in Honduras to complete the deal for the FARC, Yousef was arrested on different charges but was ultimately extradited to New York City in August of 2009. In May of 2012 Yousef pleaded guilty to the charges that he planned on providing material support to the FARC in Colombia.⁵⁴ In return for the plea the charge of narco terrorism conspiracy was dropped.⁵⁵ Finally, in October of that year, it was announced that Yousef had been sentenced to 12 years in prison for his guilty plea on attempting to smuggle weapons to a terrorist organization.⁵⁶

The case of Jamal Yousef is important to the overall scope of terrorist-related activity in Latin America because it highlights the ability of both lone-wolf and terror group-affiliated individuals to participate in the trafficking of illegal and dangerous arms in proximity to the United States

⁴⁹ Michael T. McCaul, *A Line in the Sand: Countering Crime, Violence and Terror at the Southwest Border* (Washington, DC: House Committee on Homeland Security Subcommittee on Investigations, 2012)

⁵⁰ “Arrest in plot to sell arms to terrorists.” *The New York Times*. August 19, 2009.

⁵¹ McCaul, 2012.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ “Guilty Plea in Conspiracy Case Linked to Colombian Guerrillas.” *The New York Times*. May 5, 2012.

⁵⁶ “Lebanese Man Sentenced to 12 Years in Prison for Conspiring to Provide Material Support to Terrorists.” *U.S. Attorney’s Office – Southern District of New York*. October 11, 2012.

and its allies and interests in the western hemisphere. While Yousef attempted to sell his wares to FARC in Colombia, he could have just as well made contact with a drug cartel in Mexico, or even provided his arms directly to Hezbollah or Iranian cells. Drugs and money drove Yousef, making his allegiances defined primarily by the highest bidder available. Still, the direct link to the Syrian military, a state-sponsor of Hezbollah and ally of Iran, as well as his cousin, a known Hezbollah member, showcase this same deepening involvement by the terrorist organization and its direct interests in Latin America.

Jameel Nasr

The case of Jameel Nasr and an alleged South American Hezbollah cell was first made public in July of 2010 by Kuwaiti paper Al-Seyassah, which described an operation by Mexican security authorities who conducted surveillance on the cell leader and subsequently arrested him.⁵⁷ Mexican police had previously tracked Nasr's travels, which included frequent visits to Lebanon "to receive information and instructions from Hezbollah commanders there" with the ultimate goal of exploiting "Mexicans nationals with family ties to Lebanon to set up the network, designed to target Israel and the West."⁵⁸ Furthermore, the report notes Nasr traveled to other Latin American countries, including Venezuela, a known ally of Iran and alleged supporter of Hezbollah, where he had stayed for nearly two months during one visit.⁵⁹ Nasr was eventually arrested by the Mexican police in Tijuana, where he had been living at the time.⁶⁰ Like Mucharrafille, Nasr had found an adequate location in Tijuana in which to reside unmolested

⁵⁷ Khoury, Jack. "Mexico Thwarts Hezbollah Bid to Set Up South American Network." *Haaretz*, July 6, 2010.

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid.

while also maintaining close proximity to the United States mainland. In September of 2010, less than 2 months later, Jameel Nasr's case, along with that of Jamal Yousef, were cited in an internal memorandum to officers in the Tucson, AZ police department as evidence of growing Hezbollah presence not only in Mexico but along the U.S.-Mexico border and as potential threats to United States homeland security. The memo stated unequivocally,

“With the arrest of Jameel Nasr and Jamal Yousef, obvious concerns have arisen concerning Hezbollah's presence in Mexico and possible ties to Mexican drug trafficking organizations (DTO's) operating along the U.S. – Mexico border. The potential partnership bares alarming implications due to Hezbollah's long established capabilities, specifically their expertise in the making of vehicle borne improvised explosive devices (VBIED's).”⁶¹

While the internal memo goes on to outline a brief history of Hezbollah, the presence of Hezbollah in the TBA (Tri-Border Area) in South America, as well as the growing influence of Hezbollah ideology and extremist Islam in the United States' prison system, it is important to note that at the local level, law enforcement and civilian authorities have made knowledge of this issue a priority, especially in the south west of the United States.⁶²

Manssor Arbabsiar

One the most famous or perhaps infamous incidents involving Hezbollah, Iran and Mexican drug cartels in the last few years, is that of Manssor Arbabsiar. Arbabsiar is a naturalized American

⁶¹ “International Terrorism Situational Awareness: Hezbollah.” Tucson Urban Area Security Initiative. Tucson Police Department. September 20, 2010.

