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Pushback

Countering the Iran Action Network

By Scott Modell and David Asher



Center for a
New American
Security

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Cover Image

Iran's elite Revolutionary Guard special forces participate in military maneuvers at an undisclosed location near the Gulf in April 2006.

(AFP/Getty Images)

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PUSHBACK: COUNTERING THE IRAN ACTION NETWORK

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I. EXECUTIVE SUMMARY

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U.S. policy toward Iran has focused mainly on addressing the nuclear challenge, but it has overlooked the threat posed by Iran's global revolutionary network. For more than three decades, Iran has sought to preserve the Islamic revolution at home and to promote it abroad, through a network of government and nongovernment organizations that we call the Iran Action Network (IAN). The members of that network are involved in crafting and implementing the covert elements of Iran's foreign policy agenda, from terrorism, political, economic and social subversion; to illicit finance, weapons and narcotics trafficking; and nuclear procurement and proliferation.

Iran relies on three key organizations to coordinate and oversee the promotion of the revolution internationally.

IRGC Qods Force

The Qods Force, an elite branch of the Islamic Revolutionary Guard Corps, is responsible for irregular warfare and asymmetric operations. It leads subversive activities abroad ranging from non-violent cultural and business fronts to assassinations, backing political resistance organizations, and support to violent opposition groups.

The Ministry of Intelligence and Security

The MOIS is heavily involved in foreign intelligence collection and covert action programs, especially in the Middle East. It is a key player in Iran's global efforts to export its revolution, second only to the Qods Force.

Lebanese Hezbollah

Hezbollah has been Iran's strongest non-state ally since its inception a few years after the Iranian Revolution in 1979. Traditionally, Hezbollah's role in projecting Iranian power is tied to the goals of fighting Israel and protecting Lebanon. Hezbollah today is a key element in fighting on the front lines in Syria, alongside Qods Force advisers and trainers and Syrian army units. However, in the

last two decades Hezbollah has also extended its organizational and operational reach throughout the world, and developed deep ties to transnational organized crime as part of its strategy and financing.

Although the Qods Force, the MOIS and Hezbollah operate throughout the world, their activities in the Middle East and Afghanistan, Africa and Latin America pose particular concerns for U.S. policymakers.

The Middle East and Afghanistan

The Qods Force has a substantial presence throughout the region. The Qods Force's largest overseas command is in Iraq. While it has led operations against Americans in the past, today it focuses on recreating Iraqi special groups in Syria and recruiting Iraqi Shia to join Syrian Shia militias commanded outside of Iran. In Syria itself, the Qods Force is in charge of Iran's support to Syrian troops and regime loyalists, and has played a critical role in preventing the collapse of the Asad government. In the Gulf States, Iran has ramped up covert action in an effort to embolden Shia opposition movements across the Arabian Peninsula. In Afghanistan, the Qods Force focuses on maintaining illegal cross-border activity with the Taliban, and garnering political and economic influence through soft power.

Africa

Hezbollah and Iran have a growing threat-financing and facilitation network in Africa. Lebanese expat communities throughout Africa have developed a wide array of international trade-based money laundering and criminal schemes, involving currency exchanges, cash smuggling, drug trafficking, call centers and direct flights to Beirut.

Latin America

Iran and Hezbollah have built a multilayered infrastructure across Latin America that includes official and unofficial Iranian government

The United States also needs to conduct a an active pushback campaign to combat Iran's regional and global influence that falls short of military action but is nonetheless operationally aggressive and robust.

personnel, Hezbollah members, a broad network of local and regional collaborators, links to organized crime groups and official liaison relationships with a limited number of Latin American police, intelligence services and militaries.

Sanctions and diplomacy alone will not stop the activities described above. The United States also needs to conduct a an active pushback campaign to combat Iran's regional and global influence that falls short of military action but is nonetheless operationally aggressive and robust. This campaign should involve:

Improving U.S. Government Coordination

The U.S. government should create a task force assigned with disrupting and dismantling the Iran Action Network, critically including the IAN's strategic defeat in Syria. It should also create a covert influence initiative to counter the IAN and expedite the information-sharing process. Finally, the U.S. government should increase information operations against the IAN.

Incorporating Law Enforcement Activities

The U.S. government should give law enforcement the resources and access it needs to succeed as a strategic element of national power. It should treat

Hezbollah as a transnational criminal organization and target Iranian government illicit activities as well.

Targeting the Financial Network

The U.S. government should appoint an illicit-finance czar to empower and elevate Treasury operations at the White House. It should step up use of Section 311 of the USA Patriot Act against the IAN. It should also financially target Lebanon and target the IAN reliance on Lebanese banks as well as global trade-based money laundering activities via the Lebanese banking system.

A comprehensive pushback campaign would make it much harder for Iran to pursue the types of covert action described above. The initiatives would also go a long way toward exposing and damaging the criminal foundations of the IAN. Moreover, they would further undermine the notion that Iran's Islamic revolution is the true source of inspiration in the Muslim world today.

II. INTRODUCTION

U.S. policy toward Iran has focused mainly on addressing the nuclear challenge, but it has overlooked the threat posed by Iran's global revolutionary network. The U.S. nuclear strategy, which is based on the dual pillars of sanctions and diplomacy, is realistically grounded, well-resourced and run about as effectively as can be expected. However, Iran's nuclear program is just the tip of a revolutionary spear that extends across the world and that threatens key U.S. interests.

For more than three decades, Iran has sought to preserve the Islamic revolution at home and to promote it abroad, through a network of government and nongovernment organizations that we call the Iran Action Network (IAN). The members of that network are involved in crafting and implementing the covert elements of Iran's foreign policy agenda, from terrorism, political, economic and social subversion; to illicit finance, weapons and narcotics trafficking; and nuclear procurement and proliferation.

Policy initiatives in three areas – covert action, financial warfare and law enforcement – have the potential to roll back Iran's revolutionary apparatus around the world. These initiatives can be accomplished with limited military actions and a wide variety of nontraditional, nonviolent measures, including counter-threat finance actions and sanctions; a strategically orchestrated law enforcement campaign; information and influence operations; increased covert action and active coercive diplomacy; and the creation of a coalition of like-minded states to contain, counter, disrupt and deter.

This report describes the three most important actors in the IAN: the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF), the Iranian Ministry of Intelligence and Security (MOIS) and

Lebanese Hezbollah. It then describes how these actors are operating in several critical regions around the world and the types of threats they pose. It concludes with detailed policy recommendations, which, taken together, will help reduce those threats.

III. HOW DOES IRAN EXPORT THE REVOLUTION?

Iran relies on two key domestic organizations to coordinate and oversee the promotion of the revolution internationally: the MOIS and the IRGC-QF. Both work closely with Lebanese Hezbollah and a complex network of proxies and supported entities, including Palestinian Islamic Jihad, Hamas and even al Qaeda.¹ Iran's revolutionary apparatus has spread to every continent, though it is focused on the Middle East and is deeply nested with political, cultural and business entities that exist to provide support, including financing, to the revolution as well as enhance its spread.

The IRGC Qods Force

While all Iranian government entities overseas are responsible for promoting the Islamic revolution, subversive activities abroad such as assassinations and support to violent opposition groups have come under the lead of the Qods Force, an elite branch of the IRGC responsible for irregular warfare and asymmetric operations.² Despite its reputation for violent covert action, the Qods Force revolutionary mission is remarkably broad. As one State Department official described their mission, "It's like taking the CIA, Special Forces, and the State Department and rolling them into one."³

The primary missions of the Qods Force are to:

- Conduct covert action and tactical intelligence collection, with operations designed to organize, train, equip and finance Islamic movements and pro-Iran militants around the world;
- Direct and support assassinations, mainly against Western and Israeli targets;
- Conduct covert diplomacy;
- Lead the planning and forward deployment of IRGC forces as the central piece of Iran's asymmetrical warfare doctrine;
- Engage in covert influence and spread the

resistance via cultural, social, economic, political, and business entities and organizations; and

- Build a global commercial apparatus designed to acquire new technologies, assist with government covert action programs, create new sources of revenue and add to existing threat facilitation networks.⁴

The importance of covert action to Iran's revolutionary export strategy has been very clear: Since May 2011, there have been more than 20 terrorist plots implicating Iran. From an attempt to murder the Saudi ambassador to the United States⁵ to a foiled bomb plot in Kenya, Iran continues to view covert action as an important tool of foreign policy.⁶

