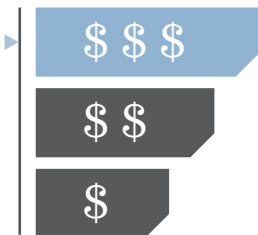

Hezbollah

Financial Assessment



Hezbollah

FUNDING LEVEL¹



KEY AREAS OF ACTIVITY

- Lebanon, particularly in the southern part of the country
- Armed forces fighting on behalf of Iran and the Assad regime in Syria
- Worldwide networks, with major components in Africa, Asia, Europe, and South America



FINANCIAL OVERVIEW

Hezbollah – a Shiite terrorist group based in Lebanon – is under financial strain, but is likely to stay buoyed by external support from Iran and by its vast network of illicit businesses around the world. The group makes roughly a billion dollars annually through support from Iran (which provides the bulk of its funding), donations from elements within the Lebanese diaspora, and smuggling and drug trafficking networks worldwide.² Several countries in South America give the group’s trafficking networks safe harbor.³ Hezbollah leverages segments of the Lebanese diaspora for donations and “taxation,” and supporters have laundered money and run front companies on six continents.⁴ Hezbollah predominantly spends its revenues on providing social services in southern Lebanon, operating as a “state within a state,” and on funding its fighting forces in Lebanon and Syria.⁵ Despite having multiple funding streams, U.S. sanctions,⁶ these expenditures, and the ongoing Syrian civil war have strained its funding.⁷ In 2016, U.S. officials believed the group was “in its worst financial shape in decades.”⁸ This crunch led to intensified fundraising in 2016-17.⁹

BACKGROUND

Hezbollah emerged in the early 1980s during Israel’s war with Lebanon with training and direction from Iran’s Islamic Revolutionary Guard Corps (IRGC).¹⁰ The group perpetrated several major attacks against U.S. personnel and interests in the 1980s and 1990s, including bombing the U.S. Marine barracks in Beirut in 1983.¹¹ Hezbollah waged an insurgency against Israeli forces in Lebanon from 1982 until Israel withdrew in 2000.¹² The group has been led by Hassan Nasrallah since 1992,¹³ the same year it started running candidates in Lebanese elections. It began receiving about \$100 million annually in cash from Iran in the early 1990s, doubling in the early 2000s, thereby sustaining the group as it established criminal networks abroad.¹⁴ The group perpetrated a pair of deadly bombings against Jewish and Israeli targets in Argentina in the early 1990s.¹⁵ In July 2006, Hezbollah launched a raid into Israel, sparking an Israeli invasion of southern Lebanon in an attempt to recover hostages Hezbollah had taken.¹⁶ Though Hezbollah took heavy losses,¹⁷ it demonstrated it had advanced weaponry, acquired from Iran and Syria.¹⁸ The war ended with a UN ceasefire¹⁹ calling for – but not achieving – Hezbollah’s disarmament.²⁰

The group later gained stronger leverage in Lebanese politics when it won veto power over cabinet decisions in 2008.²¹ Since 2012, Hezbollah’s political leverage has grown²² even though it has been increasingly involved in Syria’s civil war, sending thousands of soldiers²³ to support the Assad regime and taking heavy battlefield losses.²⁴ Indeed, Hezbollah’s involvement in the sectarian war has undermined its image as a force dedicated to battling Israel,²⁵ and led to increased tensions with Sunnis in Lebanon.²⁶ Hezbollah’s original 1985 charter called for the obliteration of Israel.²⁷ In 2009, Hezbollah updated its charter, emphasizing Lebanese unity and downplaying its sectarian religious motivations.²⁸ Hezbollah maintains an extensive network of social services throughout Lebanon in part to build popular support.²⁹

ACTION POINTS (for additional details, see page 6)

1. Expand sanctions on Hezbollah-linked entities and individuals, both inside and outside of Lebanon.
2. Increase designations on supreme leader-linked entities to hamper cash flow from Iran.
3. Support countervailing influences in Lebanon, including the central bank.
4. Press for multilateral action and cooperation with the EU and regional actors.



Hezbollah: Main Sources of Funding



EXTERNAL ASSISTANCE

- In addition to weapons, Iran currently provides roughly \$800 million annually to Hezbollah.
- The Venezuelan government has facilitated Hezbollah's drug trafficking.



DRUGS

- Hezbollah has connections with Latin American drug cartels and profits from drug smuggling.
- The group profits from growing and distributing drugs within the region around Lebanon.



SMUGGLING AND TRAFFICKING

- Hezbollah profited from a cigarette-smuggling ring in the U.S. from the mid-1990s to 2005.
- Relations with cartel networks in South America give the group access to smuggling expertise.



DONATIONS

- Hezbollah loyalists in the diaspora send the group funds, including from the U.S.
- As Hezbollah is not fully sanctioned by the EU, the group has collected millions of dollars annually from supporters in Europe.



TAXATION AND EXTORTION

- The group extorts heavily from its diaspora communities, particularly in Africa and Latin America.
- The group dictates to businesses run by members of the Lebanese diaspora how much to pay based on the companies' earnings.



COMMERCIAL ENTERPRISES AND AGRICULTURE

- The group's supporters operate a number of front companies to launder money for Hezbollah.
- The group has an extensive web of global investments.



CASH FROM THE BANKING SYSTEM

- The Lebanese Canadian Bank laundered hundreds of millions, much of it drug money, for Hezbollah.
- Hezbollah has repeatedly laundered money through banks in the U.S.

Significant Financial Events

1990s-early 2000s

Starting in the early 1990s, Iran provides an annual guarantee of \$100 million to Hezbollah, rising to \$200 million a decade later.³⁰

2006-2009

Iran's annual aid to Hezbollah surpasses \$300 million a year, thanks to a surplus from high oil prices.³¹

2009

Iran cuts funding for Hezbollah by 40 percent in the face of declining oil prices and international sanctions.³²

2012

Iran increases aid to Hezbollah after the group begins fighting alongside the Assad regime in the Syrian civil war.³³

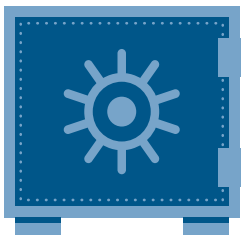
2014-16

Iran cuts back aid to Hezbollah again in the midst of mounting sanctions pressure prior to the implementation of the JCPOA.³⁴

2016-17

Iran's annual support to Hezbollah rises to \$700-\$800 million.³⁵

Hezbollah



ACCESS TO BANKING SYSTEM

Hezbollah receives cash from Iran, sent “in suitcases, not through banks.”³⁶ This money is often flown from Iran and/or smuggled in through Syria.³⁷ Hezbollah uses many different techniques to move money into Lebanon from abroad, including “hawala dealers (informal value transfer systems based on trust), money-service businesses...charities, and various old-fashioned smuggling techniques.”³⁸

