



**THE BEGIN-SADAT CENTER
FOR STRATEGIC STUDIES**



Bar-Ilan
University

The Laundromat: Hezbollah's Money-Laundering and Drug-Trafficking Networks in Latin America

Emanuele Ottolenghi



Mideast Security and Policy Studies No. 194

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ISSN 0793-1042
July 2021

Cover image: Police raid on lab in Paraguay where three Colombians were arrested in June 2018. Image shows cocaine disguised as charcoal briquettes together with the chemicals used to disguise it. Source: Confidential source within Paraguayan law enforcement

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The Laundromat: Hezbollah’s Money-Laundering and Drug-Trafficking Networks in Latin America

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The Laundromat: Hezbollah's Money-Laundering and Drug-Trafficking Networks in Latin America

Emanuele Ottolenghi

EXECUTIVE SUMMARY

On January 6, 2021, the Gulf news network *Al Arabiya* published an explosive revelation. In late 2016, a high-placed Hezbollah operative named Nasser Abbas Bahmad came to what is known as the Tri-Border Area (TBA), where the frontiers of Argentina, Brazil, and Paraguay meet. His apparent mission: establish a supply line of multi-ton shipments of cocaine from Latin America to overseas markets in order to generate funds for the Lebanese terrorist group Hezbollah.

Investigative pieces soon followed in the [Argentinian](#) and [Paraguayan](#) press. And they are onto something: a law enforcement source from one of the three countries told this author, on condition of anonymity, that Bahmad and his business partner, Australian-Lebanese national Hanan Hamdan, were put on a US watchlist in December 2020.

Yet for all the stories reveal, much remains murky.

Over the past decades, Hezbollah has built a well-oiled, multi-billion-dollar money-laundering and drug-trafficking machine in Latin America that cleans organized crime's ill-gotten gains through multiple waypoints in the Western hemisphere, West Africa, Europe,

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and the Middle East. Traditionally, Hezbollah used the TBA's illicit economy as a hub for money-laundering—less so for cocaine trafficking. For years, Hezbollah-linked drug traffickers in the TBA moved only relatively small quantities of cocaine. Multi-ton shipments are another story.

The large cocaine shipments tied to Hezbollah's money-laundering networks used to flow from Colombia and Venezuela, and with good reason. Colombia remains Latin America's largest producer of the white powder, and Venezuela, under the Iran-friendly narco-regime of Nicolas Maduro, is a key transit point for cocaine shipments. If Hezbollah is now involved in establishing a major cocaine supply line in the TBA, something must have changed in its *modus operandi*. Have Hezbollah's trade routes shifted?

As if that were not puzzling enough, here is another mystery the media revelations leave unsolved. By December 2017, Bahmad—once a film producer known for his skill as a propagandist but with seemingly no business experience—had left the area, never to return. GTG Global Trading Group S.A., the company he established only a few months before disappearing, lies dormant to this day. Why did Bahmad vanish before the first consignment of his product shipped from Paraguay? Did local authorities thwart his mission? Did someone snitch on him? Or did the producer *produce*—that is, did he accomplish his mission, leaving no reason for him to stay in the TBA? Did he fool everyone, establish his supply line, and place it in trusted hands before vanishing?

Based on dozens of interviews with confidential sources, documents obtained from regional intelligence informants, and open-source research, this study reveals the singular story of Nasser Abbas Bahmad and his foray into Latin America. His story in turn illustrates how Hezbollah established its largest financial laundromat in Latin America, and how, despite efforts by US and South American law enforcement agencies, it is running at full speed and bankrolling the arming of enemies of America and Israel.

Here is how the laundromat works, and what Washington can do to stop it.

The Laundromat: Hezbollah's Money-Laundering and Drug-Trafficking Networks in Latin America

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THE CONTAINER

On November 28, 2017, a shipping container from mainland China arrived at Terport, a small private port near Asunción, the capital city of Paraguay. According to the [Argentinian intelligence brief Encripdata](#), Nasser Abbas Bahmad had over 12 tons of charcoal stored in Terport's customs area, ready to be packaged and shipped once company bags arrived by container. But customs authorities did not release the container until January 16, 2018, when a team of Paraguayan investigators inspected it.

They were following a clue. The shipment's owner, a newly established import-export company in Paraguay called GTG Global Trading Group S.A., was allegedly a cover for a budding Hezbollah global narco-trafficking scheme. GTG in Paraguay is a subsidiary of GTG Global Trading Group Pty LTD, a namesake Australian company headquartered in Sydney. Paraguayan investigators believed the container's owners had been in the country for over a year disguising cocaine as the charcoal briquettes normally used to fuel Lebanese hookah pipes.

Drug traffickers are always devising new ingenious ways of camouflaging cocaine. Cartels employ chemical engineers at both ends of the trade to compound and color the cocaine so it looks like charcoal. The cartels then hide the cocaine at random in larger bags of authentic charcoal. Once the cartels deliver the disguised cocaine, the engineers

transform it back to powder before it hits the streets. To make this smuggling operation work, cartels need charcoal traders to play along.

Charcoal is no stranger to such ploys. There have been numerous cases over the past decade of cartels using charcoal to smuggle cocaine—whether Hezbollah was involved is not known. The opportunity for such smuggling from Paraguay is massive. According to the Observatory of Economic Complexity, Paraguay in 2018 was [the eighth-largest exporter of charcoal in the world](#), with a 2.69% share of the global market. In 2019 Paraguay slid to 12th place but [increased its market share](#) to 2.8%.

That charcoal from Paraguay has become a cover for multi-ton cocaine shipments is not in question. Authorities in Paraguay and Spain recently seized two large shipments of cocaine hidden in charcoal bags. [The first](#), in October 2020, was a three-ton consignment of cocaine, found at the same port where Bahmad's original container was inspected. [The second](#), in December 2020, was a two-ton shipment of cocaine, which Spanish authorities seized at the port of Algeciras. The charcoal used to conceal the drugs was from Paraguay.

No one yet knows whether these shipments are part of the cocaine supply line supposedly set up by Bahmad—though officials who spoke to this author on condition of anonymity identified one of the companies involved as possibly tied to the Bahmad operation.

The following is a sampling of black cocaine seizures connected to Latin America over the past decade:

- [In March 2012](#), Spanish and Portuguese police seized 380 kilograms of cocaine disguised as charcoal in a cargo from Argentina.
- [In May 2013](#), Spanish authorities seized 50 kilograms of cocaine hidden in charcoal bags coming from Latin America through the port of Valencia.
- [In August 2014](#), Peruvian authorities seized a record six tons of cocaine hidden in a cargo of charcoal.

- [In December 2014](#), Spanish authorities seized 390 kilograms of cocaine in Santiago de Compostela. The charcoal came from Paraguay.
- [In March 2015](#), Guyanese authorities found cocaine hidden in a US-bound 40 foot container of charcoal bags.
- [In April 2015](#), Colombian authorities seized 306 kilograms of coca paste disguised as charcoal in Barranquilla.
- [In June 2015](#), Colombian authorities seized another 634 kilograms of cocaine disguised as charcoal briquettes, whose destination was Belgium. Two of the containers were seized in Barranquilla and the third in Cartagena.
- [In February 2016](#), Spanish authorities in Valencia raided a lab in charge of separating cocaine from charcoal.
- [In February 2017](#), Australian authorities seized AUS\$186 million worth of cocaine and amphetamines hidden in charcoal.
- [In January 2019](#), Canadian authorities seized almost five kilograms of cocaine hidden inside bags of charcoal in transit from Panama to Israel.
- [In September 2019](#), Malaysian authorities seized 12 tons of cocaine hidden in charcoal bags.
- [In October 2020](#), Paraguayan authorities seized three tons of cocaine hidden in charcoal bags.
- [In January 2021](#), Spanish authorities seized two tons of cocaine hidden in charcoal bags that came from Paraguay.

There is little doubt that in the past, Hezbollah financiers have used charcoal shipments from Latin America to disguise cocaine. The evidence emerged during a US Drug Enforcement Administration (DEA) [joint operation](#), code-named Operation Cedar, with European law enforcement agencies across seven countries to target a large Hezbollah money-laundering network. Operation Cedar targeted

money-laundering and drug trafficking activities that occurred during 2012-16 and culminated in sweeping arrests in France in January 2016.