The Qods Force is engaged in panoply of non-kinetic activities that play a central role in its external resistance mission. Qods Force officers work within a remarkable array of front companies, religious foundations, cultural centers, charities and quasi-governmental organizations.⁷ For example, the Ahlul Bayt World Assembly (ABWA) was ostensibly set up to promote Iran's revolutionary ideology overseas and to serve as a link between the Iranian clerical establishment and foreign Shia clerics. However, ABWA has also served as an effective cover for assisting with intelligence-gathering; spotting and recruiting foreign students; and moving money and materiel destined for Qods Force (and MOIS) operations. The head of ABWA, Mohammad Hassan Akhtari, is a two-time ambassador to Syria with decades of experience in the Levant dating back to the formation of Hezbollah. He understands Iran's objectives in Syria, Iraq and Lebanon as well as anyone and effectively merges ABWA and the Qods Force wherever necessary to advance covert action programs in the region.⁸ Qods Force commanders rely on entities such as ABWA to help with information operations designed to shape local opinion in favor of Iran; to maintain contact and supply lines with

Shia proxy groups; and as foreign-based units for collecting information.⁹

One of Iran's most effective charities at home and abroad is the Imam Khomeini Relief Committee (IKRC). As a key instrument of soft power used to promote Iran's ideological and political goals, IKRC is a humanitarian aid organization that also organizes anti-American protests, promotes Shia Islam and has been known to work closely with the Qods Force. In fact, after the fall of the Taliban in Afghanistan in late 2001, the Imam Khomeini Relief Committee regularly coordinated its activities with the Iranian Consulate in Herat, then run by senior Qods Force commander Hassan Kazemi-Qomi. IKRC used its well-established presence, especially in Hazara Shia-centric areas of western and central Afghanistan, to help import and distribute money and supplies on behalf of the Qods Force.¹⁰

The Qods Force is also notable for its use of legitimate-looking, profit-seeking entities as part of its covert penetration and influence strategy globally. Iran typically uses real companies to front for its operations, rather than shell companies, and uses them to generate income for its operations as well as provide a licit means of accessing the international system for its operatives. One of the most notorious entities is Iran's No. 2 national air carrier, Mahan Air. The U.S. Treasury Department designated Mahan as a terrorism front on October 12, 2011. As described by Treasury Undersecretary for Terrorism and Financial Intelligence David Cohen:

Mahan Air's close coordination with the IRGC-QF – secretly ferrying operatives, weapons and funds on its flights – reveals yet another facet of the IRGC's extensive infiltration of Iran's commercial sector to facilitate its support for terrorism ... Mahan Air provided travel services to IRGC-QF personnel flown to and from Iran and Syria for military training.

Mahan Air also facilitated the covert travel of suspected IRGC-QF officers into and out of Iraq by bypassing normal security procedures and not including information on flight manifests to eliminate records of the IRGC-QF travel. Mahan Air crews have facilitated IRGC-QF arms shipments. Funds were also transferred via Mahan Air for the procurement of controlled goods by the IRGC-QF.¹¹

The Ministry of Intelligence and Security

The Ministry of Intelligence and Security (MOIS) is heavily involved in foreign intelligence collection and covert action programs, especially in the Middle East. The MOIS is a key player in Iran's global efforts to export its revolution, second only to the Qods Force. Much of what the MOIS does, however, is not oriented toward building power outside Iran. The MOIS devotes tremendous resources to monitoring, penetrating and dismantling political opposition at home, which includes counterintelligence and counterespionage.¹²

The MOIS is entrusted with some of the most sensitive covert action missions around the world, such as working with the IRGC to operate signals intelligence stations in Syria, apparently for the purpose of providing tactical intelligence to Hezbollah.¹³ The MOIS helps export the revolution by funneling lethal aid to Iranian proxies from Yemen to Lebanon; contributes to Iran's global threat facilitation network with the use of active and retired MOIS officers; helps Iran acquire military technology, both conventional and nuclear; and builds influence networks under a variety of covers – all for the purpose of promoting the Islamic revolution. Defensively, the MOIS infiltrates Iranian opposition groups, and counters foreign intelligence services and other external threats.¹⁴

MOIS officers operate out of Iranian embassies and make use of cultural centers, reconstruction committees, nongovernmental organizations and

real businesses.¹⁵ Over time, MOIS officers have expanded their involvement in commercial operations, taking advantage of Iran's push for greater influence outside the Middle East, such as in Latin America and Africa. MOIS officers operate companies around the world, which serve as illicit sources of finance, nodes in international threat facilitation networks such as shipping companies, freight forwarders and corrupt government officials. The MOIS role overseas is not limited to lethal forms of covert action. It includes covert influence, or Iran's soft war to promote itself and the revolution, and to denigrate the United States and the West.¹⁶

The MOIS has also long emphasized the power of the global soft war against Iran and the legitimacy of the Islamic revolution. In its latest assessment, the MOIS alludes to Iran's struggle to cope with the proliferation of non-state actors that have damaged its international standing. The MOIS acknowledges the complexity of countering the soft war offensives of the West and the need for a more nuanced approach of its own. Such an approach, it asserts, should begin with the establishment of a multiagency command headquarters.¹⁷

The MOIS Department of Disinformation, known as Nefaq, is an important player in Iran's soft war. It is responsible for downplaying Iran's involvement in covert action abroad, limiting political freedoms at home and generating negative reporting on political opposition groups, such as the Mojahedin-e Khalq and Jundallah.¹⁸ Nefaq oversees the Organization for Islamic Propaganda, also known as the Islamic Ideology Dissemination Organization.¹⁹ The Organization for Islamic Propaganda is responsible for psychological operations designed to shape Muslim communities around the world. In the past, Ahmad Khomeini, a son of the founder of the Islamic Republic, spoke about the Organization for Islamic Propaganda's role in creating "cultural resistance cells" in Central Asian republics after the dissolution of the Soviet Union.²⁰ Today, all these endeavors are part

of the larger effort referred to in Iran as the rise of resistance, or "khizesh-e moqavemat."²¹

In Afghanistan, the MOIS and Qods Force continue to oversee Iran's relationship with the Taliban, smuggling networks and others.²² Senior Afghan officials, such as former National Directorate of Security chief Amrullah Salleh, often attribute Iran's outreach to the Taliban to fear of a U.S. attack and the need for means of reprisal.²³

Lebanese Hezbollah

Hezbollah has been Iran's strongest non-state ally since its inception a few years after the Iranian Revolution in 1979. Traditionally, Hezbollah's role in the greater projection of Iranian power is tied to the goals of fighting Israel, protecting Lebanon and supporting Shias in Lebanon and throughout the region. Today, that role includes fighting on the front lines in Syria, alongside Qods Force advisers and trainers and Syrian army units. Hezbollah now openly acknowledges its military role in Syria, moving from village to village in sweeping military maneuvers designed to clear and hold key cities such as Qusayr along the border between Lebanon and Syria.²⁴

The Qods Force is comprised of different departments that oversee operations in designated geographic and functional areas. Its Department 2000 is a crucial link between Iran and its closest allies in the Arab world.²⁵ It manages Iran's relationship with Hezbollah, which involves the flow of some of Iran's most sophisticated weapon systems, such as explosively formed penetrators (EFPs), anti-tank guided missiles (ATGMs)²⁶ and various short- and medium-range artillery rockets, such as the Fajr-5 and Zelzal-2.²⁷ Hard-hitting economic sanctions, the war in Syria and disrupted supply lines have forced Department 2000 to rely increasingly on commercial front companies. This department, which has been traditionally responsible for arming and training Iraqi militants in

camps in southern Lebanon and Iran, will remain one of the most important Qods Force units. Its expertise in the use of improvised explosive devices (IEDs) and EFPs, as well as kidnapping, communications and small-unit operations, will continue to benefit Iran's interests in both Lebanon and Syria.²⁸

Traditionally, Hezbollah survived on funding from Iran. That dependency has decreased through the years, though. Hezbollah has had to find other sources of income, mainly due to economic sanctions on Iran (which have caused a 36 percent decrease in Iran's budget since last year),²⁹ but also because of Hezbollah's growing lucrative involvement in transnational organized crime.³⁰ Hezbollah also profits considerably from its control of ports, roads, airport terminals and other infrastructure, a control that yields bribes, customs duties, etc. Nevertheless, Iran continues to be the main source of both basic and advanced weapons for Hezbollah, such as anti-tank, anti-aircraft and, more recently, anti-ship missile systems.