⁶² Ibid.

who holds passports for both the United States and Iran and previously worked as a used car salesman in Corpus Christi, TX.⁶³ In October of 2011, Arbabsiar was arrested and indicted on charges for the attempted assassination of the Saudi Arabian ambassador to the United States in Washington, D.C., Adel al-Jubeir, as well as additional charges on attempted bombings of locations in the D.C.-area including the Israeli embassy.⁶⁴ Another individual, Gholam Shukuri, was also named in the indictment, and is described as being an “Iran-based member of the Qods Force.”⁶⁵ The Qods Force, according to the Justice Department press release is known as “a special operations unit of the Iranian Islamic Revolutionary Guard Corps (IRGC) that is said to sponsor and promoted terrorist activities abroad” and has known semi-official ties to Hezbollah in Lebanon.⁶⁶ What makes the Arbabsiar case particularly unique is that this alleged member of the Qods Force, on direction from his handler in Iran, attempted to commit this act of terrorism through another proxy, a Mexican-based drug cartel.⁶⁷ This cartel has since been identified as the Los Zetas, and that Arbabsiar had offered alleged representatives of the cartel \$1.5 million to assassinate the Saudi ambassador.⁶⁸

The House Committee report, in describing the Arbabsiar affair, made note that the Qods Force solicited the use of the Los Zetas because it believed simply that “drug traffickers are willing to undertake such criminal activity in exchange for money.”⁶⁹ The report further stated that had the assassination been successful, the Qods Force, through Arbabsiar, “intended to use the Los Zetas

⁶³ Levitt, Matthew. “Tehran’s Unlikely Assassins.” *The Weekly Standard*. August 20, 2012.

⁶⁴ “Two Men Charged in Alleged Plot to Assassinate Saudi Arabian Ambassador to the United States.” *Justice News*. Office of Public Affairs - Department of Justice. October 11, 2011.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

⁶⁸ McCaul, 2012.

⁶⁹ *Ibid.*

for other attacks in the future.”⁷⁰ The plot to assassinate the Saudi ambassador and unleash terror on Washington, D.C. was initially uncovered by the DEA, as Arbabsiar had “met on a number of occasions in Mexico with a DEA confidential source...who posed as an associate of a violent international drug trafficking cartel.”⁷¹ The federal indictment made against Arbabsiar noted that Shakuri, his Qods Force contact in Iran, along with “other Iran-based co-conspirators were aware of and approved the plan.”⁷² The federal indictment also noted that in one meeting conducted in Mexico on July 17, 2011 between Arbabsiar and the two DEA confidential informants, Arbabsiar made it known that an individual working with him had previously visited D.C. to explicitly conduct surveillance on the Saudi Arabian ambassador.⁷³ The indictment goes on to describe how the DEA informants warned Arbabsiar that there could be innocent casualties as a result of the attack, with Arbabsiar remarking, “They want that guy [the Ambassador] done [killed], if the hundred go with him f**k ‘em.”⁷⁴ The indictment then alleged that in August of 2011, Arbabsiar, following approval from Shukuri, transferred two installments of \$100,000 to what was an undercover FBI bank account, as an initial payment for the Los Zetas contract.⁷⁵ It was made clear by Arbabsiar in discussion with the DEA informants that the rest of the payment would only be transferred on completion of the contract; but the informants then requested either half of the full payment or that Arbabsiar go to Mexico and act as collateral until the operation was complete.⁷⁶ The indictment stated that Arbabsiar went to Mexico on September 28, 2011, was denied entry, was returned to the United States, and was then arrested by federal agents upon

⁷⁰ Ibid.