According to French court documents, a Lebanese-Canadian charcoal merchant operating out of Colombia, Hassan Mohsen Mansour, revealed to undercover agents in 2015 that he used his trade as a cover to move dope and launder cash back to Colombian cartels. Operation Cedar exposed Mansour, who was later indicted [in Florida](#). A 2019 [Canadian investigation](#) by Global News later revealed that Mansour was in charge of cocaine shipments to Australia. Authorities briefly detained Mansour in Paris in January 2016, and although they later released him, his operation was exposed. That is when GTG Global Trading Group, Bahmad's company, was incorporated.

According to the company's old website, which has since vanished (an archived copy appears on the Wayback Machine, an online portal that preserves deleted web pages), GTG has offices in Dubai, Beirut, Berlin, and London in addition to its Sydney headquarters. It also has offices in the Ivory Coast and Guinea in Africa and Paraguay and Brazil in Latin America.

Iraqi commercial registry corporate filings show that GTG Global Trading Group Pty LTD, the Australian company, opened an Iraqi branch in 2018. Records for GTG in Iraq's commercial registry include a power of attorney for Bahmad's business partner, [Hanan Hamdan](#), who is co-owner of the parent company in Sydney. The power of attorney was notarized in Australia, confirming this is the same company.

GTG Global Trading Group corporate filings

Foreign Companies
CD : 5226
Date : 14/02/2018

أجلّة تسجيل فرع شركة أجنبية
Registration License of Foreign Company's Branch
٥٢٢٦ والمؤرخ في ٢٠١٨/٠٢/٠٧ القاضي

المجموعة العالمية للتجارة جي تي جي بي تي واي ليمنّد
GLOBAL TRADING GROUP GTG PTY LTD
الموسسة في استراليا

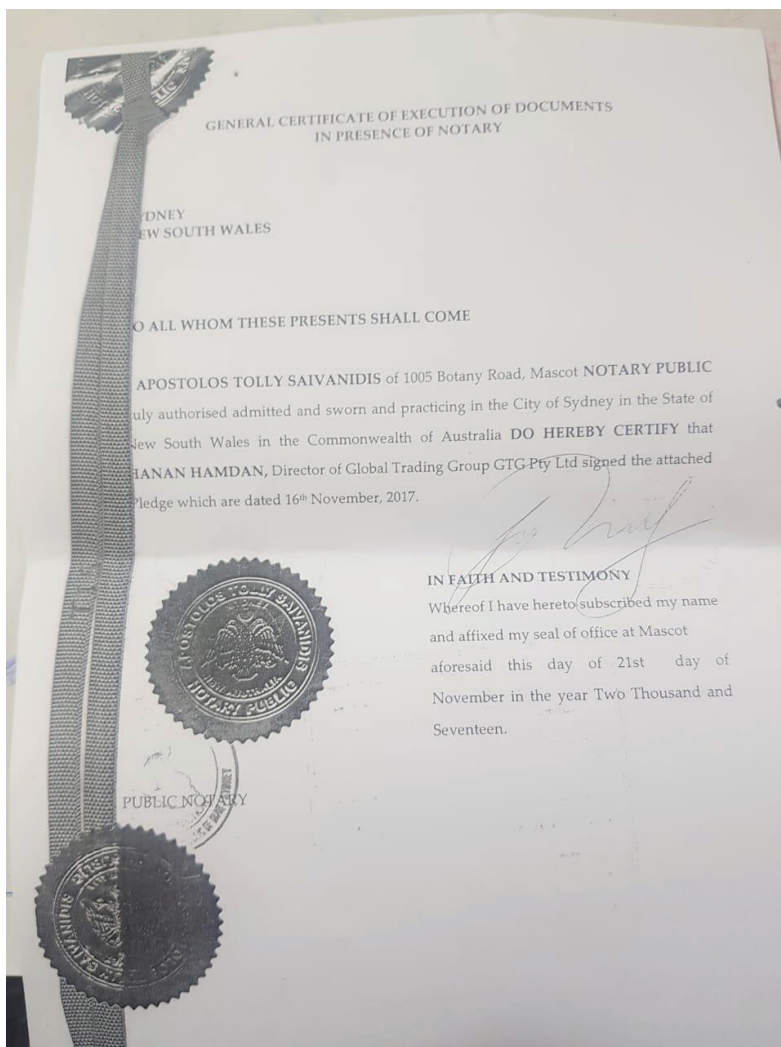
أني مسجل الشركات قررت الموافقة على تسجيل الفرع المذكور وأصدرت هذه الاجازة استناداً
لأحكام المادة (٣-أ) من نظام فروع الشركات الأجنبية رقم (2) لسنة 2017.

صدرت في بغداد اليوم ١٤ من شهر شباط لسنة ٢٠١٨ م

ملاحظة: ان منح هذه الشهادة لا يعني ممارسة النشاط بدون الحصول على الموافقات والتراخيص
اللزامة من الجهات القطاعية المختصة.

الرقم الضريبي
901224640
رقم الضمان
95000453

عبدالعزیز جبار عبدالعزیز
مسجل الشركات/ وكالة
٢٠١٨ / ٢ / ١٤



Source: Supplied to the author by a confidential source. These images also appeared in an article by *Al Arabiya* that has since been removed from its website

The main businessman behind GTG's Paraguay branch, which is located in Ciudad del Este (the Paraguayan side of the TBA), is not Paraguayan. Corporate records published by *Al Arabiya* and Argentinian media identify the owners as Bahmad and Ali Fawaz, a Lebanese-Paraguayan dual national based in the TBA. According to [Agustin Ceruse](#), an Argentinian intelligence analyst, Bahmad chose

Fawaz as a partner because Fawaz's father-in-law had connections in Terport, the shipping port where Bahmad's cargo was detained—and where police found more than three tons of cocaine hidden in charcoal last October.

Paraguay immigration records show that Bahmad arrived in Paraguay in late 2016 and, according to corporate records, established his company in May 2017. A high-placed Paraguay intelligence source told the author that Bahmad spent months in Paraguay, sometimes alone, sometimes accompanied by Hamdan. Hotel and air travel receipts published by *Al Arabiya* show that Bahmad and Hamdan were together in the TBA at least once. They also stayed for five nights at a hotel in Foz do Iguaçu, on the TBA's Brazilian side, around Christmastime in 2016.

Hotel receipt from Foz do Iguaçu Hotel

Registration Date:	Not Available
Type of Mark:	Word - Trade Mark has logo as a Word Device - Trade Mark has logo as a Device
Mark Device:	FIRE & PLANT,BOTH STYL. IN TRIPLE CIRCLE,INCOMPL. FORMS LTRS CG
Publication Country:	AUSTRALIA
Last Applicant/Owner:	GLOBAL TRADING GROUP GTG PTY LTD PO BOX 81 SOUTH HURSTVILLE NSW
Correspondent:	Hanan Hamdan PO BOX 81 SOUTH HURSTVILLE NSW AUSTRALIA 2221



GTG Australia




Correos dados en hotel de
foz por Bahmad y Hamdan

Source: Confidential source within Paraguay's Ministry of Intelligence

First page of incorporation document for GTG Global Trading Group showing Bahmad and Ali Fawaz as shareholders

 *Escrituras Públicas* 
SELLADO NOTARIAL

SERIE CU  Nº 9974432

ESCRIBANO : MARIA RUFINA ZARACHO BOGADO
LOCALIDAD : MINGA GUASU
DIRECCION : RUTA INTERNACIONAL Nº 7 - KM. 14
REGISTRO : 1100

Maria Rufina Zaracho Bogado
Escrituras Públicas
Reg. No. 1.100
Tel. 061-581.300 - (0982) 644.618 - (097) 653.652
Ruta Internacional No. 7 - Km. 14
Minga Guasu - Paraguay