Additionally, much of the money that Hezbollah procures from the Lebanese diaspora in Africa is sent to the group in cash on chartered flights.³⁹ Hezbollah has also conducted numerous robberies, including a 2009 bank heist in Sweden that netted the group \$2 million. The cash is smuggled into Iran and then transshipped to countries such as Syria and Turkey before reaching Lebanon.⁴⁰

The group’s elements in South America have used the U.S. financial system to launder drug money as recently as 2016.⁴¹ Hezbollah supporters, including Venezuelan Vice President Tareck El Aissami, have maintained front companies based in Florida.⁴² The group is known to have used the U.S. banking system as far back as 2001, when a supporter wired money from the Bank of New York to a Hezbollah member’s bank account abroad.⁴³ Until 2006, Hezbollah used an unofficial treasury, *Bayt al-Mal*, to interact with “mainstream” banks and to act as the group’s “bank, creditor, and investment arm.”⁴⁴

In 2011, the U.S. Treasury designated Lebanese Canadian Bank (LCB) under Section 311 of the PATRIOT Act, citing it as a “primary money laundering concern” for the bank’s role in laundering nearly “hundreds of millions of dollars monthly.”⁴⁵ Proceeds from used car sales were commingled with drug revenues and sent to money exchange houses, which deposited the amounts into the LCB. Goods and money from this scheme flowed through five continents.⁴⁶ Many LCB accounts potentially linked to Hezbollah may have moved to other Lebanese banks.⁴⁷

To target Hezbollah’s continued banking access in Lebanon, President Barack Obama signed the Hezbollah International Financing Prevention Act (HIFPA) in December 2015.⁴⁸ To retain access to international financial markets after HIFPA, the Lebanese central bank issued a directive to banks to close accounts related to Hezbollah.⁴⁹ This action purportedly led to the closure of hundreds of Lebanese bank accounts linked to the group.⁵⁰



STRATEGIC STRENGTHS

- Hezbollah leverages an array of revenue sources, augmenting Iranian assistance with a variety of its other intricate funding schemes, requiring multiple strategies to counter its financing.
- Multiple nations in South America, especially those in the Tri-Border Area, lack the regulatory framework to combat terror finance. Most Latin American countries do not even specifically criminalize “terror-related activities.”⁵¹
- Involvement in Lebanese politics creates a veneer of legitimacy and a shield from full European sanctions.
- Russian and Chinese influence in the UN Security Council gives the group cover, ensuring the UN will not directly sanction or censure Hezbollah.⁵²
- Hezbollah has developed “the most sophisticated money laundering scheme or schemes that we have ever witnessed” to hide its drug profits and move money around the world, according to former Drug Enforcement Agency (DEA) operations chief Michael Braun.⁵³



STRATEGIC VULNERABILITIES

- The group relies heavily on Iranian funding. Any cuts to this funding due to pressure on Iran can have a dramatic impact on Hezbollah’s operations.
- The group’s moralistic messaging could be undermined by its involvement in illicit trades, such as drug trafficking.
- Hezbollah’s military operations in Syria consume a high proportion of its financial resources, stretching its budget significantly.
- Hezbollah’s involvement in Syria diminishes its claim to be a Lebanese organization focused on combatting Israel. The group may come to be seen more as an Iranian proxy, fighting Sunnis and supporting the Assad regime which has targeted Palestinians,⁵⁴ potentially eroding local support.
- To operate, Hezbollah must maintain a complex relationship with the Lebanese government and armed forces. Fissures in those relationships could hinder the group’s mobility.

Hezbollah

U.S. GOVERNMENT COUNTERMEASURES

The U.S. Treasury Department sanctioned Hezbollah in 1995.⁵⁵ In 2006, the UN Security Council called for the “disarmament of all armed groups in Lebanon.”⁵⁶ In 2012, Treasury included Hezbollah under its sanctions authority targeting supporters of the Assad regime.⁵⁷ In 2015, the U.S. adopted HIFPA,⁵⁸ which strengthened U.S. sanctions by imposing new sanctions on Hezbollah’s domestic and international fundraising channels and by targeting the foreign banks that knowingly did business with Hezbollah facilitators.⁵⁹ Hezbollah is suspected to have detonated a bomb outside a bank in Beirut in 2016 to protest the Lebanese banking system’s moves to close Hezbollah-linked accounts in response to HIFPA.⁶⁰ Members of Congress in July 2017 proposed a bill to amend the original HIFPA legislation with stronger sanctions, including designating Hezbollah as a transnational criminal organization.⁶¹ The U.S. is actively pursuing the group’s various criminal funding mechanisms. These efforts target the drug smuggling and money laundering operations through which Hezbollah obtains funds,⁶² and features inter-agency cooperation to seize assets and develop targeted sanctions.⁶³ The U.S. has disrupted Hezbollah cells raising money for the group in the U.S., though the group continues to have operatives in North America.⁶⁴ As Hezbollah’s social services supplement state functions, much U.S. funding has been directed toward strengthening broader Lebanese institutions. Since 2006, the U.S. has pledged over \$1 billion in assistance to Lebanon.⁶⁵ In 2016, Lebanon was the fifth largest recipient of U.S. military assistance, receiving \$220 million in aid.⁶⁶ There are concerns that such aid may ultimately benefit Hezbollah without a clear demarcation between it and the state.⁶⁷

U.S. OFFICE OF FOREIGN ASSETS CONTROL (OFAC) SANCTIONS

60 organizations, 74 individuals

Of the 60 organizations and 74 individuals affiliated with Hezbollah and designated by OFAC (as of September 19, 2017), no organizations and one individual are also designated by the United Nations. The UN has not designated Hezbollah as a terrorist organization. For a detailed listing of designees, please see the *Terror Finance Briefing Book Appendices on FDD’s website*.⁶⁸

NOTABLE DESIGNATIONS



ALI AND HUSAYN TAJIDEEN

Sanctioned by the U.S. Treasury in 2010, these Lebanese brothers “owned or controlled” businesses in six countries and gave millions of dollars in cash to Hezbollah.⁶⁹ These businesses “dominated poultry and rice markets,”⁷⁰ and have had known business dealings with U.S. companies.⁷¹ Their presumed location is Lebanon.⁷² Their brother, Kassim, is in U.S. custody for funding Hezbollah.⁷³



ADHAM TABAJA

Designated in 2015, this Lebanese national is the owner of Al-Inmaa Group for Tourism Works.⁷⁴ Through this company’s subsidiaries, Tabaja runs one of Lebanon’s largest real estate businesses.⁷⁵ His business has worked closely with senior Hezbollah officials, holds property for the group,⁷⁶ and is used by the group for investments.⁷⁷ Tabaja’s construction company has expanded to Iraq.⁷⁸ As of 2017, he co-ran Hezbollah’s Business Affairs Component, which manages the group’s drug portfolio.⁷⁹ His current presumed location is Lebanon.