⁷¹ “Two Men Charged in Alleged Plot to Assassinate Saudi Arabian Ambassador to the United States.” *Justice News*. Office of Public Affairs - Department of Justice. October 11, 2011.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

arrival in New York on September 29th.⁷⁷ While in detention, and after allegedly waiving his *Miranda* rights, Arbabsiar confessed to federal authorities that he had been “recruited, funded and directed by men he understood to be senior officials in Iran’s Qods Force.” On October 17, 2012, just over a year after being arrested by U.S. law enforcement, Arbabsiar pleaded guilty in a New York court stating that he wished to “take responsibility my actions.”⁷⁸ While in front of the judge, Arbabsiar reconfirmed his prior confession to law enforcement that he had in fact been working on behalf of the Iranian Qods Force.⁷⁹ Finally, on May 30, 2013 *The New York Times* reported that Manssor Arbabsiar was sentenced to 25 years in federal prison for his involvement in the attempted assassination and terror attack against the Saudi Arabian ambassador.⁸⁰

In an August 2012 article for *The Weekly Standard*, renowned terror-finance expert Dr. Matthew Levitt noted that for many in the media the story of the plot “was deemed too outlandish and unprofessional to be taken seriously” because of Arbabsiar’s lack of training and skills in order to conduct such an important operation on behalf of Iran.⁸¹ Indeed, even then-Secretary of State Hilary Clinton commented, “The idea that [Iran] would attempt to go to a Mexican drug cartel to solicit murder-for-hire to kill the Saudi ambassador, nobody could make that up right?”⁸² However, Dr. Levitt goes on to discuss a number of other past case studies concerning Iran’s alleged use of untrained and unskilled individuals recruited to perform operations and assassinations abroad.⁸³ Dr. Levitt thus provides an historical precedent for the Arbabsiar affair, with some of the plots outlined having been successful and some not. Indeed, the House Committee Report, in further assessing the implications of the Arbabsiar affair stated

⁷⁷ “Iranians Accused of a Plot to Kill Saudis’ U.S. Envoy.” *The New York Times*. October 11, 2011.

⁷⁸ “Man Pleads Guilty in Plot to Murder a Saudi Envoy.” *The New York Times*. October 17, 2012.

⁷⁹ *Ibid*.

⁸⁰ “Man Sentenced in Plot to Kill Saudi Ambassador.” *The New York Times*. May 30, 2012.

⁸¹ Levitt, 2012.

⁸² “AP Interview: Plot to kill envoy will hurt Iran.” *Boston.com via Associated Press*. October 11, 2011.

⁸³ *Ibid*.

unequivocally that, “Had it not been for a DEA informant posing as the Los Zetas operative, this attack could have very well taken place.”⁸⁴ Finally, in a March 2013 Statement for the Record concerning the United States’ intelligence community’s worldwide threat assessment, Director of National Intelligence James R. Clapper described the Arbabsiar affair as a case that “shows that Iran may be more willing to seize opportunities to attack the United States in response to perceived offenses against the regime.”⁸⁵

Ultimately the conclusion that can be drawn most distinctly from the Arbabsiar affair is the fact that the Islamic Republic of Iran, in an effort to operate within and around the United States of America, is willing to employ proxy’s such as Mexican drug cartels, to conduct terror-style attacks and assassinations on its behalf. The Arbabsiar affair emphasizes Iranian interest in opening and developing new and dangerous relationships with groups such as the Los Zetas in order to gain proximity and access to the United States and other American interests in the western hemisphere.

Dangerous Money – Lebanese Canadian Bank

One of the major subjects covered in the original House report concerns the specific money-laundering efforts by Hezbollah in Latin America as well as in the greater Western Hemisphere. It is in this area of criminal activity that drug cartels and Hezbollah, as well as Iran by proxy, share particular common ground.⁸⁶ As exemplified by cases such as those of Ayman Joumaa & the Los Zetas or of Jamal Yousef, money-laundering is a principal concern whether for the

⁸⁴ McCaul, 2012.

⁸⁵ James R. Clapper, *Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community*. Senate Select Committee on Intelligence. March 12, 2013.

⁸⁶ Noriega and Cardenas, 2011.

financing of a terrorist organization, for drug-trafficking cartels, or even for a personal criminal enterprise.