1. CONSTITUCION DE SOCIEDAD DE LA FIRMA "GTG GLOBAL TRADING GROUP PTY
2. SOCIEDAD ANONIMA".
3. ESCRITURA PUBLICA NUMERO CIENTO OCHENTA Y SEIS (186).- En la Ciudad de
4. Minga Guasu, Departamento de Alto Paraná, República del Paraguay, a los
5. CUATRO días del mes de MAYO del año DOS MIL DIEZ Y SIETE, Ante mí MARIA
6. RUFINA ZARACHO BOGADO, Notaria y Escribana Pública, TITULAR del Registro
7. Notarial Nº 1100, y RUC Nº 1058532-6; comparecen las siguientes personas:
8. ; comparecen las siguientes personas: 1) El señor NASSER BAHMAD, con
9. Cedula de Identidad Nº 8204231, 2) El señor ALI FAWAZ, con Cédula de
10. Identidad Civil Nº 6.218.996.- Los comparecientes son de nacionalidad
11. Libanesa, quienes manifiestan hablar y entender el idioma español,
12. estado civil solteros, de profesión *empresarios* *los comparecientes* *caracteres*
13. mayores de edad, se identifican con los *documentos* *del original* *los comparecientes*
14. arriba, domiciliados en Ciudad del Este, manifiestan haber cumplido con
15. las Leyes de carácter personal, doy fe.- Ambos *así lo han* *en efecto* *por*
16. derecho propio.- Y seguidamente tomo, recibo y transcribo *per se* *documentos*
17. la declaración de voluntad de los comparecientes, *MANIFIESTAN:*
18. Que han resuelto de común acuerdo, en forma libre, consiguiente y
19. voluntaria, constituir una SOCIEDAD ANONIMA y vienen por la presente a
20. formalizarla, la que se registrará por las Disposiciones legales vigentes de
21. Ley y por las siguientes Cláusulas y Condiciones: PRIMERA: TITULO I .-

PARA TESTIMONIOS Y ACTUACIONES

Source: Confidential source within the TBA business community

Personal data on Ali Fawaz from Paraguay registry

Nro.Docu.:	6218996  (ficha.php?codi=6218996&ruta=javascript:window.close())		  (ima_foto.php?cedula=6218996)
Nombre:	ALI FAWAZ		
Fecha Nac.:	1989-03-14 29 years 11 mons 7 days		
Nacionalidad:	LIBANESA		
Lug.Nac.:	TEBNINE-LBN		
Sexo:	MASCULINO		
Estado Civil:	SOLTERO	Profesión: EMPLEADO	
Domicilio:	EDIF.PANORAMA 2-P16 1106-CIUDAD DEL ESTE		
Barrio Ciudad:			
Telefonos:	-		
Datos Padre:	MUSTAPHA		
Datos Madre:	NAWAL		
Datos Cony.:			
Fch.Emisión:	23-01-2009 - 23-01-2009		
SIN FIRMA			

Source: Paraguay's Population Registry

Paraguayan immigration records published by both *Al Arabiya* and Latin American media show that Hamdan visited Paraguay a second time in 2017, landing in Asunción from Sydney on December 5. This was shortly after the container reached port on November 28, according to Paraguayan customs records. She was probably in town to take consignment of the container's cargo: thousands of empty cloth sacks imprinted with the company's [Australian registered trademark](#) that would eventually carry the charcoal to overseas customers.

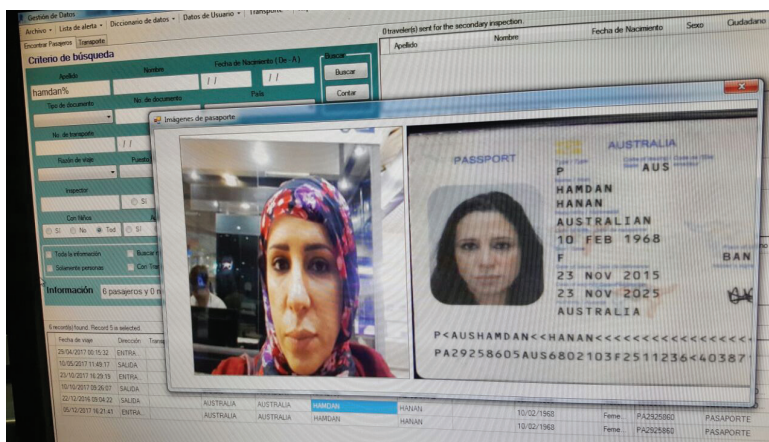
But Paraguayan customs had a different plan. They put the container in the so-called red channel for a full inspection. This is not uncommon, but the inspection took an uncommonly long time—it was almost two months before the inspectors finally opened the container on January 16, 2018. Customs officials in Latin America are notoriously corrupt, and holding up cargo is often a means to extract a bribe. But in this case, no bribe was paid.

By the time the inspectors opened the container, Hamdan had left Paraguay. Paraguayan immigration records show that she crossed the bridge linking Ciudad del Este to Brazil on December 26, 2017, apparently never to return.

Brazilian immigration records obtained from a Brazilian government source show that Hamdan left Brazil on Qatar Airways flight QR0774 from São Paulo to Doha on December 31, 2017. Records indicate that Bahmad was on the same flight. He had entered Brazil via the [Friendship Bridge](#) connecting it to Paraguay, in the TBA, the day before. He did not register his exit with Paraguayan authorities.

Why did Bahmad and Hamdan leave? Was it a hasty departure, triggered by fear of being caught? If so, did something provoke their suspicion? Or were they tipped off?

Hanan Hamdan's photo compared with her Australian passport



Source: Image supplied to the author by anonymous confidential source within the Paraguayan Ministry of Intelligence

And what of Bahmad's and Hamdan's operation? After all, they never shut down their company in Paraguay. A few weeks after their departure, they opened another branch of their company in Iraq, and large quantities of cocaine hidden in charcoal have been flowing out of Paraguay ever since they left.

Before we address these questions, we need to turn to the broader context: Why is Hezbollah running money-laundering and drug trafficking rings in Latin America as a business partner of criminal syndicates?

THE BACKSTORY

Why would drug cartels embrace the business arm of a Shiite radical millenarian terror group? The short answer is that purveyors of dirty money are ecumenical, and Hezbollah itself has never been picky about the bona fides of its financial partners. In fact, US court cases reveal that Hezbollah has [assiduously cultivated](#) relations with organized crime across the world for some time. These relations are crucial to its operations.

Officially founded in 1982 in Lebanon by the Islamic Republic of Iran, Hezbollah has sought to organize those who sympathize with its fundamentalist brand of Shiite Islam into a deadly terrorist army capable of serving Tehran's ideological and geopolitical agenda. The group has survived two wars with Israel, helped spin off clones in Yemen and Iraq, played a large and bloody role in maintaining Bashar Assad's rule in Syria, and effectively taken over Lebanon. It currently has many thousands of rockets pointed at Israel.

In the 1980s, Hezbollah carried out a series of deadly bombings that included the killing of nearly 300 American soldiers and diplomats. In 1996, it bombed the Khobar Towers in Saudi Arabia, killing 19 American servicemen. It pioneered the terror tactics that Hamas and Fatah emulated during Yasser Arafat's war of terror (euphemized as the "al-Aqsa Intifada"), and that have also been employed by al-Qaeda and the Islamic State.

Running an organization [dubbed](#) by one US official the “A-team of terrorism” isn’t cheap. According to a 2018 US Treasury Department [report](#), Hezbollah receives an estimated \$700 million annually from Iran and raises another \$300 million from a vast network of illegal businesses, many of which are tied up in the Latin American drug trade. The real figure is likely several times higher.

Since then, US sanctions and the vagaries of the oil market have apparently reduced Tehran’s ability to contribute, likely putting more pressure on Hezbollah to raise its own funds. Hezbollah does so by putting to use its greatest asset: an informal, clan-based network of large extended families, bound by blood, whose members are spread across the globe and well-integrated into the economic life of the countries where they live.

Hezbollah was able to establish itself in Latin America because that region is home to a vast Lebanese diaspora. While Lebanese of all faiths have been migrating to South America since the 19th century, the Lebanese Shiite community of the TBA, now numbering some 30,000 souls, dates to the 1950s. Back then, the TBA was little more than an outpost in the middle of the jungle, but the construction in 1965 of the [Friendship Bridge](#) connecting Paraguay and Brazil and, in 1984, of the [Itaipu hydroelectric dam](#) boosted the area’s economy. Paraguayan dictator Alfredo Stroessner, who ruled from 1954 to 1989, encouraged Lebanese to settle in Ciudad Presidente Stroessner (later renamed Ciudad del Este) in the hope that they would bring commerce and economic growth.