WILDCARDS

Unexpected developments which would greatly impact the group’s financing



FUNDING INCREASE

The Assad regime wins the Syrian civil war, bringing more Iranian influence in the Levant and paving the way for Hezbollah-linked companies to win construction contracts in Iraq and Syria.



FUNDING DECREASE

The EU sanctions the group in its entirety, making fundraising efforts in Europe more difficult.



FUNDING INCREASE

Iran increases its footprint in Venezuela due to the country’s economic crisis. More Hezbollah backers obtain positions of significant influence.

Hezbollah: Action Points

ACTION POINTS TO COMBAT HEZBOLLAH'S FUNDING

The U.S. needs to develop a strategic framework and clearer objectives to pressure Hezbollah's finances. The framework should be built around the four action points below, taking into consideration the need to hamper Hezbollah's global reach and stem Iran's ability to support the group, while avoiding the collapse of the Lebanese financial system and empowering Lebanese actors who act as a counterbalance to Hezbollah.

1. Expand sanctions on Hezbollah-linked entities and individuals, both inside and outside of Lebanon.

Finding and sanctioning Hezbollah's vast network of international funding sources is critical to disrupt and dampen funding flows to Hezbollah,⁸⁰ but also to signal that Hezbollah operatives cannot operate with impunity anywhere in the globe. By increasing the targeting of Hezbollah outside of Lebanon, the U.S. will show that the group does not have safe havens, and that the U.S. will stop at no lengths to break up its networks. Finding these targets would also give U.S. efforts to curb Hezbollah funding in Lebanon more impact. The U.S. needs to fund and reinvigorate the multi-agency task force that had considerable success tracking Hezbollah networks in the late 2000s.⁸¹ Hezbollah funders have been able to evade U.S. sanctions simply by renaming the companies they run.⁸² Treasury should invest resources into identifying such changes, and updating existing sanctions designations accordingly.

2. Increase designations on supreme leader-linked entities to hamper cash flow from Iran.

Up to 80 percent of Hezbollah's annual funding may come in cash from business conglomerates and charitable groups controlled by Iran's supreme leader, Ayatollah Ali Khamenei. Thus, no effort to pinch Hezbollah's financing will be effective without targeting this source. The U.S. Treasury Department should start by reexamining the Execution of Imam Khomeini's Order (EIKO), a large conglomerate accountable to Khamenei.⁸³ In 2013, EIKO was worth an estimated \$95 billion, comprised of real estate holdings, 37 subsidiary companies, and stakes in private and public companies,⁸⁴ many of which it functionally controls.⁸⁵ Treasury sanctioned EIKO in 2013 under Executive Order 13599, which imposed broad sanctions on the Iranian government.⁸⁶ EIKO remains sanctioned under this authority,⁸⁷ but the U.S. lifted secondary sanctions as an inducement for Khamenei to agree to the nuclear agreement, known as the Joint Comprehensive Plan of Action (JCPOA),⁸⁸ allowing non-U.S. entities to transact with EIKO. As the JCPOA only dealt with Iran's nuclear program,⁸⁹ any imposition of sanctions for non-nuclear reasons would not violate the deal.⁹⁰ Indeed, since the agreement came into force, the United States has designated numerous entities for involvement in Iran's ballistic missile program. Still, the U.S. should avoid re-imposing secondary sanctions on all of EIKO lest there be significant multilateral pushback. Instead, the president should use Executive Order 13224, which was issued after the September 11, 2001 attacks to target terrorist financing networks.⁹¹ Through this authority, the president could impose new secondary sanctions against select EIKO subsidiary companies based on the ability for Khamenei to pull from EIKO's profits to fund Hezbollah.⁹² Additionally, since much of EIKO's wealth has come from property seizures, the U.S. should designate its real estate holding companies under the Global Magnitsky Act, which targets those involved in corruption and human rights abuses.⁹³

3. Support countervailing influences in Lebanon, including the central bank.

Policy makers should be wary that supporting Lebanese institutions could directly or indirectly benefit Hezbollah. Two-thirds of bank deposits in Lebanon are in U.S. dollars,⁹⁴ requiring U.S. sanctions compliance. After the passage of HIFPA in 2015, the Lebanese central bank took significant steps to comply with U.S. sanctions, in part by ordering the closure of Hezbollah-linked accounts.⁹⁵ The U.S. should provide investigative support to the central bank, ensuring that it excises Hezbollah accounts and investigates potential abuses in return for retaining access to the international financial system. The U.S. could also support mediating institutions in part by fighting Hezbollah's narrative. A simple, but potentially influential, step could be sanctioning Hezbollah as a transnational criminal organization,⁹⁶ and to subsequently fully expose Hezbollah's criminal and corrupt practices to undermine the group's image locally and abroad.⁹⁷

Hezbollah: Action Points

4. Press for multilateral action and cooperation with the EU and regional actors.

Hezbollah's standing has fallen in the Arab world after intervening on behalf of the Assad regime in Syria.⁹⁸ This may increase the appetite for international action against Hezbollah funding. The Gulf Cooperation Council, for example, labeled the group a terrorist organization in 2016.⁹⁹ The U.S. should help amplify this designation by working through the Terrorist Financing Targeting Center (TFTC),¹⁰⁰ jointly headed by Saudi Arabia and the U.S. and including several Gulf countries, to deploy representatives from the Drug Enforcement Agency and Customs and Border Protection to teach Gulf counterparts how to effectively track Hezbollah funding across agencies and jurisdictions. Outside the Gulf, the U.S. should pressure the EU¹⁰¹ and the UN Security Council to designate Hezbollah in its entirety. To bolster its case, the U.S. should use Hezbollah's own admissions that there is no division of Hezbollah into a military wing and a political wing.¹⁰² At the UN, the U.S. should continue to press for the enforcement of Resolution 1701, which called for the disarmament of non-state actors in the country.¹⁰³ The UN Security Council reaffirmed this commitment in a resolution as recently as 2016.¹⁰⁴



In 2009, the Israeli Navy intercepted a ship bound for Syria that carried over 300 tons of Iranian-provided equipment intended for Hezbollah in Lebanon. Crates on the ship, holding weapons as seen above, were labeled as containing construction equipment.