The House Report specifically highlighted Joumaa's money laundering activities that included over \$250 million in illegal cocaine sales from regions ranging from the U.S. and Mexico, to West Africa and even Europe.⁸⁷ The report stated that Joumaa would obtain large amounts of cash in Mexico that would then be funneled through Venezuela or Colombia, with Joumaa then taking a fee that "would vary from eight to 14 percent" while the rest was divided among the various involved drug cartels.⁸⁸ In a press release on January 26, 2011, the DEA noted that alongside its investigation of Ayman Joumaa, additional financial institutions involved in the money-laundering conspiracy had been targeted by OFAC as additional "Specially Designated Narcotics Traffickers" alongside Joumaa, flagging their financial transactions and making it increasingly difficult for them to conduct activities with U.S. financial institutions.⁸⁹ In the complaint filed against Joumaa by the United States Department of Justice, the three entities specifically cited as having connection to the Joumaa case were the Lebanese Canadian Bank (LCB), and two exchange houses, Hassan Ayash Exchange Company and Elissa Holding.⁹⁰

The Department of Treasury, in its own civil complaint against LCB filed in September of 2011, reaffirmed that Joumaa was involved in "bulk cash smuggling operations and use of several Lebanese exchange houses that utilize accounts at LCB branches managed by family members of other participants in the global money laundering network."⁹¹ The civil complaint against LCB further outlined a sophisticated operation involving multiple subsidiaries and other affiliates in

⁸⁷ McCaul, 2012.

⁸⁸ Ibid.

⁸⁹ Press Release, United States Drug Enforcement Agency, January 26, 2011

⁹⁰ Ibid.

⁹¹ U.S. Department of Treasury. *Finding that the Lebanese Canadian Bank SAL is a Financial Institution of Primary Money Laundering Concern*. By James H. Freis, Jr. September, 2011. (4810-02P)

Lebanon, the United States, and as far as West Africa to launder and transfer monies purportedly designated for the Lebanese terrorist organization Hezbollah.⁹² The complaint noted that “through management complicity, failure of internal controls, and lack of application of prudent banking standards” the Lebanese-Canadian Bank “has been used extensively by persons associated with international drug trafficking and money laundering.”⁹³ Furthermore, the complaint alleged, the complex operation involved the funding of seemingly legitimate businesses known as Trade-Based Money-Laundering (TBML) in order to clean the money and ready it for future transfer, in this particular case, car dealerships around the United States.⁹⁴ The Department of Treasury complaint described the operation as follows:

“some of the funds move to LCB’s U.S. correspondent accounts via suspiciously structured electronic wire transfers to multiple U.S.-based used car dealerships—some of which are operated by individuals who have been separately identified in drug-related investigations. The recipients use the funds to purchase vehicles in the United States, which are then shipped to West Africa and/or other overseas destinations, with the proceeds ultimately repatriated back to Lebanon.”⁹⁵ [See Appendix A]

In December of 2011, Federal law enforcement officers alongside the DEA raided one such car dealership in Tulsa, Oklahoma allegedly connected to the Hezbollah-LCB money-laundering operation. Rusty Payne, one of the DEA officials involved in the raid on the dealership explained

⁹² Freis, Jr. James H. September, 2011.

⁹³ Ibid.

⁹⁴ “Trade-Based Money Laundering” U.S. Immigration & Customs Enforcement – U.S. Department of Homeland Security, [<http://www.ice.gov/cornerstone/money-laundering.htm>] Accessed September, 2013.

⁹⁵ Freis, Jr. James H. September, 2011.

the depth of the money-laundering operation and its implications for the overall terror-financing campaign employed by Hezbollah.⁹⁶

"They're making big time money and it's going right into weapons acquisition, terrorist training, recruiting, corruption...Some of that money is flowing back to the United States, back to these used car companies, to purchase more used cars to ship them to West Africa to sell those at a profit and then mix those used car proceeds in with the drug dollars."