Hezbollah has become a global organization operating on every continent, drawing on the Lebanese diaspora. It works closely with the MOIS on foreign intelligence collection, often against Israel. The MOIS supports Hezbollah, in turn, by providing sensitive communication equipment and other material support.³¹

Hezbollah's External Security Organization (ESO) also provides support to lethal covert action programs run by the Qods Force.³² This includes assassinations, targeted bombings and other Iran-related terrorist incidents. The ESO has long supported Qods Force-led operations as a key element of Iran's global threat network, from direct participation in large-scale terrorist attacks such as the U.S. Embassy and Marine barracks bombings in Lebanon in the 1980s and the 1992 and 1994 bombings against Israeli targets in Buenos Aires, Argentina, to smaller incidents such as the recent murders in Bulgaria.³³

The late ESO leader Imad Mughniyah worked closely with Lebanese businessmen around the world to create a global commercial apparatus in support of Hezbollah's criminal and terrorist activities. Illicit business ventures have expanded and grown more sophisticated, to the point that many today characterize Hezbollah as a transnational criminal organization as well as a terrorist organization.³⁴

Today, Talal Hamiyah, who worked closely with Mughniyah and was a key contributor to Hezbollah's ascendancy in the world of crime, leads the ESO.³⁵ Hamiyah relies on Mustafa Badr al-Din, another longtime Hezbollah leader who oversees external terrorist operations.³⁶ These individuals play a key role in overseeing Hezbollah's support to Bashar al-Asad's regime, which includes maintaining commercial support networks in Iraq, Lebanon and Iran, as well as pipelines in and out of the region carrying Shia fighters to Syria.³⁷

Hezbollah also relies on its Executive Council, led by Hashem Safi al-Din, which reports directly to Hezbollah leader Hassan Nasrallah (Safi al-Din's cousin) and oversees the most important military and terrorist operations. Safi al-Din's brother serves as Hezbollah's ambassador to Tehran, which indicates the familial way that Hezbollah manages its links to Tehran. Terrorist and military activities occur under the Jihad Council, which Nasrallah chairs.³⁸ Hezbollah has other councils as well, such as the Political Council, which coordinates the activities of Hezbollah members in the Lebanese political system, and the Judiciary Council, which oversees the judicial system in Hezbollah-controlled areas of Lebanon. But from the standpoint of the IAN, the most important are the Executive and Jihad Councils.³⁹

IV. THE GLOBAL IRANIAN THREAT PRESENCE

Although the Qods Force, the MOIS and Hezbollah operate throughout the world, their activities in the Middle East and Afghanistan, Africa and Latin America should be particularly concerning to U.S. policymakers.

The Middle East and Afghanistan

IRAQ: A WESTWARD PUSH

Department 1000, known as the Ramezan Corps, is in charge of Iraq operations and remains the largest Qods Force command outside of Iran. Among other units, it oversees the Badr Organization, a 10,000-man group of Iraqi dissidents who were trained by Iran to foster violent resistance against Saddam Hussein and infiltrate the Iraqi state, industry and society upon his downfall. When the United States invaded Iraq, so did the Badr Organization (then known as the Badr Brigades or Badr Corps), and it rapidly began executing its designated mission across the country and key organs of government.⁴⁰

Through Department 1000, Iran has long tasked seasoned pro-Iran militants in Iraq, such as the Badr Organization's Abu Mustafa al-Sheibani, with targeting U.S. forces, diplomats and facilities. From 2003 to 2009, Sheibani, acting under QF control, led a network of operatives in Iranian-backed Iraqi Shia "special groups" who specialized in attacking U.S. and British forces in Iraq with EFPs, a highly lethal type of IED, and other unconventional weapons. These groups also engaged in targeted kidnappings and assassinations (against allied forces and Iraqi politicians who opposed Iran). The allied death toll that can be attributed to the Sheibani network and other Special Group IED attacks and other malevolent activities during the Iraq War numbered in the hundreds with a much greater number of wounded.⁴¹

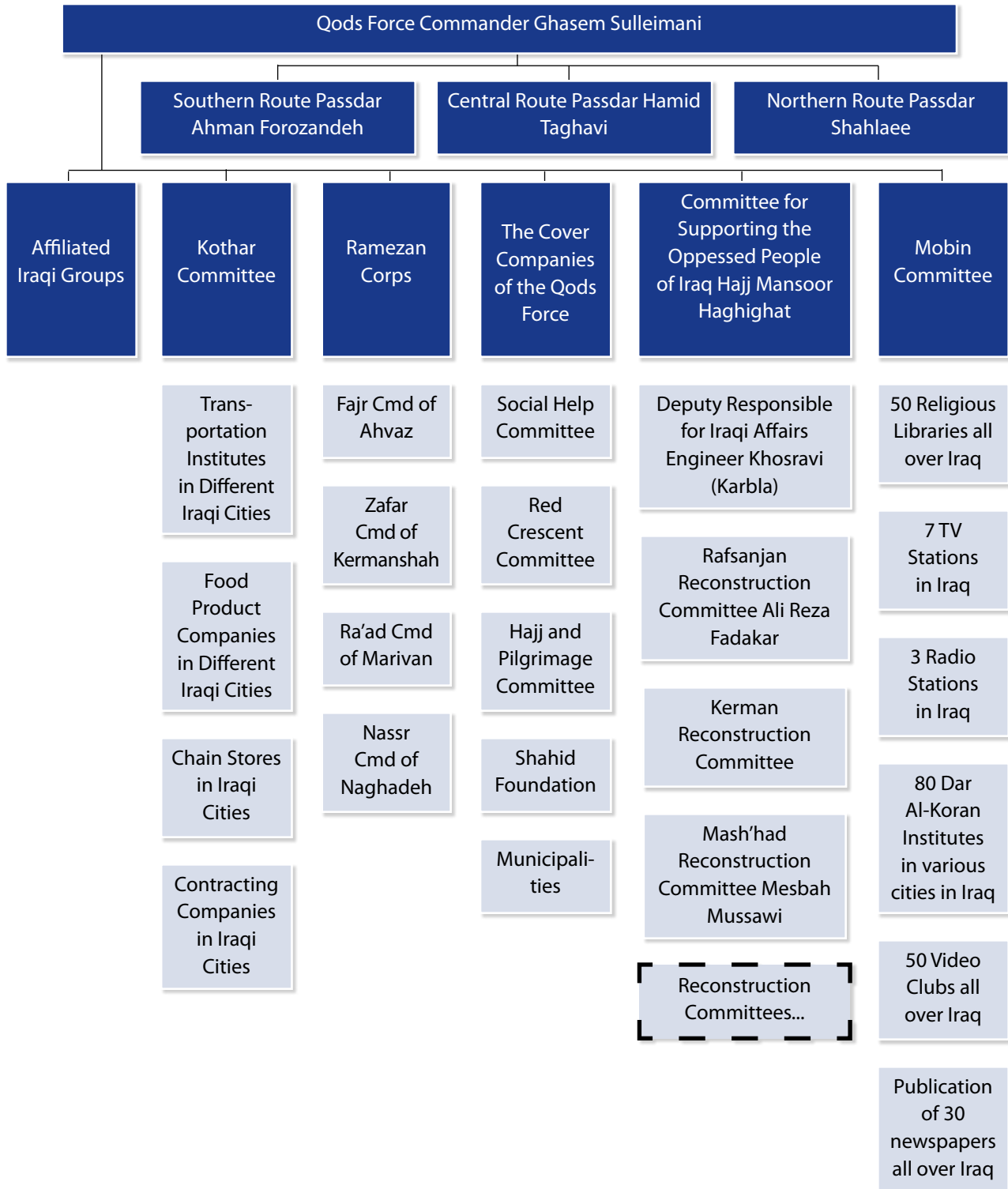
A key Department 1000 priority today appears to be re-creating the Iraqi special groups in Syria and recruiting Iraqi Shia to join in the Shia militias operating in defense of Assad in concert with the Qods Force and Hezbollah. According to a recent report, Iran has apparently moved the Sheibani network into Syria, with Sheibani himself commanding Kataib Sayyid al-Shuhada, a 200-man force that appears modeled on Kataib Hezbollah, the most formidable and feared Qods Force-directed special group from the Iraq War.⁴²