Credit: Israel Defense Forces spokesperson

Hezbollah: Financial Details

Although Hezbollah finances are being pressured by sanctions and its operations in the Syrian civil war, these factors are not likely to have a debilitating effect on the group while Iran remains its chief funding source. The group stands to gain significantly from Iran because of relaxed sanctions pursuant to the JCPOA,¹⁰⁵ and a potential end to the war in Syria in the years ahead. Hezbollah's budget is opaque, but through its multitude of sources the group probably has access to roughly \$1 billion per year.¹⁰⁶ There are three primary sources of Hezbollah's funding: Iranian sponsorship, charitable donations, and criminal activity.¹⁰⁷

- Iran's backing in both finances and materiel has been crucial to Hezbollah's operations since its founding in the early 1980s.¹⁰⁸ The amount has fluctuated over the years, often as a function of oil prices and the impact of economic sanctions. Recent estimates by Israeli officials put Iran's financial support to the group at \$800 million a year.¹⁰⁹
 - In 2016, Nasrallah stated that "all of Hezbollah's budget" is supplied by Iran.¹¹⁰ Other estimates from 2016 put Iranian support at 70-80 percent of Hezbollah's budget.¹¹¹
- In a May 2016 testimony, then-Acting Under Secretary of the Treasury Adam Szubin stated that "today the group is in its worst financial shape in decades" due to years of sanctions against the group and increased expenditures in the Syrian conflict.¹¹²
- During times of economic hardship, Hezbollah has increased its reliance on its worldwide criminal networks.¹¹³
- According to former FBI and Treasury official Matthew Levitt, there is a spectrum of supporters outside the Middle East who fund and smuggle for the group, including formal operatives under Hezbollah's chain of command, business facilitators motivated mostly by profit, locals who donate due to pressure from Hezbollah henchmen, and "useful idiots" who help the group out of sympathy with its cause, but have no formal affiliation. Hezbollah leverages the entire spectrum to elicit money and goods from its overseas networks.¹¹⁴

EXTERNAL ASSISTANCE

Strategies to stem Hezbollah financing are unlikely to hinder the group unless they impact state sponsorship, which provides money, training, and other resources. Since the group's inception, Iran has bestowed military and intelligence expertise as well as a steady supply of materiel to Hezbollah.¹¹⁵ However, Iranian aid has ebbed and flowed, often as a result of fluctuating oil prices and the financial pressure of sanctions. According to the State Department in its 2016 Country Reports on Terrorism, "Iran continues to provide [Hezbollah] with training, weapons, and explosives, as well as political, diplomatic, monetary, and organizational aid; Syria has furnished training, weapons, and diplomatic and political support."¹¹⁶

- **Iranian funding levels:**
 - Estimates of Iran's current funding level to Hezbollah cluster around \$700-\$800 million.¹¹⁷ This is believed to be roughly 70-80 percent of Hezbollah's budget.¹¹⁸
 - Iran provided a "guaranteed annual contribution of at least \$100 million" to Hezbollah since the early

1990s. This amount increased to \$200 million in the early 2000s.¹¹⁹

- Buoyed by then-high oil prices, Iran increased its funding to Hezbollah again, providing "more than \$1 billion in direct aid" in total between 2006 and 2009.¹²⁰ According to Israeli intelligence, Iran cut support for Hezbollah by 40 percent in 2010 because of financial strain from falling oil prices and international sanctions.¹²¹
- After Hezbollah became involved in the Syrian civil war in 2012, Iranian support to Hezbollah increased sharply.¹²² In 2013, *Reuters* estimated the group made "between \$800 million and \$1 billion, with 70-90 percent coming from Iran."¹²³
- However, Iranian support to Hezbollah fell dramatically in 2014 and 2015, likely due to international sanctions and low oil prices.¹²⁴
 - ▶ In 2014, then-U.S. Under Secretary of the Treasury David Cohen stated that the "sanctions on Iranian financial institutions and Iran's ability to sell its oil – has had the collateral benefit of squeezing Tehran's ability to fund terrorist groups such as Hezbollah."¹²⁵

Hezbollah: Financial Details

- ▶ According to Levitt, sanctions targeting Iran’s nuclear program reduced its financial support for Hezbollah “for about eighteen months prior to the nuclear deal,” which went into effect in early 2016.¹²⁶
- **Iranian funding mechanisms:**
 - Money from Iran does not come directly from state appropriations. Rather, it comes from entities controlled only by the supreme leader,¹²⁷ and thus “does not appear in any official fiscal budget.”¹²⁸ Iranian support often comes via airplanes,¹²⁹ and couriers take cash across the border from Syria.¹³⁰
 - ▶ Iran’s funding of Hezbollah comes from “the multi-billion-dollar private resources at the disposal of Ayatollah Ali Khomeini,” according to press reporting, referring to *bonyads* and other endowments.¹³¹ *Bonyads* are parastatal organizations, Iranian charitable trusts that often run large conglomerates and are usually accountable only to the supreme leader.¹³² Many were formed when the “Islamic government expropriated the assets of the shah and his supporters” after the Iranian revolution in 1979.¹³³
 - ▶ *Bonyads* have accumulated wealth from “religious donations and investments in property and commerce.”¹³⁴ They operate in industries as diverse as pharmaceuticals, bus production, real estate, and food.¹³⁵
 - ▶ Iran’s supreme leader is the ultimate religious authority in Iran,¹³⁶ which has increased his control over the spending of associated charitable foundations.
 - ▶ One particularly large parastatal holding company run by the supreme leader is EIKO, also known as Setad,¹³⁷ which exists to “generate and control massive, off-the-books investments, shielded from the view of the Iranian people and international regulators.”¹³⁸
 - ▶ Aid to Hezbollah from the supreme leader’s resources increases in times of high oil prices,¹³⁹ as some of the endowments receive revenue from oil.¹⁴⁰
 - In 2006, the *Wall Street Journal* reported that one major *bonyad*, the Imam Reza Foundation, had given the group roughly \$180 million to rebuild homes destroyed in the 2006 war with Israel.¹⁴¹
 - In 2010, the Imam Khomeini Relief Committee Lebanon Branch and the Iranian Committee for the Reconstruction of Lebanon, two Iran-funded groups providing social services in Lebanon, were designated by the U.S. Treasury for funding Hezbollah.¹⁴²
 - In 2009, Nasrallah publicly admitted for the first time that Iran was supporting Hezbollah financially.¹⁴³
 - In June 2016, after additional U.S. sanctions targeting Hezbollah,¹⁴⁴ Nasrallah stated that Hezbollah’s income would not be impacted, as it received its budget, income, expenses, and weapons from Iran.¹⁴⁵ Indeed, Nasrallah stated in the same year, “As long as Iran has money, we have money.”¹⁴⁶
 - Iran has used Hezbollah to pass money along to Palestinian terrorist groups it supports, like Hamas and Islamic Jihad.¹⁴⁷
 - Iran’s former ambassador to Syria has stated that Iran has acted as a “middleman” between Hezbollah and other countries.¹⁴⁸
 - The JCPOA is likely to increase Hezbollah’s funding from Iran, as lifting sanctions has enabled Iran to export substantially more oil.¹⁴⁹ The sanctions on Iran lifted by the JCPOA gave the country access to frozen funds, including potentially more than \$100 billion in frozen oil revenues.¹⁵⁰
 - In Iran, religious taxes – typically a fifth of an individual’s net income – are collected by religious groups that, in addition to helping the needy, sometimes support Hezbollah with donations.¹⁵¹
- **Iranian material support:**
 - In 2009, Israeli officials intercepted a cargo ship carrying 500 tons of weapons supposedly sent to Hezbollah by Iran.¹⁵²
 - In 2012, the Israel Defense Forces shot down a drone allegedly manufactured in Germany, purchased by a front company for the IRGC, and then transferred to Hezbollah.¹⁵³
 - Hezbollah’s second in command, Naim Qassem, stated in 2014 that the group receives all of its missiles from Iran, including new, high-tech missiles.¹⁵⁴
 - A unit within the IRGC Quds Force, Unit 190, has been transferring weapons to Hezbollah and other groups since at least 2007.¹⁵⁵