In August of 2012, less than a year after it filed its civil complaint, the U.S. Department of Treasury seized nearly \$150 million in assets from the Lebanese-Canadian Bank. U.S. Attorney for the Southern District of New York Preet Bharara noted that,

"Money is the lifeblood of terrorist and narcotics organizations, and while banks which launder money for terrorists and narco-traffickers may be located abroad, [this] demonstrates that those banks and their assets are not beyond our reach."⁹⁷

Ten months later, in June of 2013, LCB and the United States settled the lawsuit with the bank agreeing to forfeit nearly \$102 million of its seized assets.⁹⁸ The case of Ayman Joumaa, the Lebanese Canadian Bank and the affiliated parties involved in this multifaceted money-laundering operation exemplifies the lengths to which drug cartels, criminals, and terrorist organizations such as Hezbollah will go to finance their illicit operations. Still, while criminal

⁹⁶ "DEA Raids Car Dealership with Alleged Ties to Terrorist Group Hezbollah." *Fox News*. December 18, 2011. [<http://www.foxnews.com/us/2011/12/18/dea-raids-car-dealership-with-alleged-ties-to-terrorist-group-hezbollah/>] Accessed September, 2013.

⁹⁷ O'Toole, James. "U.S. seizes \$150 million linked to Hezbollah money laundering." *CNN – CNNMoney*. August 20, 2012. [<http://money.cnn.com/2012/08/20/news/world/feds-seize-hezbollah/index.html>] Accessed September, 2013.

⁹⁸ Smith, Crystie. "Lebanese Canadian Bank To Pay \$102 Million to Settle Suit." *Bloomberg News*. June 26, 2013. [<http://www.bloomberg.com/news/2013-06-25/lebanese-canadian-bank-to-pay-102-million-to-settle-suit.html>] Accessed September, 2013.

and terrorist elements are a major player in such operations, an equal amount of responsibility lies in the hands of the financial institutions complicit in such illicit activities. It is in this respect that a subcommittee of the United States Senate issued an investigative report concerning the threats posed by money-laundering activities, choosing to focus its investigation on one of the world's top banking institutions.

Dangerous Money – HSBC Mexico

In July of 2012, the United States Senate Permanent Subcommittee on Investigations issued a staff report titled “U.S. Vulnerabilities to Money Laundering, Drugs, and Terrorist Financing: HSBC Case History” which focused on the activities by the Hong Kong & Shanghai Banking Corporation and its subsidiaries that had gained the attention of the U.S. Department of Treasury’s Office of Foreign Assets Control. These activities included high risk transactions from Mexico, sensitive transactions involving Iran, Cuba and North Korea as well as others, and possible links to terrorist financing through the al-Rajhi bank in Saudi Arabia.⁹⁹ In the introduction to the report the subcommittee affirms that one of its central functions since 2001 has been “to strengthen U.S. AML (anti-money laundering) efforts by investigating how money launderers, terrorists, organized crime, corrupt officials, tax evaders, and other wrongdoers have utilized U.S. financial institutions to conceal, transfer, and spend suspect funds.”¹⁰⁰ HSBC, the report noted, “is one of the largest financial institutions in the world, with over \$2.5 trillion in assets, 89 million customers, 300,000 employees, and 2011 profits of nearly \$22 billion” and it is

⁹⁹ Levin, Carl, et al. “U.S. Vulnerabilities to Money Laundering, Drugs, and Terrorist Financing: HSBC Case History.” Majority & Minority Staff Report, United States Senate Permanent Subcommittee on Investigations. July 17, 2012.

¹⁰⁰ Ibid.

for this reason that the subcommittee chose to focus on HSBC as a case study, with the central goal of evaluating threats posed to U.S. by outside terrorist and criminal financial activities within legitimate financial institutions.¹⁰¹

The subcommittee report highlights HBMX, or HSBC Mexico, as one of HSBC's affiliated institutions scrutinized for its activities with U.S. financial institutions that were flagged as either sensitive or potentially high risk. The report mentions specifically the possible links to money-laundering activities by drug-trafficking organizations through HBMX activities featuring "high risk clients, such as Mexican casas de cambios (money exchange houses) and U.S. money service businesses" as well as offering high risk financial options "such as U.S. dollar accounts in the Cayman Islands."¹⁰² The report details how HBMX transferred over \$7 billion in cash to HBUS (HSBC United States) over two years in 2007 and 2008, making it the largest exporter of dollars and putting it demonstrably ahead of larger Mexican banks and other HSBC entities.¹⁰³ The subcommittee report thus identifies this history of large cash transfers as potential evidence of illicit activity taking place behind what the bank may have considered as legitimate client transactions. Indeed the report noted,

"Mexican and U.S. authorities expressed repeated concern that HBMX's bulk cash shipments could reach that volume only if they included illegal drug proceeds...that drug traffickers unable to deposit large amounts of cash in U.S. banks due to AML controls, were transporting U.S. dollars to Mexico, arranging for bulk deposits there, and then

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ Ibid.

using Mexican financial institutions to insert the cash back into the U.S. financial system.”¹⁰⁴

In this way the subcommittee alleged that HBMX committed a number of violations of AML standards of which all financial institutions with transactions involving U.S. entities must abide.