Department 1000 activities in Iraq go well beyond lethal operations and extend into every segment of state and society. In fact, Department 1000 apparently comes under the control of the Iranian ambassador to Iraq, Hassan Danaifar, a Qods Force senior officer who, according to Michael Gordon, "specializes in soft power."⁴³ Qods Force officers understand how businesses, cultural organizations, the media and social movements can be used to support and constitute an essential element of covert operations. The charts reproduced in Figures 1 and 2, which U.S. Army forces obtained in Iraq in 2007, illustrate the remarkable scale and scope of Department 1000 and underline how the organization exists under the direct command of the supreme leader.⁴⁴

The Islamic Culture and Relations Organization (ICRO), which falls under Iran's Ministry of Culture and Islamic Guidance, has remained on the front lines in Iraq, in places where genuine goodwill overlaps with covert action. ICRO's Shia community building lends well to Iranian security and intelligence missions: ICRO serves as a cover provider for Qods Force and MOIS officers traveling in and out of Iraq, providing vehicles, arms and other supplies to Shia militias and identifying potential sources of intelligence, future fighters and facilitators of all sorts.⁴⁵

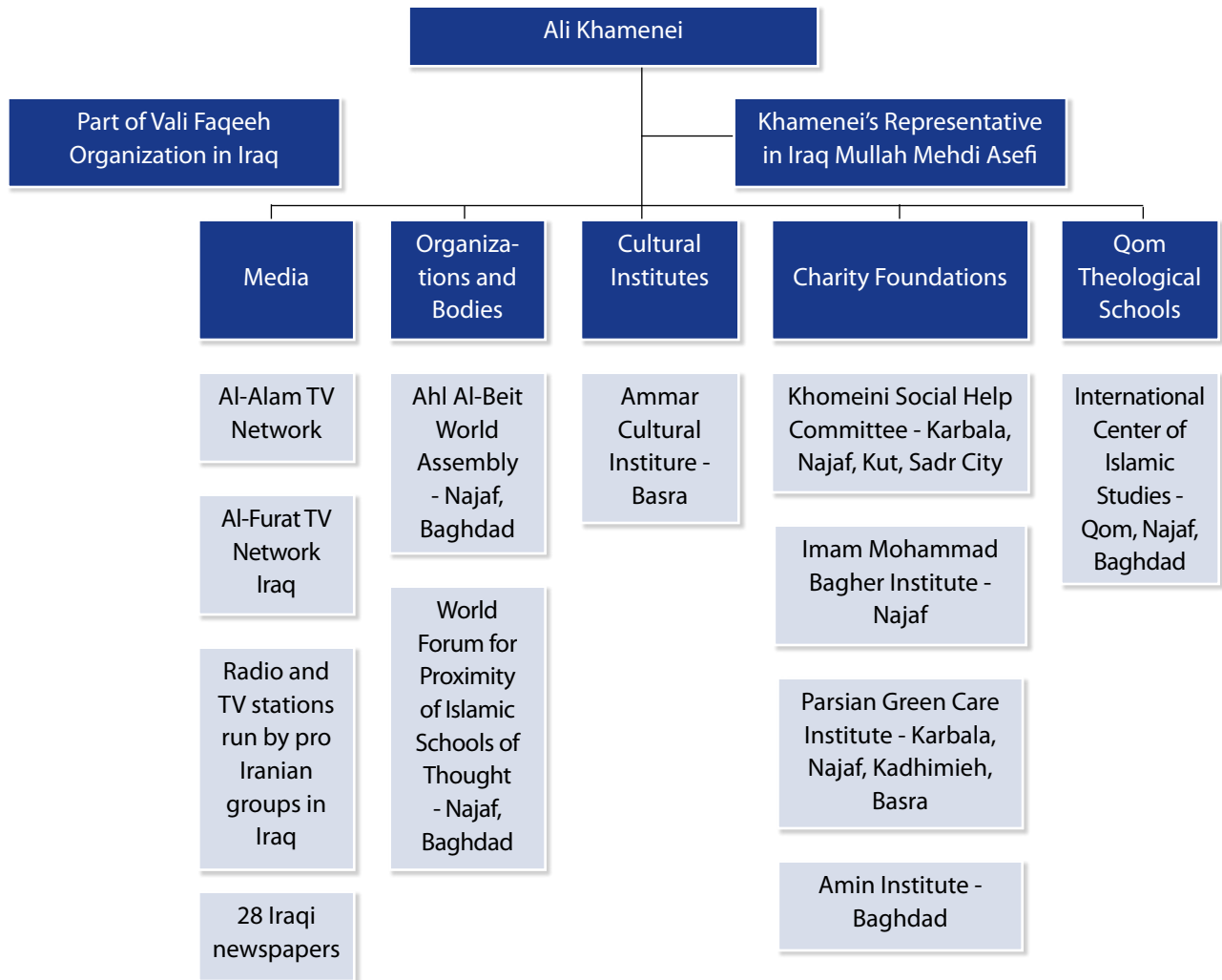
The MOIS has also been involved in Iraq. In February 2012, the U.S. Treasury Department designated the MOIS for supporting al Qaeda in

FIGURE 1: QODS FORCE WORKING ORGANIZATION IN IRAQ



Source: Harmony document DMX8-2007-001686.

FIGURE 2: THE NON-KINETIC ARCHITECTURE OF IRAQ IRREGULAR WARFARE EXTENDS TO THE TOP



Source: Harmony document DMX8-2007-001686.

Iraq (AQI). MOIS support to AQI is difficult to understand given AQI's role in killing Shias in Iraq and the absence of U.S. military forces, which was what brought them together in the past.⁴⁶ It appears to be in keeping with the MOIS policy of supporting numerous groups at once, despite having few ideological commonalities. This is the case in Afghanistan, where Iran balances its support for the Afghan government with material support to the Haqqani network and the Taliban.

SYRIA: CRITICAL GROUND

The potential fall of the Asad regime poses the biggest threat to Iran's regional ambitions. The Syrian government, with assistance from Iran and Hezbollah, may succeed in establishing a lasting connection between Damascus and Alawite-held areas along the Mediterranean coast. However, this would come at a heavy price, to include a dramatic rise in violence along sectarian lines and incendiary fatwas from revered Sunnis. These would

include Sheikh Yusuf al-Qaradawi, who called on all able-bodied Sunnis to join the fight in Syria against Iran and Hezbollah,⁴⁷ and Saudi cleric Sheikh Ayed al-Qarni, who said all Syrians had the right to assassinate Asad.⁴⁸

The Qods Force is in charge of Iran's support to Syrian troops and regime loyalists. Thus far, Iran has played a critical role in preventing the collapse of the Asad government. In May 2012, the deputy Qods Force commander, General Esmail Qa'ani, said that if the Qods Force "did not have a presence in Syria, Bashar al-Asad's government would have already been overthrown."⁴⁹ While Iran's goal is to keep Asad in power, it appears to be preparing simultaneously for the possibility that the Syrian regime will either fall altogether or end up in a protracted struggle to take back lost territory. According to U.S. officials, Qods Force commander Qasem Soleimani has built up militia forces numbering in the tens of thousands in an attempt to preserve the Asad regime. Those forces, officials believe, will also come in handy if Asad falls and the country breaks apart into sectarian enclaves.⁵⁰

According to the U.S. Treasury Department, Qods Force officers and Hezbollah have armed, trained and organized various groups of pro-Asad forces, such as a group of Alawite and Shia volunteers that is modeled after Iran's own Basij force and is known as Jaysh al-Sha'bi. The idea is to turn Jaysh al-Sha'bi into a more organized and better-trained militia able to carry out neighborhood-by-neighborhood security and paramilitary functions.⁵¹ In this way, Jaysh al-Sha'bi resembles the Ashura Brigades – the specialized Basij units that are formally trained and more deeply integrated into IRGC military operations.⁵² Before he was assassinated in February 2013, senior Qods Force commander Hassan Shateri commented on the importance of the Basij, calling it the "most important achievement of the Islamic Revolution, not limited to the geography of Islamic Iran; outside of Iran it is a holy symbol of salvation of the

oppressed. Today, the Basij is in a state of globalization, and it is a global Islamic Basij that will resolve the problems of the oppressed."⁵³

At the same time, an IRGC special unit in Syria, known as IRGC Syria, has allegedly been in that country for more than 20 years. Operating from an IRGC base near the border with Lebanon and Israel, IRGC Syria has provided military, logistical and intelligence support to its closest partners in the region: Hezbollah, Hamas, Palestinian Islamic Jihad and the Popular Front for the Liberation of Palestine – General Command.⁵⁴ Recently, Iran has ramped up its presence in Syria to include IRGC ground forces, law enforcement forces and additional intelligence officers from the MOIS. Their deployment is intended to pass along their own growing expertise in counterinsurgency, riot control and domestic unrest.⁵⁵ This is an uncommon departure from their involvement in internal security and demonstrates Iran's confidence when it comes to projecting power in conflict areas in the region. To that end, Iran, Syria and Lebanese Hezbollah formed the Abu al-Fadl al-Abbas Brigades, made up of Lebanese Hezbollah, pro-Asad Syrian fighters and seasoned militants from Iraqi Shia groups such as Asa'ib Ahl al-Haq and Kata'ib Hezbollah.⁵⁶