And so they did. Ciudad del Este is now a bustling retail center, thanks in part to the tax-free commercial zone Stroessner established connecting it to Brazil and Argentina—one of the largest such zones in the world. It is a maze of stores, market stalls, and elegant malls offering an array of duty-free products, unregulated currency exchanges, cheap Chinese-made consumer goods, and a suspiciously overabundant and underpriced selection of Western brands, some of them counterfeit. Smugglers routinely move many of these products across the river to Brazil, where, whether counterfeit or genuine, they are sold at a premium. Members of the Lebanese community predominate among

the shopkeepers, though in recent years Chinese merchants have joined them in growing numbers.

Lebanese expatriates were not always a pawn in Iran's plan to spread its revolution to Latin America, but in the early 1980s, Tehran began sending clerics and teachers to establish a foothold in their midst. In time, these emissaries [built](#) a miniature South Lebanon in the heart of the Shiite community, with schools, scout movements, mosques, mullahs, and charitable organizations that mirror Hezbollah's institutions in the homeland. They also found Shiite businessmen who were happy to welcome them and even provide them with assistance.

Hezbollah's takeover of the local Shiite community is not unique. With Iran's help, what happened in the TBA has occurred across the Shiite Lebanese diaspora. But the TBA, with its multibillion-dollar illicit economy, offers a unique opportunity for money-laundering.

By constructing a financial laundromat run through local supporters, Hezbollah has become a permanent staple of the landscape, providing logistical and financial services to organized crime—for a fee, of course. And given Paraguay's widespread corruption—the country [ranks](#) among the most corrupt in the world—it was easy to buy friends in key positions in law enforcement, the judiciary, government, and the media to keep the wheels greased and turning.

This corner of eastern Paraguay is not by any means the only node of Hezbollah's Latin American operation, but it is an important one. When Hezbollah carried out its devastating bombing of the Buenos Aires Jewish Cultural Center (AMIA) in July 1994, operatives in the TBA provided logistical support to the planners and the hit team. Authorities [arrested Ali Khalil Merhi](#), a Hezbollah financier [suspected of involvement in the bombing](#), in Ciudad del Este in 2000. (Merhi bought his way out of prison and remains at large.)

In an effort to curtail their activities, the US Department of the Treasury—twice, [in 2004](#) and [2006](#)—sanctioned TBA-based Hezbollah financiers. In the past two decades, local authorities [arrested a handful of Hezbollah fugitives](#) in the TBA at the behest of US authorities, and Paraguay eventually [extradited them to the US](#). Yet these isolated actions have had little impact.

There is a reason for Hezbollah's singular ability to build a global network. Hezbollah is wedded to a radical religious ideology. It is run by clerics beholden to a strict hierarchy, at the helm of which is Iran's Supreme Leader, who in turn claims to represent God on earth. But beneath the ideology, the hierarchy, the network of institutions, the religious leadership, and the armed militias, there is a clan-based informal network of very large families, bound by bonds of kinship and blood, whose relatives are spread across the globe.

When it comes to business connections, Hezbollah is "the Gambinos on steroids," [said](#) a former DEA official, referring to the infamous American crime family. Other criminal organizations are adept at producing drugs, running protection rackets, and monopolizing illicit businesses, but they lack global networks for shipping and distributing goods and laundering the proceeds. That is where Hezbollah comes in, along with its willing collaborators in various Lebanese diaspora communities around the world. Do you need five tons of cocaine delivered to Antwerp? To launder the cash back to Colombia? To process phantom transactions from Vietnam to Venezuela through money exchange houses? Hezbollah can provide those services, and its ability to do so is what keeps it afloat.

HEZBOLLAH'S COCAINE ADDICTION

The effectiveness of Hezbollah's laundromat depends on its direct, well-documented involvement in the drug trade.

American law enforcement discovered Hezbollah's drug activity by chance in 2006, when Colombian wiretaps monitoring a Medellín-based drug cartel known as the Oficina del Envigado picked up conversations in Arabic. The DEA brought in a translator who explained that Hezbollah was arranging multi-ton shipments of cocaine to the Middle East. In the ensuing investigation, codenamed [Operation Titan](#) (originally launched in 2004 to target the Oficina), the DEA opened a Pandora's Box. This led to Project Cassandra, a decade-long operation launched in 2007 that sought to stop Hezbollah from trafficking drugs into the US and Europe.

Cassandra's key finding was that Hezbollah's shipments of cocaine were not a small sideshow by loosely affiliated individuals but a multibillion dollar, worldwide operation orchestrated by top officials within Hezbollah's inner circle.

The DEA revealed the full extent of Hezbollah's terror-crime nexus and its centrality to Hezbollah's organizational structure in February 2016, when [Operation Cedar](#) led to multiple arrests across Europe—including Mansour, the charcoal trader. By then, the DEA had been chasing Hezbollah money-laundering operations on behalf of drug cartels for nearly a decade. French raids led to the arrests of prominent Hezbollah facilitators Mohamad Nouredine and Hamdi Zaher El Dine. Four days after their arrests, the US Treasury Department sanctioned both of them.

Referring to the sanctioned duo, then-Acting Under Secretary for Terrorism and Financial Intelligence Adam J. Szubin [said](#) that Hezbollah relied on such facilitators "to launder criminal proceeds for use in terrorism and political destabilization." In particular, this money was financing Hezbollah's arms procurement to sustain its military engagement in Syria. Treasury stopped short of explicitly identifying the two as Hezbollah members, but said they were providing material support to Adham Tabaja, whom Treasury [had sanctioned](#) in 2015 as a leading Hezbollah member and financier.

The DEA's February 2016 [announcement](#) also detailed the hierarchical structure overseeing Hezbollah's illicit financial operations since as early as 2007. The DEA named it the BAC, an acronym for the Business Affairs Component of Hezbollah's External Security Operation. It identified the BAC's founder as the late Hezbollah arch-terrorist Imad Mughniyeh. After his death in a car bomb in Damascus in February 2008, the BAC's leadership was bequeathed to Abdallah Safieddine, Hezbollah's representative in Iran, and his right-hand man, Tabaja.

According to a former US official familiar with the case, the targeted ring involved shipments of cocaine to Europe, paid for in euros, which Hezbollah couriers then transferred to the Middle East. Hezbollah

also made more than €20 million a month selling its own cocaine, in addition to laundering hundreds of millions of euros of cocaine proceeds on behalf of the cartels, retaining a fee. During the arrests, local authorities of the seven European countries involved in the investigation seized €500,000 in cash, luxury watches worth \$9 million that Hezbollah couriers intended to transport to the Middle East for sale at inflated prices, and property worth millions.* These figures are peanuts compared to how much the network laundered overall.

Project Cassandra turned out to have been well named. It clarified, to anyone listening, the extent and depth of Hezbollah's involvement in organized crime. Narco-terrorism—a hybrid threat involving the toxic convergence of organized crime and terror finance networks—should have spurred more aggressive investigations, prosecutions, and sanctions. For Latin American governments in particular, which preside over societies that are being crippled by the Hezbollah-backed criminal syndicates, the narco-terrorism revelations should have been a wake-up call. But, like the prophecies of Homer's Cassandra, they weren't.

THE LAUNDROMAT

Understanding the laundromat's inner workings is a task best approached not through confidential informants but through its own financial records. With a global network of thousands of companies implicated in moving money under the cover of seemingly legitimate businesses, Hezbollah's vast army of supporters and facilitators leaves behind an extensive paper trail of invoices, bills of lading, bank transactions, wire transfers, receipts, and bookkeeping. It is a myth that the underworld moves money only in suitcases full of cash, in hidden compartments, or on little planes flying in and out of the jungle, as in the Tom Cruise film *American Made*. The sums involved are simply too great. When a participant is caught, the paper does the talking.