Hezbollah: Financial Details

- ▶ The unit transfers weapons and equipment to Hezbollah (and the Syrian government) through airlines like Iran Air, Mahan Air, Caspian Air, and Maraj Air; through transshipment maritime routes; and over the ground in trucks and trains.¹⁵⁶
- A March 2017 article reports that Iran and Hezbollah have been building missile and weapons factories in Lebanon.¹⁵⁷ Israeli Prime Minister Benjamin Netanyahu highlighted the factories, constructed over the course of the past year, in August 2017.¹⁵⁸
 - ▶ Construction of these factories comes after the destruction of an IRGC weapons factory in Sudan in 2012,¹⁵⁹ and after Israel has repeatedly destroyed transfers of “game-changing” weapons shipped to Hezbollah from Iran through Syria.¹⁶⁰ The IRGC and Hezbollah are building these underground factories in Lebanon to produce drones and precision-guided missiles, including anti-tank and anti-ship missiles, so as to make the targeting of such weaponry more difficult. Iran trains Hezbollah members to produce the weapons and reportedly transferred these facilities to Hezbollah control in 2017.¹⁶¹
- **South America:**
 - Former Venezuelan President Hugo Chavez and other high-ranking Venezuelan officials have provided safe haven to Hezbollah, a tacit form of assistance that allows the group to continue fundraising through criminal activity in Latin America.¹⁶²
 - ▶ In 2008, the Treasury Department designated a Venezuelan diplomat for providing financial support to Hezbollah and for facilitating the travel of Hezbollah representatives to Venezuela. Treasury also designated two travel agencies involved.¹⁶³
 - The Tri-Border Area (TBA) between Argentina, Brazil, and Paraguay provides “a permissive environment where corrupt local officials connive with Hezbollah for their own gain.”¹⁶⁴
- **Syria:**
 - As early as 2002, Bashar al-Assad was providing heavy weaponry to Hezbollah.¹⁶⁵
 - Syria has consistently served as a transit point for transshipments of weaponry from Iran to Hezbollah. Before Syria’s civil war, Iran would fly weapons and cash to Damascus, where shipments would be transported via Syrian army trucks into Lebanon.¹⁶⁶
 - According to a 2014 report by the Institute for the Study of War, parts of Syria serve as a safe haven for the group’s Iranian-funded training camps and weapons storage depots.¹⁶⁷
 - In early 2016, advanced anti-aircraft systems that Russia provided the Syrian regime were given to Hezbollah.¹⁶⁸
- **Sudan:**
 - Sudan was listed as a State Sponsor of Terrorism in 1993 in part due to its institutional support for Hezbollah.¹⁶⁹
 - ▶ The State Department’s 2016 Country Reports on Terrorism noted that Sudan has become a “cooperative partner of the United States on counterterrorism,” indicating that its support for Hezbollah may have declined.¹⁷⁰ Sudan cut ties with Iran in 2016, perhaps in part as a result of a closer relationship with Saudi Arabia.¹⁷¹
- **Qatar:**
 - A 2009 Stratfor report claimed that Qatar sent Hezbollah an estimated \$300 million “to help sponsor its political activities.”¹⁷²
- **Russia:**
 - Reports emerged in early 2016 that Russia has provided heavy weaponry, including “long-range tactical missiles, laser guided rockets, and anti-tank weapons,” to Hezbollah to support the group’s efforts in fighting on behalf of the Russian-backed Assad regime.¹⁷³
 - ▶ Analysts in 2015 reported that Russia and Hezbollah set up joint operations facilities in Damascus and Latakia, Syria.¹⁷⁴ This coordination has probably included intelligence sharing. Hezbollah officially announced it was working with Russia in 2016.¹⁷⁵ Hezbollah is now a part of a “4+1” intelligence-sharing group that includes the governments of Russia, Iran, Iraq, and Syria, according to a *Newsweek* article.¹⁷⁶

Hezbollah: Financial Details

DRUGS

Hezbollah's involvement in the drug trade will likely increase as the group continues to leverage complex transnational smuggling routes and strong demand.¹⁷⁷ Hezbollah has developed deep ties to international drug cartels and operates in permissive environments, leveraging corrupt officials. There is evidence that Hezbollah facilitates the growth and distribution of drugs directly in the Middle East.