THE GULF COUNTRIES: ENEMY TERRITORY

As the battle between Iran and Arab states over leadership in the Islamic world has long demonstrated, bad blood runs deep. The competition between Iran and Saudi Arabia has only intensified since the onset of the so-called Arab Spring.⁵⁷ Eager to link Arab uprisings to its own revolution, Iran has ramped up covert action in an effort to embolden Shia opposition movements across the Arabian Peninsula.⁵⁸ Department 6000, responsible for the Arabian Peninsula, could grow in size depending on how democracy and political freedom movements in the Persian Gulf continue to evolve. Recent history has numerous examples of Iran's ability to destabilize the Gulf. In 1987,

for instance, Department 6000 helped create Hezbollah of the Hejaz, a terrorist group modeled after Lebanese Hezbollah that sought violent overthrow of the Saudi monarchy.⁵⁹

In response to Iran and Hezbollah's ongoing support to the Asad regime, prominent Sunni Muslims have become increasingly vocal in support of the opposition.⁶⁰ Well-established Iranian patterns of behavior in the Persian Gulf suggest that the country's regional ambitions are inspired as much by traditional power politics as they are by religion. Iran often downplays the Shia identity of its revolution in favor of a more general message meant to cross the sectarian divide.⁶¹ Support to al Qaeda, the Taliban and al-Shabaab are just a few examples.⁶² This, however, is not the case in the Gulf, where Iran has been more aggressive in its attempts to court Shia opposition movements.

The members of the Gulf Cooperation Council (GCC) have remained deeply suspicious of Iran's regional ambitions since the 1979 revolution.⁶³ They have long suspected Iran of maintaining decentralized sleeper cells throughout the Gulf that collect intelligence, support radical Shia groups and stand ready to carry out a variety of subversive activities – all as part of Iran's plan to redefine the Islamic world by exporting its revolution.⁶⁴ GCC concerns about Iran's Islamic insurgency date back to the 1980s, when Iran supported marginalized Shia dissidents in the Persian Gulf such as the Organization of the Islamic Revolution in the Arabian Peninsula, which openly called for the overthrow of Gulf monarchies.⁶⁵ Khomeini had clearly concluded that Iran's attainment of greater regional power, followed by its ascendancy as a global power, would have to occur by force.

Driven by the success of Lebanese Hezbollah, Iran has sought to replicate it in Saudi Arabia, Kuwait and Bahrain, beginning with Hezbollah of the Hejaz in Saudi Arabia in the Shia-dominated area of eastern Saudi Arabia (where much of Saudi

Arabia's oil is located).⁶⁶ Hezbollah of the Hejaz was based in Qom and received training and battlefield experience fighting alongside Lebanese Hezbollah against Israel.⁶⁷ Nearly 20 years have passed since the group's last major attack, the 1996 Khobar Towers bombing in Dhahran.⁶⁸ Since then, despite efforts to rebuild relations, Saudi Arabia has remained wary of Iran's intentions in the region. Both Iran's ability to stir up Shia opposition inside the kingdom and fear of a nuclear Iran have kept Saudi authorities on guard. Recent arrests of several Iranian spies, support to Syrian rebels fighting the Asad regime and threats to acquire its own arsenal of nuclear weapons explain why Iranian efforts in Saudi Arabia hold little promise for now.⁶⁹

Iran has similarly made numerous attempts to strengthen its base of support among Kuwaiti Shia. Hezbollah al-Kuwait received training in Iran and gained military experience on the front lines of the war against Israel. Through the years, however, Hezbollah al-Kuwait never coalesced into a sustainable political movement. The Kuwaiti rulers have consistently resisted Iranian attempts to gain a revolutionary foothold in the kingdom, as evidenced by the breakup of several MOIS and IRGC cells in Kuwait, high-profile arrests and prosecutions of Hezbollah members.⁷⁰ Kuwait's allied relationships with the United States and the West have also helped to prevent Iran from gaining ground in Kuwait.

After the revolution, Iran helped create Hezbollah Bahrain, a violent dissident group that sought to overthrow the Bahraini monarchy and replace it with an Islamic republic similar to Iran.⁷¹ Qods Force support to Hezbollah Bahrain led to attacks and assassinations of Bahraini government officials. Today, some in the Bahraini government stress that Iran supports Shia dissident groups such as Al Wifaq and Harekat Haqq.⁷² Bahrain has taken measures to limit Iranian influence, excluding Shia from serving in the armed forces and

security services, increasing the capabilities of the Bahraini National Guard to deal with domestic unrest and closely monitoring Iranian officials and the Iranian expat community.⁷³

High crime states like Congo, Ghana and Benin have been places where Hezbollah learned how to blend illegal trading activities with legitimate business.

Unlike Kuwait and Saudi Arabia, however, Bahrain is viewed in Iran as a potential ally. Many hardliners even assert that Bahrain was historically a part of Iran and will be again when the Bahraini monarchy is overthrown.⁷⁴ At times, Bahrain's Shia community has tolerated Qods Force and MOIS-led covert action, but it remains to be seen how far Iran and Bahraini Shia are willing to go. Some in Bahrain have already concluded that Iran is behind a spate of IED attacks; the latest, in late May, left six Bahraini policemen seriously injured.⁷⁵

AFGHANISTAN: A STEADY BALANCE

In Afghanistan the Qods Force relies on Department 4000, or the Ansar Corps.⁷⁶ Numerous weapons of Iranian origin have been recovered during raids of Taliban houses, caches and compounds, including 107mm and 122mm rockets, plastic explosives and mortar rounds.⁷⁷ One of the Ansar Corps' most important functions is to maintain networks that facilitate illegal cross-border activity. Most of the lethal assistance from Iran to Afghanistan occurs along the southern stretch of the Iran-Afghan border. It includes everything from trucks loaded with IEDs or Taliban fighters

that pass unchecked through major border crossings, to more innovative forms of collaboration that allow opiate, weapons and precursor trafficking to go uninterrupted during seasonal flooding of the Helmand Basin.⁷⁸ Department 4000 officers rely on illicit commerce to implement Iran's irregular warfare strategy in Afghanistan. They may also be involved in the disbursement of more than \$100 million every year to Afghan media outlets, civil society projects and religious schools.⁷⁹ The draw-down of U.S. troops in 2014 may lead the Qods Force to reduce the Ansar Corps, its second largest unit.

Africa: Partnerships of Crime, Corruption and Convenience

Hezbollah and Iran have a growing threat financing and facilitation network in Africa, thanks in large part to the efforts of Hezbollah, which began with simple remittances from the Lebanese diaspora. Lebanese expatriate communities throughout Africa have developed a wide array of international trade-based money laundering schemes, involving currency exchanges, cash smuggling, drug trafficking, call centers and direct flights to Beirut. High crime states like Congo, Ghana and Benin have been places where Hezbollah learned how to blend illegal trading activities with legitimate business. Hezbollah's experience with the diamond trade in Liberia and Sierra Leone allowed it to master the flow of money from Africa to Lebanon.⁸⁰

By far the largest Hezbollah money laundering scheme involves the used car trade in West Africa, where hundreds of thousands of used cars are purchased by Hezbollah-controlled networks in the United States and Europe and shipped to used car lots in Benin, Togo and other nations. The cars are sold for U.S. dollars and the cash is integrated with the proceeds of cocaine being sold to European, Middle Eastern and Asian drug trafficking networks and shipped to Lebanon, where it is deposited in Hezbollah controlled banks and exchange houses. According to a historic \$483

million civil asset forfeiture complaint filed in December 2011 against the Hezbollah-controlled Lebanese Canadian Bank in the Southern District of New York:

Hizballah members and supporters are involved at various points in the money laundering scheme. Hizballah members and supporters facilitate the smuggling of cash, including proceeds from the sale of used cars exported from the United States and narcotics proceeds, from West Africa to Lebanon; and finance and facilitate the purchase of some of the used cars in the United States.⁸¹

Not all Hezbollah activities in West Africa are criminal in nature, though much seems to be today.⁸²