* Information obtained from a former US official familiar with the investigation. See also David Asher, "Attacking Hezbollah's Financial Network: Policy Options," *Testimony before House Foreign Affairs Committee*, June 2017, 8. (<http://docs.house.gov/meetings/FA/FA00/20170608/106094/HHRG-115-FA00-Wstate-AsherD.20170608-PDF>)

Our guide into Hezbollah's financial laundromat will be the case of Nader Mohamad Farhat, who used to run a money-exchanging business out of two tiny storefronts in Ciudad del Este. Paraguayan authorities arrested Farhat there in May 2018 and, after a year-long legal battle, extradited him to Miami to face money-laundering charges. He is also a co-defendant in another money-laundering case before the Eastern District of New York. His Miami trial is scheduled for September 2021. Although this is not formally a Hezbollah terror-finance case, US officials have [referred](#) to Farhat as a "Hezbollah supporter."

During their raids on Farhat's offices, Paraguayan investigators seized a host of documents, including blank checks worth millions of dollars, potentially providing evidence about other companies involved in his scheme. The documents also provide evidence suggesting that Farhat's business used a Brazilian money exchange to move currency overseas.

The biggest catch in the Farhat operation, however, was a hard drive containing 1.41 terabytes of data—much more than a typical personal computer can store. [A US court document](#) indicates that the trove of information thereon included a chart "that purportedly shows how the money-laundering scheme was organized." With the chart in hand, investigators could confirm what open sources had indicated for years—how Hezbollah's laundromat really works—and map out the entire network to begin taking down its various components one by one.

The purpose of money-laundering is to disguise the proceeds of illicit activities. In its simplest form, the launderer runs a cash-only business and reports the illegal funds as income. But the sums of money involved in drug dealing and terror financing are far too great for ruses of this sort and necessitate more complex methods, known as trade-based money-laundering.

Such schemes involve moving money, usually by buying and selling merchandise, through what appear to be legitimate transactions. Sometimes the participating companies move real merchandise while misrepresenting its cost; at other times they simply generate a fraudulent paper trail of nonexistent sales to justify banking transactions.

Hezbollah's TBA operation did, and continues to do, all of this by using hundreds, possibly thousands, of small companies trading relatively small volumes of merchandise. Although the businesses use the regular banking system, the scale of their operations helps them avoid scrutiny.

One launderer's trick is to manipulate the value of merchandise on accompanying documents to cover the movement of money not actually used for the sale or purchase of that merchandise. By way of example, let us turn to Diya Salame, one of two named co-defendants in Nader Farhat's case. According to the criminal complaint filed by the DEA, "Salame received millions of dollars in third-party wires sent by intermediaries he knew were engaging in money transmitting for a fee, unrelated to the sale or purchase of goods from Salame, to obscure the true origin of the funds. Salame and his co-conspirators created false invoices to conceal the fact that no legitimate goods were being sold to the third-party companies or entities from which Salame was receiving money."

The money that moved through Salame's corporate account, as alleged in the criminal complaint, had nothing to do with legitimate transactions for merchandise that his company was selling. Instead, prosecutors allege that he created false invoices, the value of which likely corresponded to the illicit money moved through his company account. The invoices would satisfy bank auditors and, unless and until customs actually inspected cargo to see whether the paper trail corresponded to reality, the game would go on.

Fraudulent invoices are frequently found in money-laundering schemes. The organizational chart found on Farhat's hard drive likely includes numerous other companies that engaged in this conduct.

Another technique for money-laundering involves over-invoicing, which means inflating the value of transactions to mask the movement of dirty money. Typically, these transactions involve different values declared at both ends. By under- or over-pricing goods, companies can not only stack up dirty money over the value of the traded merchandise, but also defraud tax authorities and round up their gains. The excess profits can then go back to Hezbollah as clean

money. In general, the discrepancy between real and declared prices (and weights) covers the movement of dirty money in one direction and hidden merchandise in another.

Ultimately, the goal of all these transactions is to transfer value to criminals who cannot receive payments through the formal financial system. To the outside observer, the sale of goods like used cars or cellular phones may appear innocuous. For the drug trafficker and his financial facilitators, the goods are the dollar value of cocaine bricks.

Contraband is the most tangible spin-off of the laundromat, of which mobile phones are the most prominent item. Officially, phones are imported for sale on Paraguay's domestic market, but in fact the buyers smuggle them across the border to Brazil and Argentina and sell them there.

During a December 2019 visit to the TBA, I was able to see the warehouse where the Receita Federal (the Brazilian version of the IRS) stores confiscated contraband for up to 45 days before either destroying it or, in the case of electronics, donating it to local, state, and federal agencies, charities, and other worthy recipients.

The facility looks like a combination of Costco, Home Depot, and the storage area of an airport duty-free shop. Every imaginable product is there—not just electronics, but also car and truck tires, tobacco, wine and beer, fertilizers, and car parts.

My guides admitted that they were able to interdict only a sliver of the enormous quantities of black-market items entering their country on a daily basis. Much of the smuggling has nothing to do with money-laundering *per se*, but the trade in contraband is a key part of Hezbollah's laundromat. As the black market drives the illicit economy, increasing demand for cheap consumer goods, its existence makes the TBA a perfect place for a terrorist group to base its financial operations.

Some of the funds Hezbollah launders are products of its own illegal activity, but the majority comes from the cartels, which pay Hezbollah for the service—and which have found the terrorist group reliable,

effective, and trustworthy. Although it is hard to quantify the exact amount the cartels put into Hezbollah's laundering operations, it is undoubtedly significant. We know from Project Cassandra that Hezbollah launderers typically take a commission of 7-15% on the funds they launder. Based on just one scheme the DEA exposed in 2011, that adds up to \$14-30 million a month. Even after factoring in overhead, Hezbollah retains much of those funds. And the drug trade is a \$500 billion-a-year industry.

Hezbollah is also involved in other types of crime, including illegal logging, "blood diamonds" (i.e., gems mined in war zones and used to finance illicit activity), wildlife trafficking, and gunrunning. According to some investigators, Hezbollah may be raking in as much as \$1 billion a year from its illicit operations in support of drug trafficking, a sizeable portion of which goes through the TBA.

Most of that money reaches Lebanon, but some must remain to keep the machine running. Hezbollah financiers have families to care for, and they expect comfortable lives. They need to present themselves as outstanding members of their community through charitable deeds. And then there are the inevitable expenses involved in greasing the wheels: platoons of lawyers; a division of officials inside the police, customs, civil aviation, and the judiciary; and, finally, an army of friendly journalists and politicians.

FROM COCAINE TO EXPLOSIVES

There is also an operational side to Hezbollah's international network that ties into the laundromat. In just the past few years, authorities have thwarted Hezbollah plans to carry out bombings in Thailand, Panama, and London, and additional plots based in Detroit, New York, and Cyprus. All these operations have one thing in common: the use of massive quantities of ammonium nitrate to build bombs. This chemical is found in ice packs and fertilizer, so Hezbollah operatives made use of local friendlies to buy and store those products.

The operatives needed companies to order large quantities under the guise of legitimate commercial operations, and they needed to accumulate the products slowly so as to avoid attracting attention.

(In one case, a front company bought thousands of first-aid kits, each containing an ice pack, over the course of years.) Hezbollah operatives also needed warehouses to store the merchandise until the moment they received the order to assemble the explosives and carry out an attack. They further needed false papers and safe houses from which to operate or lie in wait. All these things cost money.

The friendly facilitators who provide these services are not bomb-makers or sharpshooters. They are businessmen devoted to the cause who are ready to help when the call of faith, family, and party mobilizes them. The assassins may come in at the last minute to execute the plot, but it is the businessmen who raise the funds to make an attack possible and who, when called upon, patiently provide the required logistics, resources and materials to the operatives.

A recent US case against a Hezbollah operative makes clear what Hezbollah has in mind and why the convergence of terror and organized crime is so toxic. In June 2017, US authorities announced the arrest of [Samer El Debek](#) just outside Detroit. According to [court documents](#), Hezbollah trained him to handle ammonium nitrate and dispatched him to Thailand in 2009 to clean up a safe house filled with ice packs left behind after a thwarted attack. Hezbollah later sent El Debek to Panama to scout the Panama Canal, where an attack might have disrupted global shipping.

The El Debek case has much in common with other thwarted Hezbollah plots.