- Although a Hezbollah cleric issued a fatwa in the 1980s approving selling drugs to non-Muslims in the West,¹⁷⁸ the group has gone to great lengths to hide its profits from the narcotics trade.¹⁷⁹
 - In one \$300-million scheme from 2007 to 2011, Hezbollah networks purchased used vehicles in the U.S. to ship to West Africa for sale. The earnings were commingled with drug profits and sent to exchange houses.¹⁸⁰
- A U.S. House Committee on Homeland Security report from 2011 notes that Ayman Joumaa¹⁸¹ – designated by OFAC for drug trafficking and money laundering¹⁸² in the U.S., Lebanon, Benin, Panama, Colombia, and the Democratic Republic of Congo – was a Hezbollah supporter and used Lebanese exchange houses for money laundering.¹⁸³
 - The U.S. Department of Justice says that Joumaa coordinated shipments of tens of thousands of kilograms of cocaine to the Mexican Los Zetas cartel.¹⁸⁴
 - Joumaa had ties to multiple Lebanese exchange houses and companies that “permitted Hizballah-related entities to conduct massive cash transactions, in some cases as much as \$260,000” per day and “\$200 million in proceeds per month.”¹⁸⁵
 - ▶ Joumaa’s organization paid Hezbollah couriers to transport and launder drug money.¹⁸⁶
- In 2008, Colombian and American law enforcement worked together to seize over \$23 million from Colombian drug cartels such as the FARC and the Northern Valley Cartel in Operation Titan, led by the DEA. The ring had been providing twelve percent of their drug proceeds to Hezbollah, typically in cash. The complex operation “used human couriers, fake businesses, international transfers and real estate transactions to launder the money in other locations, including Africa and Canada.”¹⁸⁷
- Also in 2008, German authorities at Frankfurt airport seized \$13.4 million in cash in the luggage of four Lebanese travelers connected to a Hezbollah cocaine trafficking ring.¹⁸⁸
- An investigative journalist reported in 2010 that Hezbollah received a “considerable portion of its income” from cocaine trade through West Africa,¹⁸⁹ and that, in addition to its own heroin trade, Hezbollah charged a fee to facilitate the trafficking of other drug-smuggling networks, such as the FARC’s cocaine trade.¹⁹⁰
- In 2010, 17 individuals from Lebanon, Cuba, Curacao, Venezuela, and Colombia were arrested in Curacao for exporting cocaine. Some of the proceeds were directed to Hezbollah-linked organizations.¹⁹¹
- A Venezuelan cocaine kingpin revealed in a 2011 television interview that “Hezbollah conducts fundraising and operates cocaine labs in Venezuela with the protection of that government.”¹⁹²
- In 2013, two Hezbollah supporters in Detroit¹⁹³ were “accused of trafficking cocaine, heroin, and marijuana, in collaboration with a Nigerian drug dealer with a Canadian immigration document.”¹⁹⁴
- In testimony to the Senate Armed Services Committee in 2015, Gen. John Kelly, then-Commander of SOUTHCOM, asserted that “clan-based criminal networks exploit corruption and lax law enforcement in places like the Tri-Border Area of Brazil, Paraguay and Argentina and the Colon Free Trade Zone in Panama and generate revenue, an unknown amount of which is transferred to Lebanese Hezbollah.”¹⁹⁵
- There is at least one allegation that a drug-smuggling organization based in Australia laundered money through an exchange house that gave a percentage of its revenues to Hezbollah in 2014.¹⁹⁶
- A 2015 article claims that Hezbollah has been involved in drug smuggling and money laundering in the Free Trade Zones in northern Chile as well as other northern Chilean seaports.¹⁹⁷
- In February 2017, Treasury sanctioned the Vice President of Venezuela, Tareck El Aissami, for his involvement with the drug trade.¹⁹⁸ That same month,

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CNN reported that a 2013 confidential intelligence report by a group of Latin American nations assessed that El Aissami had ordered Venezuelan passports to be fraudulently issued to 173 people in the Middle East, including individuals connected to Hezbollah.¹⁹⁹

- Latin American intelligence officials reportedly told an American researcher that El Aissami created a network of nearly 40 shell companies to launder money, including some that were based in Miami. This network was used by Hezbollah supporters (including the Lebanese Canadian bank), Colombian and Mexican cartels, and Ayman Joumaa, discussed above.²⁰⁰
- In 2008, the U.S. sanctioned Ghazi Nasseridine, the former director of political aspects at the Venezuelan Embassy in Lebanon, for facilitating Hezbollah's fundraising efforts.²⁰¹
- DEA's Project Cassandra in February 2016 targeted Hezbollah's External Security Organization Business Affairs Component (BAC), responsible for drug trafficking, drug proceeds laundering, and arms trafficking.²⁰²
 - DEA noted that BAC members have "established business relationships with South American drug cartels" and are "responsible for supplying large quantities of cocaine to the European and United States drug markets."
 - The BAC "collected and transported millions of euros in drug proceeds" to purchase weapons for Hezbollah fighters in Syria in early 2016.²⁰³
- In 2016, the DEA uncovered a group linked to Hezbollah and Colombian cartels laundering \$500,000 in drug money through Miami banks.²⁰⁴
- In Lebanon, Hezbollah reportedly allows the growth of marijuana as a cash crop on land under its control, and multiple Arab media outlets assert that the group participates in the trafficking of Captagon, an amphetamine-type drug.²⁰⁵

SMUGGLING AND TRAFFICKING

Hezbollah's smuggling schemes have become increasingly complex to avoid interdiction, and the group is likely to continue profiting from them in years to come. The group has mastered technical logistics to move goods and money around the world without

*interdiction, through complex schemes of front companies and Iranian support. Hezbollah networks facilitate large- and small-scale trafficking, including stolen consumer items like baby formula, clothing, and electronics as well as counterfeit goods.*²⁰⁶

● Latin America:

- Assad Barakat, a Hezbollah treasurer, ran a Paraguay-based network that contributed "a large part of the \$20 million sent annually from the TBA to finance Hezbollah." He raised money mainly through drug trafficking and pirated goods.²⁰⁷
 - ▶ In 2004, the U.S. Treasury sanctioned Barakat and two of his companies.²⁰⁸
 - ▶ Though imprisoned in 2003 in Paraguay for a six-and-a-half-year sentence, there is evidence that his network continued to operate and support Hezbollah.²⁰⁹ Three of Barakat's family members, also sanctioned by Treasury, remain active in Paraguay, Brazil, and Angola.²¹⁰
- Michael Braun explained in 2012 that Hezbollah's relationships with Colombian and Mexican cartels most likely provides them with access to the "smuggling infrastructure" of the cartels, which they use to traffick arms and people.²¹¹
- In 2003, a U.S. general estimated that Islamist terrorist groups, including Hezbollah, made between \$300-\$500 million a year in South America overall from activities including arms trafficking and smuggling. Some income came from the Tri-Border Area.²¹²
 - ▶ In 2004, Hezbollah's yearly income from Paraguay was roughly \$10 million.²¹³ By 2009, Hezbollah's annual revenue from its activities in the TBA was roughly \$20 million.²¹⁴
 - ▶ There is a sizable Lebanese diaspora in the TBA region that Hezbollah can exploit.²¹⁵

● North America and Europe:

- In 2005, a cigarette smuggling ring that funneled money to Hezbollah was disrupted by U.S. authorities.²¹⁶ Cigarettes bought in North Carolina at \$14 per carton were sold in Michigan at twice that price. The group was estimated to have sent \$1.5 million in proceeds to Hezbollah from this trade.²¹⁷
 - ▶ The proceeds went toward night vision goggles and scopes, aircraft design and analysis software,

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GPS equipment, radar, and mining equipment for Hezbollah use.²¹⁸

- In January 2016, nearly 20 Hezbollah members and associates were arrested across Europe in a smuggling ring. The raids seized assets such as a luxury vehicle, more than half a million dollars in cash, and seventy watches worth roughly \$9 million. The profits were then used to finance South American drug cartels smuggling cocaine into the U.S. The proceeds from the drug trade, in turn, were used to purchase weapons for Hezbollah's fight in Syria.²¹⁹
- **Middle East:**
 - The Israeli ambassador to the UN stated in November 2016 that Iran “packs weapons, ammunition and missile technology to Hezbollah in suitcases” and puts them on commercial flights to Lebanon.²²⁰
 - ▶ U.S. officials believe members of Hezbollah are smuggling advanced guided-missile systems into Lebanon from Syria to evade Israeli detection.²²¹
 - ▶ A 2017 House Financial Services Committee testimony by Iran sanctions evasion expert Emanuele Ottolenghi states, “Iranian commercial carriers have been crisscrossing Iraqi airspace to deliver military support to Assad and Hezbollah since 2011,” and this has increased since 2015.²²²
 - According to reports by a Syrian human rights group, Hezbollah was involved in looting homes in a city in western Syria during an operation in 2013.²²³