In the past, Hezbollah relied on Shia Lebanese trading companies to carry out real business while facilitating the movement of cash and goods to Hezbollah-related entities in Lebanon. Trading companies in places such as Angola and the Gambia provided excellent cover for Hezbollah operatives seeking to establish safe havens, conduct legal or illegal business and launder money.⁸³

Hezbollah has also viewed Africa as a place to ramp up its involvement in the transshipment of weapons and narcotics. This has exposed Hezbollah to drug trafficking organizations in South America, Africa and the Middle East. West Africa became a major transshipment region for drugs from Latin America to Lebanon and Europe, something that has been documented in great detail in recent criminal investigations by the U.S. Drug Enforcement Administration (DEA).⁸⁴ During this process, Hezbollah developed relationships with various transnational crime organizations, resulting in the expansion of its own international crime network.⁸⁵

Department 7000 oversees Qods Force operations in Africa. Africa is a source of political alliances

and materials that have been sanctioned by the United States and United Nations, and it improves the military's ability to project power (such as IRGC training in Sudan). As the pressure of sanctions intensifies, Africa may also become what it has become to Hezbollah: a more attractive venue for developing sources of illicit finance and threat facilitation networks. Department 7000 has already increased its involvement in commercial operations in Africa. Real businesses run by active and former officers are used to circumvent sanctions, develop new sources of legal and illegal revenue and support both intelligence collection and covert action. In many cases, the IRGC places its former commanders in charge of such companies. Two examples are Ofogh Saber and Gooya Systems, both designated by the U.S. Treasury Department for procuring sensitive communications and surveillance equipment such as cameras, microphones and listening devices for Iranian security services such as the IRGC Counterintelligence Department (Hefazat-e Etefaat).⁸⁶

After his defection in mid-2012, an interpreter with Iran's foreign ministry spoke out about several meetings he attended with African officials, including one with Qods Force commander Soleimani and Eritrean President Isaias Afewerki. In the meeting, in addition to offering to send a Qods Force logistics team to build an ammunition factory and provide military training, Soleimani spoke about the need to gain control over the Bab el Mandeb Strait between Eritrea and Yemen as part of a larger effort to weaken the U.S. presence in the Horn of Africa.⁸⁷

Iran is working to deepen state-to-state relationships throughout Africa. According to the U.S. Treasury Department, IRGC-QF Deputy Commander Qa'ani has been responsible for overseeing the financial aspects of clandestine weapons shipments to states in Africa, as well as Lebanon and Syria.⁸⁸ In addition to more benign economic agreements in energy and infrastructure, Iran has

forged closer military ties as part of an overt effort to build its military presence on the continent. Iran has entered into an agreement with Sudan to train Sudanese National Islamic Front troops and intelligence officers in Tehran as part of Sudan's effort to establish the Sudanese Popular Defense Forces.⁸⁹ At the same time, the IRGC has set up training camps just outside of Khartoum and sent naval ships to Sudanese ports to take part in joint naval training exercises.⁹⁰

Not surprisingly, Iran's strategy includes a covert dimension as well. In Sudan, Iran allegedly built the Yarmouk Military Industrial Complex, an arms manufacturing facility bombed in October 2012, and has reportedly entered into several other joint military projects.⁹¹ The partnership began in 1989 when Sudan's Omar al-Bashir seized power in a military coup. Iranian strategists concluded that with weapons, oil and financial aid, Sudan could become Iran's most important political and military ally in North Africa, serving to offset the power of rival Sunni Arab states such as Saudi Arabia and Egypt.⁹² Today, Sudan has become the center of Iran's regional platform for covert arms production and distribution. African ports, increasingly seen as effective transshipment points by transnational crime organizations, serve Iran's objectives elsewhere in the region. Iran has denied allegations of supplying arms to Shia Houthi rebels in northern Yemen and al-Shabaab in Somalia.⁹³

Finally, in 2010 Nigerian authorities seized 13 containers filled with weapons such as 107 mm artillery rockets, mortars, and grenades that were in transit to The Gambia. To avoid arrest, two Iranians – the Qods Force Commander for Africa, Ali Akbar Tabatabai, and alleged Qods Force officer Azim Aghajani – sought refuge in the Iranian embassy in Abuja. Tabatabai was in Nigeria on a diplomatic passport and managed to return to Iran, whereas Aghajani had apparently entered the country illegally in order to facilitate the weapons shipment. In May 2013, Nigerian authorities

convicted Aghajani and a Nigerian accomplice to 5 years in prison.⁹⁴

Latin America: Launching Pad

Latin America was a remote outpost for Iran until the election of President Mahmoud Ahmadinejad in 2005. Ahmadinejad chose to forge political alliances with two of the region's champions of the left, Hugo Chavez in Venezuela and Evo Morales in Bolivia. Iran found common cause in opposition to the United States. Before long, diplomatic missions expanded, IRGC and MOIS officers began to surface in greater numbers, and security pacts and intelligence sharing agreements were signed.⁹⁵ Iran quickly made it clear that it was not merely seeking ways to irritate the United States in its own backyard, but rather to create alternative centers of power to weaken it. Some point to Iran's honorary membership in Latin America's anti-U.S. club known as the Bolivarian Alliance of the Americas (ALBA) as proof of Ahmadinejad's limited success.

In May 2013, one of the most prominent Hezbollah supporters in Latin America, Hamzi Ahmad Barakat, was arrested in southern Brazil on charges of fraud.⁹⁶ U.S. and Brazilian authorities have long monitored the activities of the Barakat clan, connected to a series of front companies allegedly involved in trafficking weapons, drugs and other lethal materials in support of Hezbollah. Individual Hezbollah sympathizers, facilitators and supporters like Barakat have proved useful as fundraisers, and occasionally in terrorism, most notably during the 1992 and 1994 bombings in Argentina.⁹⁷

In Venezuela, where Hezbollah raises the most money in South America, Hezbollah financiers have built a network that includes money laundering, paramilitary training, drug trafficking and other illicit activities.⁹⁸ By some accounts, former President Chavez essentially gave drug traffickers, money launderers and others associated with the Iran-Hezbollah threat facilitation network

Iran's ability to carry out deadly terrorist attacks against the United States in Latin America is far greater today than it was when it allegedly collaborated with Hezbollah during the 1992 and 1994 bombings in Argentina, and should be taken very seriously.

relative free rein inside parts of Venezuelan territory. Key examples include Ghazi Nasser al-Din (who reportedly runs a paramilitary training camp on Venezuela's Margarita Island), Fawzi Kan'an (who has been labeled by the United States as a Hezbollah travel facilitator), Khaled Bazzi (a Hezbollah supporter located on Margarita Island) and Hajj Abu Abbas (a Hezbollah leader in Venezuela).⁹⁹

In Ecuador, President Rafael Correa has developed a close relationship with Ahmadinejad and along with Venezuela, Bolivia, Nicaragua and Cuba, attempts to undermine the United States in Latin America through the ALBA coalition. According to Otto Reich, former U.S. ambassador to Venezuela and assistant secretary of state for the Western Hemisphere, there are compelling signs that Correa has created financial mechanisms to enable Ecuador to launder money on behalf of the Iranian regime.¹⁰⁰

While Iran's political message has found a receptive audience with the outwardly anti-American ALBA countries, for the most part Latinos have not welcomed Iran's drive for greater influence in the

region.¹⁰¹ Nevertheless, Iran and Hezbollah have built a multilayered infrastructure across the continent that includes official and unofficial Iranian government personnel, Hezbollah members, a broad network of local and regional collaborators, links to organized crime groups and official liaison relationships with a limited number of Latin American police, intelligence services and militaries. Thus, Iran's ability to carry out deadly terrorist attacks against the United States in Latin America is far greater today than it was when it allegedly collaborated with Hezbollah during the 1992 and 1994 bombings in Argentina, and should be taken very seriously.¹⁰² Whether Iran can ever effectively spread its version of resistance into the Americas successfully or not, Latin America is a launching pad for IAN terror and crime into North America.