In 2015, British authorities caught Hezbollah-linked operatives stockpiling more than 6,000 pounds of explosives on the outskirts of London, news reports [revealed](#) in June of 2019. The British deserve praise for unearthing the London bomb factory. However, they did not dismantle the underlying commercial or financial structures that allowed the group to buy and stockpile such materials.

In both cases, it appears that Hezbollah was trying to obtain ammonium nitrate through the gradual purchase of thousands of ice packs (which contain it), usually through the procurement of first-aid kits.

Fertilizer is another commercially available source of ammonium nitrate. A few months before the London raids, Cypriot authorities [arrested](#) Hussein Bassam Abdallah, a Hezbollah operative, and seized [eight tons](#) of ammonium nitrate that Hezbollah had apparently spent four years stockpiling in Cyprus.

Tragically, terror plots sometimes succeed. In 2012, a Hezbollah suicide bomber blew up a bus transporting Israeli tourists in Burgas, Bulgaria. The bombing killed the Bulgarian bus driver and five Israelis, including a pregnant woman, and injured 32 others. According to the Bulgarian interior minister, the perpetrator worked with as many as five accomplices, and they had been planning the attack for a year and a half. In other words, this act of terrorism involved not just one willing martyr but a network with funds and resources.

Disrupting such attacks, the main focus of counterterrorism operations, remains critical but insufficient. As with the war on drugs, so too with the war on terror: without aggressive prosecution of those who carry out Hezbollah's financial transactions, the illicit networks that provide financial and logistical support for the terrorist organization are likely to remain intact.

To be sure, terrorist attacks like the one in Bulgaria, gruesome as they are, do not represent a strategic military threat. Such a threat comes from Hezbollah's home base in southern Lebanon, where over 100,000 rockets are pointed at Israel alongside guerrilla units who have been training to carry out cross-border attacks. A few years ago, the IDF destroyed a network of tunnels leading from Lebanon into its territory.

While Hezbollah's rockets vary in terms of their level of sophistication, even the more basic ones have greater range and accuracy than the Qassams routinely fired from Gaza. Were Iran to give Hezbollah the order to open fire—in response, for instance, to an Israeli attack on an Iranian nuclear facility— Hamas would likely join in, while Hezbollah would also attack from its newly established bases in Syria.

The barrage [would easily overwhelm](#) the Jewish State's fabled missile defense capabilities, and could cause casualties and destruction not seen since 1948. Such a scenario is more a matter of “when” than

“if.” The task of mitigating the human and strategic costs of this war includes, critically, starving Hezbollah of cash used to fund its military buildup.

Hezbollah’s fighters have to be fed, clothed, paid, and provided with weapons and ammunition. The rockets need maintenance. All of that costs money. Reportedly, Iran is also working to upgrade the rocket arsenal with precision technology, which costs even more. The IDF can sporadically attack Hezbollah targets in Syria, but it cannot start blowing up the rocket launchers in Lebanon without starting a bloody war.

It is people like Mansour, and allegedly Bahmad, who help Hezbollah raise the resources needed to build its arsenal. Hezbollah’s laundromat, and its growing involvement in cocaine trafficking, are an essential component of Hezbollah’s fundraising operations. Without them, Hezbollah’s ability to pay its way to hegemony in Lebanon and regional prominence as an Iranian proxy would be significantly curtailed.

THE SWITCH

In 2016, Operation Cedar led to the arrest of Mansour, who used his trade as a cover to move cocaine and launder cash back to Colombian cartels. Mansour, who was detained in Paris, should have been tried in a French court alongside many other suspected collaborators mentioned in the November 2018 French verdict. Instead, French authorities turned him over to Canada, where he was released. (He is wanted in Florida on drug trafficking and money-laundering charges.) With Mansour on the run but exposed, Hezbollah needed a new channel. That is when Bahmad’s Global Trading Group was incorporated in Australia.

The temporary disruption caused by Operation Cedar likely led Hezbollah to rethink its Latin American operations. With cartels constantly trying to outsmart authorities in their game of hide and seek, it is possible that Hezbollah saw the TBA, with its well-established money-laundering infrastructure, as the ideal place to rebuild the cocaine supply lines that Operation Cedar had disrupted. Could it be that Hezbollah chose Bahmad for the job?

Six pieces of evidence make this hypothesis plausible:

1. When authorities arrested Mansour, we can assume that Hezbollah lost access (at least temporarily) to his contacts in Colombian customs and ports who protected his containers from inspection. But the terrorist group already had similar arrangements in Paraguay, off of which Bahmad could build.
2. The Colombian drug lords with whom Mansour worked had been expanding their reach into Paraguay for some time. In July 2018, Paraguayan authorities [raided a lab](#) run by three Colombians whose specialty was turning cocaine into charcoal briquettes. They were getting ready to [send a shipment of these briquettes](#) to Latakia, a Syrian port under the nominal control of the Assad regime and frequently used by Hezbollah.
3. Mansour was in charge of supplying Australian markets. If the Americans successfully disrupted his supply line, someone would have to replace it. Recall that the parent company of Bahmad's GTG [was incorporated](#) in Australia in January 2016, just as authorities were rounding up Hezbollah suspects across Europe.
4. Lebanese records suggest Hezbollah's ongoing interest in the charcoal business through a company, King Charcoal S.A.R.L., owned by Muhammad Adham Tabaja (alongside other family members), the son of [Adham Tabaja](#).
5. Lebanese records [list](#) Hassan Mansour as a shareholder in a media company in Beirut owned in partnership with members of the Bahmad family.
6. Hassan Mansour is also a shareholder of [Zoom Zoom Motors S.A.R.L.](#) in partnership with a member of the Fawaz clan from Tibnine, Lebanon—the family to which Ali Fawaz, Bahmad's TBA business partner, belongs.

These facts on their own do not prove that Hezbollah had chosen Bahmad as its replacement for Mansour, but taken together they make it a plausible scenario. Moreover, a shift to Paraguay appeared to be on the way even before the US-led investigations began to disrupt Hezbollah's other networks. In 2016, authorities arrested a Lebanese drug trafficker in the TBA and [later extradited](#) him to Miami. The culprit, Ali Issa Chamas, revealed in court documents that his boss was based in Colombia. Peruvian and Bolivian cocaine production has been on the rise for years and is increasingly [making its way to Europe](#). With Brazil becoming an important consumer as well as a transshipment point, Paraguay—which borders Bolivia and has very porous frontiers with all its neighbors—is an ideal transit country.

AN UNUSUAL CANDIDATE

If this is where Nasser Abbas Bahmad comes in, it must be stipulated that on the surface, he is far from the typical Lebanese Shiite expatriate doing business for Hezbollah in some poorly regulated business environment like the TBA. A film producer by trade, he is known for such movies as *The Prince*, which played at the 2014 Resistance Film Festival in Tehran. He is also an ideologue, prominent enough to have appeared alongside former Iranian president Mahmoud Ahmadinejad in a 2015 [French alt-left documentary](#) bearing the predictably heavy-handed title *The Oligarchy and Zionism Part II: The Debacle of Globalization*.

Searches for corporate records show that in recent years, his professional interests may have shifted. Bahmad owns Al-Sirat TV, a media company in London, and [4Media Art Production LTD](#), a production company in Lebanon. The latter's last recorded address, based on research conducted by a Washington private intelligence firm, is in a building owned by Adham Tabaja.

Al-Sirat TV listed on UK public registry**ALSIRAT TV. CHANNEL LTD.**Company number **07456297**[Follow this company](#)[File for this company](#)[Overview](#)[Filing history](#)[People](#)[Officers](#)[Persons with significant control](#)**Filter officers**☐

Current officers

1 officer / 0 resignations**[BAHMAD, Nasser Abbas](#)**

Correspondence address

360 Neasden Lane North, London, England, NW10 0BT

Source: Companies House, UK

Why was Bahmad, with such a resume, setting up a charcoal-export business in Paraguay? If one is to believe recent [media reports](#), Bahmad was establishing not just a new criminal enterprise but a new epicenter of illicit activity in the Western hemisphere. This would have been a job for a high-ranking operative, not a local Hezbollah proxy.