These standards included:

“a widespread lack of Know-Your Customer (KYC) information in client files; a dysfunctional monitoring system; bankers who resisted closing accounts despite evidence of suspicious activity; high profile clients involved in drug trafficking; millions of dollars in suspicious bulk travelers cheque transactions; inadequate staffing and resources; and a huge backlog of accounts marked for closure due to suspicious activity, but whose closures were delayed.”

Senator Levin, in addressing the HSBC representative during the subcommittee hearing stated unequivocally that because of its poor efforts to maintain AML standards within its institution, “HBUS exposed the United States to Mexican drug money” among other illicit finances.¹⁰⁵

A Lack of Consensus

Following publication of the House Committee on Home Security report in November 2012, Mexico’s ambassador to the United States, Arturo Sarukhán rejected the report’s conclusions that Hezbollah and Iran were operating out of his country and working alongside the drug

¹⁰⁴ Ibid.

¹⁰⁵ Fontevecchia, Agustino. “HSBC Helped Terrorist, Iran, Mexican Drug Cartels Launder Money, Senate Report Says.” Forbes. July 16, 2012.

cartels.¹⁰⁶ A letter written to *The Daily Caller* by the Mexican ambassador's spokesman stated that "The Government of Mexico, as it has done in the past, reiterates that no such relationship or presence exists" citing a United States State Department report on terror activity in regional countries as clear evidence exonerating Mexico.¹⁰⁷ The State Department Report, issued in July 2012, stated, "No known international terrorist organization had an operational presence in Mexico," continuing "There was no evidence of ties between Mexican criminal organizations and terrorist groups."¹⁰⁸ That same report updated and re-issued less than a year later on May 30, 2013 reaffirmed this same position that there was no evidence suggesting terrorist operational presence in Mexico. However the new report did not include the second portion of the 2011 report negating any evidence of connections between terrorist organizations and Mexican criminal bodies.¹⁰⁹

A day later, on May 31, 2013, two senior officials from the Obama administration, in a teleconference briefing through the State Department with the media acknowledged "a marketing resurgence of terrorist activity by Iran and Hezbollah."¹¹⁰ Following the officials' opening remarks, Lourdes Meluza of Univision News questioned the two officials about the lack of consensus between the State Department report on Mexico with the House Committee on Homeland Security report from November 2012 asking,

¹⁰⁶ "Mexico disputes House GOP report alleging Iran, Hezbollah are using Mexican drug cartels." *The Daily Caller*, November 20, 2012.

¹⁰⁷ Ibid.

¹⁰⁸ *Country Reports on Terrorism 2011 - Chapter 2. Country Reports: Western Hemisphere*. Office of the Coordinator for Counterterrorism. Issued July, 2012.

¹⁰⁹ *Country Reports on Terrorism 2012 - Chapter 2. Country Reports: Western Hemisphere*. Office of the Coordinator for Counterterrorism. Issued May, 2013.

¹¹⁰ *Background Briefing by Senior Administration Officials – On Iran, the IRGC, and Hezbollah's Increased Terrorist Activity Worldwide*. Special Briefing by Senior Administration Officials Via Teleconference, United States State Department. May 31, 2013.

“Are you not concerned about that at all? At this point there is even – they [House Committee on Homeland Security] even cite indictments where in the federal district of Virginia, they substantiate reports of (inaudible) between these cartels and Hezbollah.”¹¹¹

In response, one of the administration officials acknowledges the Arbabsiar affair and that the administration is “quite concerned about Hezbollah and its global reach.”¹¹² However, the official continued, “We don’t have evidence of an operation network – Hezbollah across South America” and that “as for an operational link to activities in South America, Central America, or Mexico, we don’t have that.”¹¹³