DONATIONS

*Though Hezbollah is likely to maintain support from segments of the Lebanese diaspora, donations may decline as grassroots sympathies for Hezbollah have soured since the group began supporting Assad in 2012.*²²⁴

- **Lebanon:**
 - In February 2017, Hezbollah ramped up its annual “Equip a Mujahid”²²⁵ fundraising campaign. The group posted images of equipment needed on social media and websites, arguing that sponsoring fighters fulfilled one’s personal obligation if they could not fight themselves.²²⁶

- In 2016, the group requested donations from “wealthy Lebanese Shiites to support the children of the party’s fighters killed in combat in Syria.”²²⁷
- Inside Lebanon, Hezbollah makes most of its money from everyday charitable giving, religious donations, and money from businesses such as retail stores and construction firms.²²⁸
 - ▶ The group distributes donation boxes around Lebanon, and has used its television station al-Manar to ask for support.²²⁹
- **North America:**
 - In a 2005 testimony, Matthew Levitt cited an Israeli intelligence report that found four Detroit-based charities had been donating funds to Hezbollah.²³⁰
 - In 2007, the U.S. Treasury sanctioned Goodwill Charitable Organization (GCO), which was operating in Michigan as a Hezbollah front charity. The GCO had sent a “significant amount of money” to Hezbollah through the Martyrs Foundation, another sanctioned entity.²³¹
 - Two dual U.S.-Lebanese citizens living in Ohio were arrested in 2010 for storing weapons for Hezbollah and for delivering money to the group. They concealed \$200,000 in a vehicle they intended to ship to Lebanon, and were planning to send an additional \$500,000 to \$1 million to the group.²³²
 - ▶ The couple was planning to act as cash couriers, or use a money transfer service such as Western Union, to get the money to Hezbollah.²³³
 - In the early 2000s, Hezbollah had a Canadian arm of its funding and procurement network that mainly focused on credit card and banking scams. The profits went towards Hezbollah purchases such as “night-vision devices, global positioning systems, mine-detection equipment, and laser range finders,” which are then smuggled into Lebanon.²³⁴
- **Africa:**
 - Hezbollah maintains a significant fundraising presence in Africa. In 2013, Treasury sanctioned four Lebanese Hezbollah supporters who were managing the organization’s fundraising campaigns in Sierra Leone, Senegal, Cote d’Ivoire, and the Gambia.²³⁵
 - In 2003, a plane crashed en route from Benin to Beirut while carrying senior Hezbollah members and \$2 million in cash contributions from wealthy Lebanese nationals.²³⁶

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- In 2015, Treasury designated three individuals and businesses in Nigeria that directly supported Hezbollah through financing and possible arms trafficking.²³⁷
- **Europe:**
 - In 2016, “German authorities uncovered a money-laundering operation in Europe that amassed nearly [\$1.1 million] a week for more than two years,” which was sent to Hezbollah.²³⁸
 - In 2014, Germany shut down the Orphans Project Lebanon charity for its ties to Hezbollah.²³⁹ Between 2007 and 2014, the Orphans Project had raised about \$4.5 million for the Shahid Foundation, a Lebanese organization tied to Hezbollah.²⁴⁰
 - In his 2005 testimony, Levitt cited an Israeli intelligence report that found five European charities – two German and three British – had been funding Hezbollah.²⁴¹
 - In Germany, Hezbollah’s highest source of cash inflow comes from donations to Hezbollah-associated mosque associations.²⁴²
- of the group. For example, the U.S. sanctioned two businesses in 2004 run by Assad Barakat, which he had been using as covers to fundraise and fraudulently borrow from a bank, respectively.²⁴⁶
- In 2007, the Treasury Department sanctioned a Lebanon-based construction company run by Hezbollah with monetary support from Iran. It was able to use proxies to attract funding from international development organizations.²⁴⁷
- A German press report claimed that Hezbollah lost nearly \$1.4 billion on bad investments in 2010.²⁴⁸
- A 2013 report claims that Hezbollah “profits considerably from its control of ports, roads, airport terminals and other infrastructure, a control that yields bribes, customs duties, etc.” Sudanese ports in particular have served as a platform for Iranian shipping interests,²⁴⁹ although Khartoum appears to have pivoted away from Tehran since 2014 as it has sought stronger financial ties with Saudi Arabia.²⁵⁰
- In 2014, Treasury sanctioned Stars Group Holding, with subsidiaries in China and the UAE, for being a procurement front for Hezbollah. The company allegedly provided advanced technology to the group in order to build unmanned aerial vehicles and other technologies that further their military capabilities.²⁵¹

COMMERCIAL ENTERPRISES

Hezbollah supporters run an extensive network of commercial and illicit businesses around the globe, including in South America and Africa, which may morph into new enterprises to avoid scrutiny. By using shell companies, and by renaming companies to avoid U.S. sanctions, Hezbollah-linked groups can continue to access the international financial system and transact with an ever-growing network of companies. The U.S. Treasury Department has designated dozens of Lebanon-based firms²⁴³ for supporting Hezbollah, including real estate firms and auto care companies.²⁴⁴ It is likely the group will continue its money laundering operations, growing into new fields and businesses in the future.

- Hezbollah “relies upon accomplices in the business community to place, manage and launder its terrorist funds.” For example, Hezbollah provided the chairman of a Beirut-based telecommunications company millions of dollars to invest in commercial projects that financially support Hezbollah.²⁴⁵
- Hezbollah members have often used front companies to hide their money laundering activities on behalf
- A major U.S. exporting company, Seaboard Corp, is suspected of utilizing companies in Africa that are owned by Ali and Husayn Tajideen. The Tajideen brothers have been suspected of sending millions of dollars to Hezbollah through a multibillion-dollar business empire dealing in products as diverse as poultry and real estate.²⁵²
 - ▶ One brother was extradited to the U.S. and charged with sanctions evasion in 2017. He reportedly used fake business names and misrepresented ownership of those businesses since he was sanctioned by the U.S. in 2009 for providing support to Hezbollah.²⁵³ Since then, he has completed an estimated 47 wire transfers that totaled \$27 million with numerous U.S. companies.²⁵⁴
- In February 2017, a London-based NGO released a report claiming that a Democratic Republic of the Congo conglomerate controlled by Hezbollah-

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linked individuals had sold \$5.5 million worth of timber to U.S. companies since 2010.²⁵⁵

- A Hezbollah supporter who owned and operated a supermarket in Senegal used the business to “raise funds for Hezbollah and attract supporters.” He also organized travel arrangements for high-ranking Hezbollah officials.²⁵⁶
- In 2011, U.S. federal investigators found American used cars were being sold in Benin, with Hezbollah taking a cut for moving and laundering the cash. A 2016 article claimed that the Hezbollah used-car network is “still alive,” with continued ties to Mexican and Colombian drug cartels.²⁵⁷

TAXATION AND EXTORTION

In response to counterterror financing pressures on the Lebanese banking system, Hezbollah is likely to rely more on extortion and taxing businesses and individuals outside of Lebanon under its nominal control.