A closer look into Bahmad's life shows exactly why he could be trusted with this responsibility. Born into a large family from the southern Lebanese village of Jibchit, a Shiite stronghold in Hezbollah's heartland, Bahmad is intimately connected to the terrorist group's highest echelons and is himself, according to Paraguayan intelligence, a senior member. His brother Muhammad died in a 1987 Hezbollah operation involving coordinated attacks on multiple Israeli and South Lebanon Army (SLA) targets, including a radar installation, in the hills around

Jabal Safi and Jezzine in South Lebanon. The Israel Defense Forces (IDF) sustained six casualties and the SLA 11. Hezbollah officially claimed to have lost seven of its fighters, including Muhammad Bahmad, whose remains were never recovered.

But the battle, named after the Battle of Badr, an early victory of the Prophet Muhammad against his Meccan enemies in 624 C.E., quickly became part of Hezbollah's hagiography of resistance, with Muhammad the martyr its greatest hero. Muhammad [is still eulogized across social media](#), more so than the typical "martyr," and his brothers revere his memory.

Bahmad's ties to the terrorist group run even deeper. Family photographs on social media that *Al-Arabiya* [published](#) last January show prominent Hezbollah leaders mingling with members of the Bahmad clan. This clan includes Bahmad's late mother (who was eulogized at her funeral by Muhammad Ra'ad, head of Hezbollah's parliamentary bloc) and another brother [in the company](#) of Hezbollah's secretary general Hassan Nasrallah, as well as Jihad Mughniyeh, son of the group's former operations chief Imad Mughniyeh and protégé of the late Iranian general Qassem Soleimani.

Al Arabiya's report [included](#) a photo of a boy with Samir Quntar, the PLO-turned-Hezbollah terrorist who in 1979 conducted [one of the most gruesome attacks](#) in the bloody history of Palestinian terror. In the photo, Quntar, dressed in fatigues, is posing with a young uniformed boy named Jawad Nasser, likely Bahmad's son. (His [Facebook profile](#)'s nom de plume is AB Jawad—likely a pun for Abu Jawad, or father of Jawad.) The photo was originally posted on AB Jawad's Facebook account on December 20, 2015, a day after an Israeli missile [vaporized](#) Quntar in an air raid near Damascus.

Bahmad is, in short, Hezbollah nobility.

THE ESCAPE

As recent media reports suggest, Hezbollah likely sent Bahmad to Paraguay to replace Hezbollah's Colombian operation, which the Americans had shut down during Operation Cedar. But his predecessor,

Hassan Mansour, was not only shipping cocaine. He was also laundering money, an activity that is at the epicenter of Hezbollah's sprawling network of criminal enterprises in Latin America. Because the TBA is a key hub of this intricate global operation, it was the ideal place to revive the cocaine-shipping business.

In the two months that followed the cargo ship's arrival in Asunción in November 2017, authorities marked Bahmad's container for inspection, delayed the inspection, and finally released the container after an inconclusive search on January 16, 2018. Meanwhile, after getting GTG up and running and with its first consignment of product bags waiting at port, Bahmad suddenly skipped town alongside his business partner, Hamdan. What happened?

Let us retrace our steps. Bahmad flew to Asunción through Brazil on November 25, 2016 and did not leave the area until more than a year later, on December 30, 2017. His arrival in the TBA was hardly a secret. Within weeks, he connected with members of the local Lebanese community—specifically with Nabil Jebai, who, according to *Al Arabiya*, helped him set up shop and accompanied him on numerous trips to the Chaco, a vast emptiness in Paraguay's western regions that is home to Latin America's [second-largest forest](#) after the Amazon. Photos [published](#) by *Al Arabiya* show Bahmad in a car with Jebai, likely traveling to the Chaco, and with local indigenous people at a charcoal-production facility.

Bahmad in car with Nabil Jebai



Source: Confidential source within the Paraguay Ministry of Intelligence

Bahmad and native associates in the Chaco



Source: Confidential source within the Paraguay Ministry of Intelligence

By the time Bahmad obtained Paraguayan residency in April 2017, incorporated his company in May 2017 using the address and phone number of another company owned by a local Lebanese businessman, and opened a US-dollar denomination bank account in the same month, he had interacted with dozens, possibly hundreds, of people. His presence and high profile in the party would have begun to draw attention, something bound to cause problems. The TBA's main currency of trade is information, after all. Everyone talks. And secrets, like Bahmad's presence and interest in setting up a large charcoal export business, are poorly kept.

The same people locally tasked with supporting Bahmad's project began chatting about his arrival and activities, including Nabil Jebai, his point of contact. A high-placed Paraguayan intelligence source gave the author a transcript of an interview with Jebai conducted on January 19, 2018, three days after the container search. Who interviewed Jebai is not clear; it was likely a Paraguayan official, but others may have attended. Jebai gave his interviewers the runaround, keeping himself in their good graces as an informant while relaying information that was past its sell-by date. By then, Bahmad's trail had grown cold.

Hezbollah's TBA operation, like elsewhere across the Lebanese diaspora, is run by family-based networks that are virtually impenetrable. The barrier to any attempt to infiltrate them is, as is the case with mafia families, rooted in the familial bond that ties their members. It is not just loyalty to a cause, though the cause matters. It is also not just a matter of faith, culture, and language. The bond is deeper because it is primordial.

Recruiting a snitch from inside the network is difficult because a betrayal is not just to the cause, faith, culture, language, or ideology. A traitor would be snitching on family—a betrayal of blood ties and kinship, the worst kind. And a betrayed family does not forgive.

That is what makes Bahmad's case so intriguing. It is possible that he was double-crossed, but far likelier that he was warned that someone was watching him. The long delay in his cargo inspection, in short, was meant to stall the authorities, not his operation, and give him ample time to wrap up his business and vanish.

At the time of Bahmad's departure on December 30, 2017, Paraguayan intelligence had been trailing him for months. Immigration records suggest that Bahmad and Hamdan coordinated their exit from Latin America—they crossed into Brazil four days apart and flew on the same plane to Qatar a day later.

Bahmad's failure to register his exit from Paraguay is also a red flag. He probably suspected that clearing Paraguayan immigration could expose him to unnecessary risk. Having lived in the area for over a year, he also likely knew that no one would stop and check his papers if he simply crossed the Friendship Bridge. And he had good reason to worry.

Indeed, his company had encountered problems almost as soon as it started operating. According to bank records published by *Al Arabiya*, Paraguay's Banco Continental shut down GTG's dollar account in October 2017, barely five months after it opened. Customs also gave Bahmad trouble, suspending his company's import-export license in the same month. The suspension came just before the almost 13 tons of GTG's Garden Charcoal bags were due from China. Then, as if

the hint were not clear enough, in November 2017, customs blocked the container.

When Paraguayan authorities opened it on January 16, 2018, they found exactly what the shipment's manifest said was supposed to be there: empty plastic bags for Garden Charcoal. With no cocaine found and no suspect in the country left to question, authorities closed the case.

Had the bank not closed his company's account and had customs not revoked his company's import-export license, Bahmad might not have noticed he was being watched. Had customs summoned him to collect his merchandise, authorities might have had a chance to interrogate and possibly detain him. All these complications raised Bahmad's awareness that danger lurked, but did little to interfere, long term, with the operation he was supposedly setting up.

Bahmad is now nowhere to be found, but a large chunk of the charcoal export business still flows from Paraguay through Lebanese-owned businesses and—[COVID-19 pandemic notwithstanding](#)—cocaine still feeds an insatiable global appetite.

Did someone from the Lebanese Shiite community in the TBA snitch on Bahmad, leading Paraguayan officials to believe Bahmad was engaged in illegal activities? If so, why did the authorities wait until January 16, 2018, seven weeks after the ship's arrival at port, to inspect its contents? If this was a normal case of extortion, in which a company's refusal to pay a bribe triggers an escalation of troubles with the bank, the license, and customs clearance, why didn't Hezbollah just pay up? After all, its entire global criminal syndicate runs on bribes.

There is another reason why the peculiar circumstances of Bahmad's case appear to discount the possibility that he was betrayed by one of his own. In a confidential memo leaked to the author by a regional intelligence source, Paraguayan authorities described Bahmad's partner, Hamdan, as a "pro-Iranian fanatic" whose role was to establish companies and move money on Bahmad's behalf. They even had details of her Australian company's debit card, and therefore likely knew her banking details. Yet the authorities did not stop her or question

her. No one went to interview Bahmad's local business partner, Ali Fawaz, either. No one questioned Tecnocielo S.A., the company whose telephone number appears as GTG's number on official papers, or his owner, [Salem Ismail](#). Bahmad's local associates were left alone.