Conclusion

On October 12, 2011, in following up on his previous article co-authored with Roger Noriega, José Cárdenas wrote for *Foreign Policy Magazine* that Hezbollah’s and Iran’s overarching goals in the western hemisphere “are three-fold: to break down their international isolation and gain access to strategic resources; undermine U.S. influence in the region; and establish a new platform from which to wage war against the United States.”¹¹⁴ While emphasizing that Hezbollah and Iranian connections to Mexican drug cartels are “nothing new,” Cárdenas however noted some very unique developments concerning the operational activities of the cartels in Mexico.¹¹⁵ He wrote that additional experts had noticed the “increasing use of small improvised explosive devices (IEDs) and car bombs” by the cartels in their on-going conflict with Mexican law enforcement, and also acknowledged that their use is “an expertise for which

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Ibid.

¹¹⁴ Cárdenas, José R., “Why is Iran conspiring with Mexican drug dealers?” *Foreign Policy Magazine*. October 12, 2011.

¹¹⁵ Ibid.

Hezbollah is particularly known.”¹¹⁶ Furthermore, he wrote, “the ongoing discovery of increasingly sophisticated narco-tunnels along the U.S.-Mexico border” was suggestive of a proliferation of new capabilities, particularly that of tunnel-building similar to that done by Hezbollah in Lebanon, among Latin American criminal organizations.¹¹⁷ In an interview with CBN News in November 2012, U.S. Representative Jeff Duncan (R-S.C.) from South Carolina was quoted as saying, “You’ve got narco-drug cartel tunnels underneath the southern border that resemble what you find in southern Lebanon that are built by Hezbollah” affirming the implication that Hezbollah may in fact be sharing this particular expertise with drug cartels in Mexico.¹¹⁸

The previously outlined case studies are only a handful of the incidents known to be tied to Hezbollah and/or the Iranian regime that took place in connection to Mexico and Latin America more generally. The fact remains that there is a lot more illegal, illicit, and dangerous activity being conducted beyond what is publicly and in some respects, privately known by law enforcement, intelligence agencies, and government officials. Furthermore, there is also still a lack of consensus on Hezbollah and Iranian activity in Latin America and Mexico in particular, even at the highest levels of the United States government. This is exemplified by the disparity between the conclusions in the reports issued by U.S. State Department and the U.S. House Committee on Homeland Security in 2012.

Based on the myriad official reports by agencies in the United States government, as well as articles, analyses, and assessments by experts in the fields of counter-terrorism and homeland security, there is general agreement that Iran and by proxy, Hezbollah, are actively engaged in

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ “Iran, Hezbollah Tentacles Reaching Latin America.” *CBN News*. November 30, 2012.

expanding their presence beyond the Middle East, Europe, and Africa into the greater Western Hemisphere.

In this context, Cárdenas' assessment concerning Hezbollah and Iran rings all the more true. The evidence previously presented shows that both Hezbollah and Iran are expanding in order to break away from their isolation by the international community, are doing so in order to obtain access to resources and channels that they did not have before, are working to weaken the United States' influence in its own hemisphere, and most dangerously could potentially create the groundwork for a launch pad against the United States' homeland. Still while this one evaluation seems to fit the pattern of behavior exemplified by the previous case studies, it is but one among many. The fact remains that the true reasons for Hezbollah and Iranian incursion into Mexico and Latin America more generally, are only known to those parties; and what must concern the United States, her allies and her interests most is what is being planned for the future, simmering just beneath the surface.

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Appendix

Government organizations

CRS – Congressional Research Service

DEA – Drug Enforcement Agency

DHS – Department of Homeland Security

DOJ – Department of Justice

DOT – Department of Treasury

FBI – Federal Bureau of Investigation

OFAC – Office of Foreign Assets Control

Non-government organizations

DTO – Drug Trafficking Organization

FARC - Revolutionary Armed Forces of Colombia

HSBC – Hong Kong Shanghai Banking Corporation

HBMX – HSBC Mexico

HBUS – HSBC United States

ICA - Iraqi Community Association

LCB – Lebanese Canadian Bank

Abbreviated terminology

AML – Anti-money laundering

IED – Improvised explosive device

TBA – Tri-border Area

TBML – Trade-based money laundering

VBIED – Vehicle borne improvised explosive device

Lebanese Canadian Bank & Hezbollah Money Laundering Operation

