



# Hezbollah's Ties to Iran and Illicit Funding



## Introduction

Hezbollah, Arabic for “Party of God,” serves as an Iranian-backed military force, political party, terrorist group and transnational criminal organization. Although based in Lebanon, Hezbollah’s influence and attacks have extended to nearly every continent across the globe. Despite popular belief, Hezbollah is far more than a rogue terror group. It actually runs a country and has won seats in Lebanon’s parliament since 1992. In fact, Hezbollah has grown into the most dangerous terrorist army in the world with a standing militia that is larger, better funded and better armed than the Lebanese Armed Forces. Hezbollah’s different facets all serve as a means to one end: to export the Iranian Revolution as far as possible while helping Iran gain strategic depth within the Middle East.



## Hezbollah's Ideological Ties to Iran

In order to understand Hezbollah’s mission, it is crucial to realize the group owes its impact to Iran. Without the financial and ideological support of Iran, Hezbollah would not exist. In 1979, there was a turning point in Iran that set the stage for its alliance with Hezbollah in Lebanon. This is due to the Iranian Revolution resulting in Iran’s monarchy being overthrown and replaced by the Islamic republic instead. Within Lebanon, Hezbollah was being formed as one of the leading factions in Lebanon’s civil war (1975-1990). Hezbollah was formed into a militia for members of the country’s Shiite sect of Islam. While Hezbollah was in its early stages of development, Iran itself, which is as a Shiite majority country, quickly became a natural ally to the group. Only about 15 percent of the global Muslim population is Shia, while approximately 85 percent are Sunni.

In addition to Iran’s support, Hezbollah was able to advance in Lebanon due to the state remaining weak and largely absent amidst an extensive civil war. This instability served as an opening for Hezbollah to gain power within the country. From its birth, Hezbollah has been transparent about desiring to spread an ideology of resistance as far as possible. The group consistently claims to be a voice for the voiceless against powerful governments and successful nations across the globe. This mentality and distaste for prosperous countries further initiated Hezbollah’s sheer hatred for both Israel and the United States.

The group’s sense of victimhood and ability to increase in popularity largely stems from Lebanon’s Shiite population having felt neglected and treated with disdain and disrespect by the country’s elite Sunni population while remaining stuck in poverty with high illiteracy rates.

## Hezbollah Welcomes Iran Into Lebanon

Following the Iranian Revolution, after Iran’s monarchy was replaced with the Islamic Republic, Iran sent approximately one thousand soldiers to Lebanon to train Hezbollah fighters. It is important to understand that this was both military and ideological training. .



Amidst the brutal Lebanese civil war, these Iranian guards were hardly noticed in the noise of the conflict. In the early 1980s, these Iranian soldiers established training camps in the Beqaa Valley to prepare members of Hezbollah to further the imperialist agenda of the Iranian Revolution both within the group's home country of Lebanon and abroad. By 1985, Hezbollah issued its initial manifesto which called for, among other things, the establishment of an Iran-styled Islamic republic in Lebanon.

### Iran Provides Hezbollah with Financial Support

Iran pledged to aid Lebanon's Shiite Muslims by providing financial support reaching tens of millions of dollars. Iran is believed to fund Hezbollah at least \$100 million each year, although both Western diplomats and analysts in Lebanon have stated that the group receives closer to \$200 million yearly from the Islamic Republic.



Iran's financial support for Hezbollah comes through several methods. Cash is only one, limited example of how Iran provides support for Hezbollah. In fact, the majority of Iran's support for the group comes from material goods such as weapons. Iran uses cargo planes to deliver sophisticated weaponry from rockets to small arms. These weapons reach Hezbollah by way of Syria, where they are offloaded in Damascus from Tehran and driven to Hezbollah's training camps in Lebanon's Beqaa Valley. In addition to sending Hezbollah cash and weapons, Iran also utilizes private charities to funnel money to the group. These charities are alleged to be affiliated with Iran's Supreme Leader who is also responsible for controlling key Iranian institutions such as the judiciary, the revolutionary council, and the intelligence and security sources (2).



Hassan Nasrallah, Secretary General of Hezbollah

In addition to financial backing, Iran backs Hezbollah's training and logistical operations which allows the group to coordinate its attacks and other initiatives in a highly strategic and efficient manner. This is largely made possible through the way that Hezbollah's global framework is designed. Hezbollah's networks in continents across the globe are each overseen by both senior Hezbollah and Iranian officials. This allows for extremely accessible communication between Hezbollah's fighters and those who lead the group's malevolent activities (3). Because Hezbollah is an extension of Iran, it operates under its direct commands.

Iran also provides support for Hezbollah through hosting training camps for the group, as well as for additional terrorist organizations. In 2002, it was reported that Iran established and provided funding for terrorist camps in Syrian-controlled territory to train Hezbollah. Other terror groups that Iran trained at its camps included Hamas, Palestinian Islamic Jihad and the Popular Front for the Liberation of Palestine. Iran used these camps particularly to train Hezbollah in how to use weapons that included the short-range Fajr -5 missile and the SA-7 anti-aircraft rocket. These camps were reported to be run by the Islamic Revolutionary Guard Corps (IRGC), and western intelligence agencies have reported that they cost close to \$50 million to host.

***"We are open about the fact that Hezbollah's budget, its income, its expenses, everything it eats and drinks, its weapons and rockets, come from the Islamic Republic of Iran." — Hassan Nasrallah, Secretary General of Hezbollah***

## Hezbollah's Funding Through Criminal Activity

In order to raise money for its activities, Hezbollah relies heavily on engaging in criminal activity such as drug trade, illicit diamond trade, smuggling and fraud. Hezbollah's criminal enterprises expand across the globe to North America, South America and the Middle East. Law enforcement officials within the United States are continuing to investigate different criminal enterprises that provide funding for terror groups including Hezbollah. These criminal acts include food stamp fraud, welfare claims and even the stealing and reselling of baby formula. In fact, it has been reported that over \$20 million is brought in annually by Middle Eastern terrorist groups engaging in scams in the United States.