The United States: The Arbabsiar Plot

In the spring of 2011, Iranian-American Mansour Arbabsiar conspired with high-level members of the Qods Force to assassinate the Saudi Ambassador to the United States, Adel al-Jubeir (who has long been a key foreign policy advisor to the Saudi government, including on Iran). Arbabsiar, a 58-year-old naturalized U.S. citizen, agreed to pay \$1.5 million to undercover DEA sources posing as South American drug cartel members for the murder of the ambassador. Arbabsiar planned to carry out the assassination by bombing a typically packed restaurant in Washington frequented by al-Jubeir. As the Department of Justice indictment reveals, both Arbabsiar and his Iranian handlers realized that beyond killing al-Jubeir, the bombing could also have caused well over 100 American casualties, potentially including some of the U.S. senators who also frequently dine there. Arbabsiar acted under the direction of the Qods Force external operations senior officer (who is also his cousin), Abdul Reza Shahlai, and his deputy, Gholam Shakuri.¹⁰³ Shahlai's track record of violent extremism against Americans was well known to the U.S. government. He played a central role in the Qods Force's covert

operations against and targeting of U.S. forces in Iraq since the 2003 invasion, and in 2007, he oversaw the kidnapping and assassination of five American service members from a U.S. base in Karbala, Iraq. In 2008, the Treasury Department named Shahlai as a specially designated terrorist because of his actions in Iraq.¹⁰⁴ Iran had been responsible for hundreds of attacks on Americans overseas, even systematically attacking U.S. forces in Iraq and Afghanistan. But it had not been involved in an attack on American soil since the July 1980 murder in Bethesda, Maryland of Iranian exile and counter-revolutionary Ali Akbar Tabatabai.¹⁰⁵

The Arbabsiar plot was a significant, and rather stunning, departure from past assassinations of Iranian dissidents in Europe and bombings carried out by trusted Muslim proxies (especially Hezbollah). Iran has refined its covert action tradecraft over decades, particularly since 9/11, making it difficult to understand why Iran would suddenly choose a Mexican drug cartel over trusted and financially dependent proxies such as Hezbollah and pro-Iranian Muslim militias. Nonetheless, this was the most serious Iranian attempted act of terror against the United States since the Khobar Towers bombing in 1996 and, had it succeeded (and Iran implicated), it likely would have compelled the United States and Saudi Arabia to retaliate against Iran with military force. One can only speculate on Iranian motives, but it seems that from Tehran's perspective, the United States and Saudi Arabia had crossed a redline in terms of mounting economic sanctions and actions targeting its nuclear program. This plot may have been construed as a form of retaliation (which the Iranians presumably hoped would be not attributable). Whatever the motivation, most experts agree that an action of this magnitude carried out by Qods Force officers against the United States could not have been planned and executed without the knowledge and support of the Iranian government leadership.

V. POLICY RECOMMENDATIONS

Sanctions and diplomacy will not stop the activities described above, which continue to pose significant threats to U.S. and international security. U.S. policy should include a third pillar – a pushback campaign to combat Iran’s regional and global influence that falls short of military action. There is little doubt that the U.S. government, led by the CIA, already plans and executes operations aimed at pressuring the Iran Action Network. However, the U.S. government can and should do more to address these threats by improving U.S. government coordination, incorporating law enforcement approaches and targeting the financial network.

Improving U.S. Government Coordination

Create a task force charged with disrupting and dismantling the Iran Action Network. U.S. policymakers should assemble an interagency and international task force tasked with developing and deploying a comprehensive and global campaign against the operational and strategic depth of the IAN. The task force would target IAN operatives, operational bases and facilitation and support networks (especially financial and business fronts). The goal would be a disruption campaign modeled on previous successful U.S. whole-of-government initiatives against defiant state actors that combined overt and covert action, law enforcement, sanctions, counternetwork operations and containment. Precedents include the effort to sanction, isolate, bring down and prosecute the Milosevic regime in 1998 and 1999; the initiative against Kim Jong Il’s illicit financing and proliferation networks for weapons of mass destruction from 2002 to 2006; and the effort during the Reagan era to clandestinely target the Soviet Union’s economic lifelines and control points.¹⁰⁶

For this to stand a chance of working, there must be an accounting of the vast array of existing interagency initiatives, working groups and

dialogues. Many of them are redundant, poorly coordinated and ultimately of little consequence to ongoing efforts against the IAN. These can fold into one overarching Policy Coordinating Committee with direct operational oversight responsibility, similar to the North Korea Activities Group (2002 to 2006) or the long-standing Counterterrorism Security Group (CSG), rather than including multiple stovepipes based on region and function.

Create a covert influence initiative to counter the IAN. An effective Iran Action Network covert influence initiative against the IAN is needed to shape how the world views threats emanating from Iran and its external revolutionary agenda. The objective would not be to win the war of words between Iran and the United States; most polls clearly show that Iran, its theocratic form of government and its expansionist tendencies are unpopular in most of the world, even in the Middle East.¹⁰⁷ However, there are other ways of using covert influence against the IAN.

A campaign against Iran’s covert action programs in the Persian Gulf States should stress the destabilizing impact of Iranian subversion since 1979. In the past few years alone, Iranian officials have been expelled from numerous Gulf countries.¹⁰⁸ Beyond the Persian Gulf, Iran has not fared much better. Most recently, two Iranian diplomats were declared *personae non gratae* in Bosnia, long thought of as an Iranian stronghold given Iran’s support to Bosnian Muslims.¹⁰⁹ A covert influence initiative should be more specific in targeting the state and non-state actors involved in exporting the Islamic revolution. At the very least, this should include the subversive activities linked to Qods Force, MOIS and Hezbollah operatives; IAN involvement in criminal activities; and religious, cultural and charitable organizations that are instrumental in marketing the Islamic revolution overseas, which overlaps with covert action.¹¹⁰

Expedite the information sharing process. To make covert influence effective, the U.S. government must find ways of expediting information sharing. Too much information remains classified and inaccessible; unclassified but not releasable to foreigners; sensitive but unclassified; for internal use only; unclassified but law-enforcement sensitive; and so on. Better information sharing with U.S. partners would raise foreign awareness of the IAN, which in turn would refine bilateral and multilateral counter-IAN efforts.¹¹¹

Parallel action against threat facilitation networks (transport, shipping agents, freight forwarders, warehouses, pilots, airlines, etc.) would make it more difficult for the IAN to sustain its illicit financial and logistical networks. This should be the domain of vetted units consisting of specialized personnel from U.S. and foreign government agencies. This stands the best chance of uncovering the latest trade-based money laundering schemes and other activities where terrorism and crime converge.

Increase information operations. The United States needs to have covert influence authorities to better undermine Iran's message to audiences that have been relatively receptive in Africa, Central Asia and Latin America. A corps of information operations professionals who have a deeper understanding of Iran and the nuances of its "pan-Islamist" drive should accompany these enhanced authorities. This could include an Iran-Hezbollah information operations team that, according to Michael Eisenstadt, would seek to "prevent Tehran from exploiting the ambiguity that shrouds many of its policies, whether proxy operations or its nuclear program. Detailed intelligence, aggressive information activities, and a credible retaliatory policy are key ..."¹¹²

Incorporating Law Enforcement Activities
Iran and Hezbollah external operational networks need to be approached and attacked via

law enforcement, not simply via counterterrorism operations. A law enforcement-led "counterthreat facilitation initiative" should be created to take advantage of the IAN's growing reliance on illicit businesses and revenue streams and use strategically planned law enforcement operations to expose illicit networks, arrest their perpetrators, freeze assets and attack the IAN's crime-terror pipelines through the international trade and banking system. Law enforcement can shut down networks and has even greater global legitimacy and effectiveness than sanctions if comprehensively applied. Treating the IAN as a transnational organized crime problem could rewrite the rules of the game for innovation in the areas of covert action and containment.

Give law enforcement the resources and access it needs to succeed. Law enforcement action elements of the U.S. government must have the financial, intelligence and targeting support they need to build strategic legal cases against facilitators of crime and terrorism — from individuals such as professional arms brokers to corporate entities such as banks engaged in money laundering or facilitating terrorism financing — and treat them as criminal actors in their own right. Counterterrorism efforts may be able to stop attacks, but law enforcement can attack the entire network and should receive better support from the intelligence community.