- Hezbollah frequently coerces Lebanese communities in Africa to donate money, responding with “threats and even outright violence” if they refuse. They also levy taxes on businesses, “with payment enforced by ... racketeering.”²⁵⁸
 - A 2006 report from Lebanese businessmen in Ivory Coast, Liberia, Sierra Leone, and Mali claimed that Hezbollah taxed Shia businesses in these countries and also collected funds from criminal enterprises and militants.²⁵⁹
 - Hezbollah maintains a list of which Lebanese have family in the diaspora, whom they then systematically extort. The group dictates the necessary contribution from businesses in Africa “based on an assessment of each business’s expected earnings.”²⁶⁰
- Hezbollah charges taxes “to guarantee shipments” of drugs into Lebanon from Syria.²⁶¹
- Assad Barakat, a Hezbollah treasurer, was arrested in 2002 for collecting protection money from Lebanese shopkeepers in South America to protect their families back in Lebanon.²⁶²

MONEY FROM THE BANKING SYSTEM

Given an improved sanctions regime against Hezbollah, it is unclear if the group will be able to launder sums as significant as in the past inside or outside of Lebanon. Hezbollah has repeatedly used the international financial system to move funds around the globe, and seeks new jurisdictions and additional financial institutions for money laundering when previous ones become inhospitable.

- In 2011, the U.S. sanctioned Lebanese Canadian Bank. Perhaps hundreds of accounts at LCB were owned by Hezbollah, which had used exchange houses to deposit narcotics proceeds at the bank. Up to \$200 million in narcotics proceeds were laundered through the bank each month.²⁶³
- In 2004, a Hezbollah parliamentarian stated that “investment portfolios and wealthy Shiites” provided the bulk of the group’s funding.²⁶⁴
- In 2006, Treasury designated two Lebanese organizations that were acting as Hezbollah’s “unofficial treasury” by “holding and investing [Hezbollah’s] assets and serving as intermediaries between the terrorist group and mainstream banks.”²⁶⁵
- An undercover FBI agent met with Hezbollah officials in 2009 and was “provided with \$10,000 in counterfeit US currency.”²⁶⁶
- Sources also claimed that Hezbollah cells “conduct robberies all over the world and send the money to Iran,” where it is eventually distributed to Hezbollah in Lebanon. This included a \$2-million bank heist in Sweden.

EXPENDITURES

*Hezbollah spends most of its funding on its fighting force and on social services, predominantly for southern Lebanon. The group’s continued activity in Syria is likely to be a major component of its budget for the foreseeable future.*²⁶⁷

- Hezbollah’s overall budget was greater than \$100 million in 2004.²⁶⁸ One article, citing estimates from the intelligence community, put Hezbollah’s yearly budget in 2004 at \$200-\$500 million.²⁶⁹

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- In 2014, an Iranian newspaper cited sources that estimated Hezbollah's budget at \$200-\$500 million per year.²⁷⁰
- In 2016, newspaper reporting put Hezbollah's annual estimated budget at roughly \$1 billion.²⁷¹
- **Social services:**
 - Hezbollah has a comprehensive social services and health system, largely concentrated in southern Lebanon, comprised of the Social Unit, the Islamic Health Unit, and the Education Unit.²⁷²
 - ▶ The Social Unit consists of committees and foundations focused on construction, veterans' affairs, and other tasks.
 - ▶ The Islamic Health Unit operates "three hospitals, 12 health centers, 20 infirmaries, 20 dental clinics, and 10 defense departments" in southern Lebanon. These provide healthcare to low-income populations.
 - ▶ The Education Unit offers multiple elementary and secondary schools at a relatively low cost. Hezbollah also "provides low-income students with scholarships, financial assistance and books," and operates libraries.
 - Nasrallah said that Hezbollah paid \$300 million to compensate families who had lost their residences due to the 2006 war with Israel. He claimed the funds came directly from Iran.²⁷³
 - A Hezbollah official said in 2009, after bombings in Lebanon, "everybody who lost their house or apartment we will give them \$10,000 in the south and Bekaa, and \$12,000 in Beirut for the stability to rent a new apartment."²⁷⁴
 - In 2015, the head of a Hezbollah-allied political faction had his monthly budget "drop from \$60,000 to \$15,000."²⁷⁵
- Al-Manar, Hezbollah's television station, had an annual budget of \$15 million in 2004.²⁷⁶
 - ▶ In 2008, Iran's former ambassador to Syria stated that Iran and the Syrian government had helped create al-Manar.²⁷⁷
 - ▶ Al-Manar was designated for sanctions in 2006 because it employed Hezbollah members and "supported fundraising and recruitment efforts" by the group. The station's budget was directly managed by Nasrallah.²⁷⁸ The channel declared on its website that its purpose was to "wage psychological warfare." The U.S. has prosecuted individuals in the past for providing material support to al-Manar.²⁷⁹
- **Military:**
 - In 2012, the Treasury Department sanctioned Jaysh al-Sha'bi, a Syrian militia supporting the Assad regime, and noted that Hezbollah had provided "training, advice, and weapons and equipment" for the group, in conjunction with Iran.²⁸⁰
 - In 2013, Hezbollah paid salaries to an estimated 60,000-80,000 personnel on its payroll across social services and its military.²⁸¹
 - A 2015 article reports that Hezbollah offers "a salary of between \$500 and \$2,000 dollars a month" to young recruits.²⁸²
 - Hezbollah is able to support suicide attacks against Israel at a relatively low financial cost to the group. In January 2016, Hezbollah gave five Palestinian men \$5,000 to carry out suicide bombings before they were arrested by Israeli authorities.²⁸³
 - In 2016, Hezbollah's "arsenal of rockets and missiles [was] seven times larger than it was" during the 2006 war with Israel.²⁸⁴

CONCLUSION

Combating Hezbollah's finances requires a coherent strategy, which the U.S. must articulate before it can expect success against the group. Countering Iran's support for the group, for example, necessitates an approach to Hezbollah that is integrated into America's broader foreign policy objectives for the Middle East. The group's global reach and deep connections to Iran in a post-JCPOA economic environment portend well for its continued financial resiliency, even though the group's revenues have been stretched by the conflict in Syria. Hezbollah is a key part of Iran's expansionist objectives, and it has established an Iranian footprint on multiple continents. The increased connectivity of these fronts will require a policy that addresses this broader Iranian strategic intent, which is bigger than the movement of Hezbollah itself.

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