It is believed that Hezbollah focuses on avoiding violent attacks in the United States in order to prevent massive retaliation toward Lebanon. Instead, Hezbollah often opts for crimes more centered around drug trafficking and cons. Operation Smokescreen (1995-2002), for example, was responsible for breaking up a Hezbollah cell based in Charlotte, North Carolina that was focused on raising funding for the group through bootlegging cigarettes. In 2013, Operation Tobacco resulted in 16 being indicted in the US for trafficking bootleg cigarettes where the proceeds of the sales went to Hezbollah. Then, in 2011, both the Lebanese Canadian Bank and other financial institutions throughout Lebanon were implicated in a money laundering scandal that involved the selling of used cars in South Africa from approximately 70 US car dealerships. It is estimated that this massive scheme raised \$480 million for Hezbollah (4).

Operation Cedar was part of a much larger law enforcement effort known as Project Cassandra that was launched in 2008 by the DEA after evidence demonstrated that Hezbollah had grown beyond a military and political organization in Lebanon and was in fact serving as an international criminal organization that was collecting what some investigators believe amounts to \$1 billion from criminal activities consisting of drug and weapon trafficking and money laundering (4).

In addition to drug trafficking, some of Hezbollah's prominent figures are also involved in horrific criminal enterprises such as human and sex trafficking. In 2016, Lebanese authorities ended up discovering a large prostitution network that mainly consisted of Syrian women. Press reports ended up linking the scandal to Ali Hussein Zeaiter, a Hezbollah official responsible for procurement and criminal financing who was also designated as a terrorist by the US Treasury Department for his use of acquiring unmanned aerial vehicle components that have been operated by Hezbollah over Syrian territory and against Israel.

In May 2018, the US Treasury Department designated Mohammad Ibrahim Bazzi as a terrorist and referred to him as a "Hezbollah financier" who was close with both the former Gambian dictator Yahya Jammeh and a drug dealer with ties to Hezbollah, Ayman Joumma (6). The US Treasury Department made it clear that Bazzi served as a major donor to Hezbollah who had the ability to provide the group with aid through his own questionable activities. One of these endeavors included news that Bazzi was engaged in human trafficking when the US Treasury released a report highlighting his ties to Yahya Jammeh. This report emphasized Jammeh's human right abuses involving the charge of human trafficking. Lebanon has been reportedly connected to Gambia's sex trafficking and human trafficking abuses through association with Jammeh. The US State Department has stated that this does not solely involve the smuggling of people from Lebanon to Gambia but the reverse as well (6).



## Hezbollah's Funding Through Criminal Activity

Although Bazzi was reported to have been included in the US Treasury's original press release about this human trafficking violation and Bazzi's role in human trafficking was discovered by the DEA as part of their Project Cassandra investigation into Hezbollah's money-laundering and drug trafficking operations, agents who uncovered his role had their hands tied. This is due to the Obama administration derailing Project Cassandra to appease Iran during negotiations for the Joint Comprehensive Plan of Action (JCPOA). When President Obama entered office in 2009, the new administration sought to improve relations with Iran as part of a broader effort to strengthen ties with the Muslim world. This new stance toward Iran differed significantly from the prior administration's policies of increasing pressure on the Islamic republic to halt its illicit nuclear program (5).



As part of an effort to reduce tensions with Tehran during delicate JCPOA negotiations with Iran, the Obama administration is reported to have blocked attempts by Project Cassandra agents to track down members of Hezbollah, Iran's proxy, who were under investigation for drug trafficking and money laundering. As a result, when the White House held a meeting in 2014 to discuss the human trafficking issue in Gambia before Jammeh visited Washington, agents from the Project Cassandra Task Force were excluded due to fear that this would lead into discussions about Hezbollah and Bazzi's role in these activities (6). This hindrance continued when officials at the Justice and Treasury departments delayed, hindered or rejected requests by Project Cassandra agents for several critical investigations, arrests and financial sanctions against major Hezbollah players (5).

1. Editors of the Encyclopaedia Britannica, "Hezbollah" (August 20, 2020), Encyclopædia Britannica, <https://www.britannica.com/topic/Hezbollah>
2. Matthew Levitt, "Hezbollah Finances: Funding the Party of God" (February 2007), The Washington Institute, <https://www.washingtoninstitute.org/policy-analysis/view/hezbollah-finances-funding-the-party-of-god>
3. Tony Badran and Emanuele Ottolenghi, "Hezbollah Finance in Lebanon" (September 23, 2020), Foundation for Defense of Democracies, <https://www.fdd.org/analysis/2020/09/23/hezbollah-finance-in-lebanon/>
4. Christopher Holton, "Hezbollah: The World's Leading Narco-Terrorist Organization" (April 1, 2019), Center for Security Policy, <https://www.centerforsecuritypolicy.org/2019/04/01/hezbollah-the-worlds-leading-narco-terrorist-organization/>
5. Josh Meyer's The Secret Backstory of How Obama Let Hezbollah off the Hook" (June 2017), Politico, <https://www.politico.com/interactives/2017/obama-hezbollah-drug-trafficking-investigation/>
6. Matthew Levitt, "Hezbollah's Corruption Runs Deep" (June 20, 2018), The Washington Institute, <https://www.washingtoninstitute.org/policy-analysis/view/hezbollahs-corruption-crisis-runs-deep>