Treat Hezbollah as a transnational criminal organization. Hezbollah, in addition to being the world's most formidable terrorist and paramilitary organization, is also engaged in a global crime spree, including cocaine trafficking, money laundering and racketeering. Indicting Hezbollah as a criminal organization holds great promise. The "party of God," in the words of scholar Matthew Levitt, has become "the party of fraud" and needs to be approached and attacked from the vantage point of strategic law enforcement, financial sanctions and the International Court of Criminal

Justice (for its assassination of a democratically elected head of state, for its long record of global terrorism and for its war crimes and atrocities being perpetrated in Syria, with Iraq possibly soon to follow).¹¹³ Hezbollah's image as an elite and "pure" resistance organization will be dispelled once its mob-like criminal apparatus is revealed in court and its leaders arrested. Given its global footprint and track record making cases against Hezbollah cocaine trafficking and money laundering, the U.S. DEA is well positioned to lead such an effort.¹¹⁴

Ensure defeat in Syria. The administration's top counter-IAN priority should be to ensure that Iran becomes bogged down in Syria and loses decisively, making it "Iran's Vietnam." Expanded authorities are needed to allow for the creation of an active campaign to degrade Iranian supply lines and channels of communication into Iran's highest-priority countries: Syria, Iraq and Lebanon. Iran's main land corridors of logistic support transit Sunni-controlled areas – including allied terrain in Turkey and Jordan – where local forces could be readily incentivized to interdict materiel and personnel. Sealing up Iraq's western border would be the single biggest challenge, given the depth of the Iran-Hezbollah commercial network in Iraq, which continues to grow in size and sophistication. But, given the incentives for Sunni partners and proxies to cooperate, it is hardly an insurmountable task.¹¹⁵ Equally important is stemming the growth of Arab Sunni groups aligned with al Qaeda in north central Syria, to include the al Nusra Front and al Qaeda in Iraq.

As the administration continues to weigh policy options in Syria, including kinetic strikes and even troop deployments,¹¹⁶ it should also consider the potential impact of coupling airpower, advanced weapons systems and air or sea operations with coercive tools such as financial sanctions, customs interdictions and denial of reciprocal landing rights for entities facilitating Iranian support in

Syria (airlines, shipping lines, trading companies, etc.). Iran suffers from long supply lines, narrow lines of communication and a reliance on Lebanon as a base of operations (and Lebanon is highly vulnerable to sanctions given its dollarized economy and dependence on banking relations with the United States for its economic growth and stability).

Targeting the Financial Network

Appoint an illicit-finance czar to empower Treasury operations. The U.S. Treasury Department has a key role to play in attacking the IAN globally, via targeted designations, denials of financial access through regulation (especially through Section 311 of the USA Patriot Act), broader-based sanctions and outreach to the international and domestic financial community. However, Treasury is not set up for financial and economic warfare or integration with other interagency partners who possess the needed level of financial operational authorities and capabilities. To be more effective, Treasury needs its own operational element to play a greater role in financial operations across the government, especially by law enforcement agencies. The National Security Council needs to appoint an illicit-finance czar to facilitate the deeper integration of Treasury into financial operations and to ensure whole-of-government coordination against the IAN and other counterthreat priorities.

Step up use of Section 311 of the USA Patriot Act against the IAN. Using Section 311 of the USA Patriot Act against banks and nonbank financial nodes serving the IAN is essential. Section 311 grants the secretary of the Treasury the authority to require domestic financial institutions and financial agencies (e.g., banks) to take certain "special measures" against any entity identified as a "primary money laundering concern." This includes the ability to prevent a foreign financial institution from being able to transact business with the United States. It has been used

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nonmonetary means of evading
sanctions and providing
support to operatives and
networks (including in Syria).*

with particular success against North Korea's nested financial relationships inside Banco Delta Asia in Macao in September 2005 and Lebanese Hezbollah's money laundering activities via the Beirut-based Lebanese Canadian Bank in February 2011 and multiple exchange houses. In these cases, the Treasury designations served as a powerful warning shot to financial institutions around the world, deterring them from accepting similar business relationships with the likes of North Korea and Hezbollah.

Department of Treasury designations cannot be one-offs or reactions. They must be preceded by the development of strategic campaign plans designed to undermine, disrupt and disable the IAN's financial support network globally, to build on its campaign to apply pressure against the regime for its defiant nuclear activities.

Treasury also needs an aggressive verification and compliance effort against designated entities in the IAN, including pursuing the continuing activities

of the 311-designated Central Bank of Iran. The Lebanese Canadian Bank — which was controlled by Hezbollah and used by Iran — was hit with a USA Patriot Act Section 311 designation that had a dramatic initial effect (cutting LCB off from the U.S. financial system). Nonetheless, the 311 action put LCB out of business in name only since it was allowed to be purchased by Societe Generale Bank of Lebanon (SGBL) rather than shut down. SGBL apparently has not provided full access to the former LCB records, nor has it proved that it has closed Hezbollah bank accounts or verifiably stopped Hezbollah money laundering and Iran sanctions evasion schemes.

Financially target Lebanon. A Section 311 designation against the entire Lebanese banking system should be developed and prepared as a credible and coercive lever. The soft underbelly of Iran's global irregular warfare machine is vulnerable to systematic financial targeting and disruption. The Iran-Hezbollah main base of support for the Syrian conflict zone remains Lebanon. Given the exposure of the criminal foundations of Hezbollah's finances within the Lebanese banking system and the widespread allegations of Iranian and Syrian finances deeply nested within Beirut's banks, the systematic use of U.S. government tools to deny Iran, Syria and Hezbollah access to the Beirut financial system is warranted, and the degree of vulnerability is widely underestimated.¹¹⁷

Lebanon may be the largest bulk cash money laundering country in the world with billions being flown into Beirut International Airport each year. Lebanon's heavily dollarized economy is supported by a government bond market bubble that depends on the constant inflow of cash and electronic transfers of money from abroad.¹¹⁸ The United States should consider designating the Beirut International Airport under Section 311 as well.

The United States should also make further use of substitute assets legal provisions to enforce

criminal and civil forfeiture actions against Lebanese banks and other banks that do not agree to comply with U.S. legal requests for asset forfeitures. (This asset substitution is allowed under 18 U.S.C. § 981(k)). In August 2012, the U.S. Southern District of New York enforced a 981(k) forfeiture action against a Lebanese bank by freezing its correspondent accounts in the United States until it complied with a \$150 million forfeiture claim against the proceeds from the sale of Hezbollah-controlled Lebanese Canadian bank. Within 48 hours of that action, the bank wired the full sum to the U.S. marshal's forfeiture account (money that came in large part out of Hezbollah's pocket).¹¹⁹ Lebanon should not be allowed to be a financial safe haven and logistical and materiel support gateway for Hezbollah, Iran and Syria.

Target IAN's reliance on commodities, oil and precious metals. Iran is highly dependent upon the use of gold and other precious metals as well as oil for the gross settlement of its trade.¹²⁰ The IRGC-QF and the MOIS have historically enjoyed direct access to funds generated through sanctions evasion schemes, many of which they have allegedly helped establish.¹²¹ These schemes in turn can be targeted via strategic identification, comprehensive interdiction, sanctions and technical attack. An international initiative against Iran's trade-based sanctions evasion needs to be mounted, working with customs services as well as coast guard and navy elements to interdict the flow of nonmonetary means of evading sanctions and providing support to operatives and networks (including in Syria).

IV. CONCLUSION

The strategic calculus of Iranian leaders is the same today as it was when the Islamic revolution began: preserving the regime at home and deterring threats from abroad, while externalizing the revolution and resistance. The difference is that Iran is under greater pressure from the international community than ever, yet is unwilling to bow to international pressure to halt the advance of its nuclear program. Sanctions have taken a heavy toll on the country's economy, yet Iran seems undeterred in its mission to confront the "enemies of Islam" and create new centers of non-Western power around the world.

The Obama administration's policy of sanctions and diplomacy must do more to weaken the Iranian regime's strategic foundations, external capabilities and resolve. This is particularly important now, given the likelihood that an Iran emboldened by the possession of nuclear weapons will be much more difficult to counter. A third policy pillar focused on covert action, financial warfare and law enforcement initiatives could make it much harder for Iran to pursue the types of covert action described above. These initiatives would also go a long way toward exposing and damaging the criminal foundations of the IAN. Moreover, they would further undermine the notion that Iran's Islamic revolution is the true source of inspiration in the Muslim world today.

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“In late-August 2006, Shahlai provided material support to JAM Special Groups by supplying JAM Special Groups members with 122mm grad rockets, 240mm rockets, 107mm Katyushas, RPG-7s, 81mms, 60mm mortars, and a large quantity of C-4.

Shahlai also approved and coordinated the training of JAM Special Groups. As of May 2007, Shahlai served as the final approving and coordinating authority for all Iran-based Lebanese Hizballah training for JAM Special Groups to fight Coalition Forces in Iraq. In late-August 2006, Shahlai instructed a senior Lebanese Hizballah official to coordinate anti-aircraft rocket training for JAM Special Groups.”

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