Bahmad's and Hamdan's sudden exit from Paraguay through the Ciudad del Este crossing point, rather than the Asunción international airport, is also telling. This is a notoriously lax border that locals crisscross every day without ever having to show documents. Bahmad could go back and forth across that bridge without anyone noticing, and likely did, throughout the 13 months he was in the area. Bahmad's immigration record is evidence of that lax approach. He arrived in Paraguay on November 25, 2016. There is no additional immigration record for him, in or out of the country, on Paraguay's side. Officially, he entered and never left.

Yet he did leave. There is an entry record for him into Brazil on December 30, 2017, with the immigration office on the Brazilian side of the Friendship Bridge, yet there is no record of his having left Paraguay—the country at the other end of the bridge—on the same day. He did not bother to check in with Paraguayan immigration authorities, because he likely feared he might be held. But he needed to be in Brazil legally so he could fly out of São Paulo the next day without raising questions with airport immigration authorities.

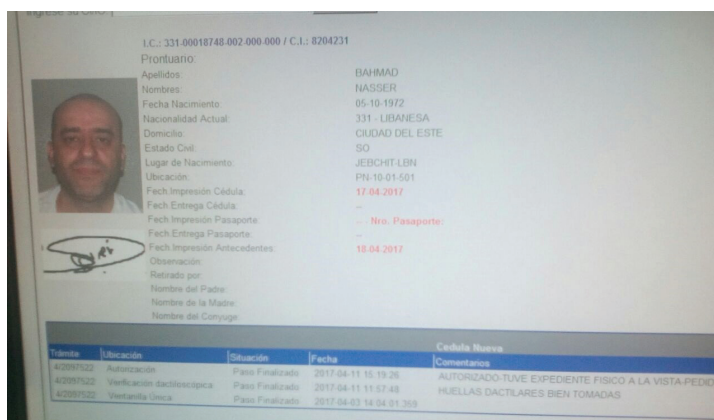
Yet by their own accounts, Paraguay intelligence officials tailed Bahmad for many months. He acquired a Brazilian mobile phone alongside a Paraguayan one, and he likely crossed the bridge, as locals do, dozens of times without ever registering his transit with immigration authorities. After all, with his Paraguayan ID card, which *Al Arabiya* published in its exposé, he could pass as a local for whom immigration checks [are waived](#) so long as he stays within a 50-kilometer radius of the border.

Bahmad's Paraguay ID



Source: Confidential source within the Paraguay Ministry of Intelligence

Bahmad's entry into Paraguay registry



Source: Confidential source within the Paraguay Ministry of Intelligence

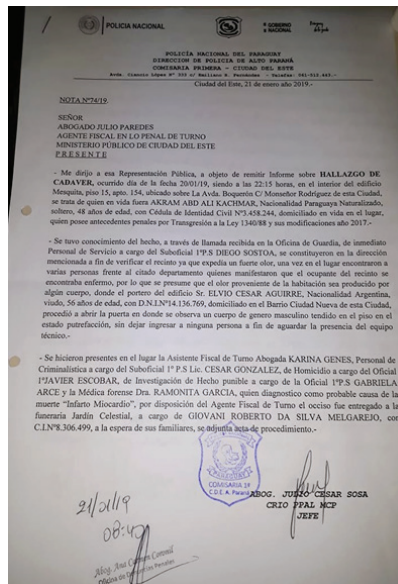
One must be proactive to get immigration to register a crossing—and in Hanan Hamdan's case, maybe she intended it that way. Maybe she wanted to let her friends inside Paraguay's bureaucracy know she had safely left. Maybe she hoped to be able to return at a later date, and therefore needed to leave legally by clearing immigration. Or maybe

she took a calculated risk so that if anything went wrong, Bahmad would learn of her troubles and steer clear of Paraguay's immigration.

Whatever the explanation, the consequences in store for anyone making trouble for Hezbollah operatives in Latin America provide yet another reason to discount the possibility that Bahmad and Hamdan were betrayed by one of their own. Snitches rarely live to tell the tale.

The story of Akram Abd Ali, also known as Carlos Kachmar, vividly illustrates this fact. In January 2019, when residents of a high-rise apartment building above a Shiite mosque in the heart of Ciudad del Este’s shopping district called authorities to investigate a foul smell on the 15th floor, police found Kachmar’s decomposing body, clad only in his underwear and lying on the floor in a pool of dried blood. His head was pulp. Kachmar, who had helped Lebanese nationals, perhaps hundreds of them, obtain residency papers and other documents in Paraguay, was just the sort of fixer Bahmad would have needed to obtain legal residency—the first step required for anyone wanting to establish a business in the TBA.

Police report on the murder of Carlos Kachmar



Source: Confidential informant from the business community in Ciudad Del Este

In April 2017, [Kachmar had been arrested](#) in Ciudad del Este on charges of drug trafficking and money-laundering. Confidential sources attest that he cooperated with Paraguayan prosecutors, named two Hezbollah-linked individuals as heads of a drug-trafficking network, and asked for protection. But no one can protect a snitch in Paraguay. The police report states he died of a heart attack, a clumsy cover-up of the obvious fact that he was murdered. Had anyone in the Lebanese community snitched on Bahmad, they would likely meet a fate like Kachmar's, especially if Bahmad was there on party business.

This begs a series of questions that remain unanswered.

How did Bahmad and Hamdan evade capture? Was Bahmad in Paraguay to start an honest business, and did he have to leave after jealous competitors maligned him with the authorities? Was he there to organize a supply chain and left once he set it in motion? Did someone snitch on him? Or was the chain of events that led to his departure just a ruse?

DID THE PRODUCER PRODUCE?

We will likely never know the full truth about Bahmad's activities, but with the money-laundering operation in mind, the timing of his mission to the TBA would make perfect sense. Cocaine trade through Paraguay and Brazil was on the uptick. Brazil, fast becoming one of the world's largest consumers of the white powder, also transformed into a [top transit country for cocaine delivery to Europe](#). The surge of cocaine dealing there was a windfall for local organized crime, and expectations of similar profits led the cartels to expand their operations [into Paraguay](#) as well.

Hezbollah already had a well-oiled money-laundering machine in Ciudad del Este to process the funds. The terrorist group also had the business connections to reap additional profits by becoming deeply involved in trafficking. Considering Hezbollah's well-established TBA presence and access to both local power structures and the underworld, why would it hesitate to seek to keep a chunk of the market to itself, especially after so big a setback as Operation Cedar? A major job like this might demand the presence of a trusted operative. Media reports [suggest](#) Bahmad got the job.

If so, the question remains: Was his attempt successful?

It could be that whoever first stopped the container was being conscientious, maybe even acting on a tip, or perhaps was just eager to collect a bribe. But it is also possible that a customs official in the pay of Hezbollah or the cartels deliberately stopped a container filled with empty bags rather than one filled with, say, cocaine and charcoal, or even counterfeit cell phones. Such an official could thereby create the impression that Paraguayan authorities were doing something while simultaneously delaying the inspection to give Bahmad and his associate enough time to elude capture.

And even if the seizure of the container wasn't part of the ruse, it is probable that someone tipped off Bahmad or Hamdan and also stalled the investigation long enough for the pair to get the operation up and running and then disappear. Quite plausibly, neither intended to stay in the country any longer than that. Holding up the container was the perfect display of pretending to do something while doing nothing.

Such a clever bit of theater made it look as if local authorities had caught on to Bahmad's operation and shut it down. But the big prize, a suspected Hezbollah operative and his accomplice, remained elusive.

With Bahmad out of the country and only a container of empty bags as evidence, it was case closed for Paraguay. Even the diligent reports by Paraguay intelligence are par for the course. They are all dated long after Bahmad was gone. Distributing the copious intelligence that Paraguayan authorities had gathered on Bahmad after he left town amounted to closing the barn door after the horse had bolted. Chasing him made Paraguay look good to those who wanted Bahmad under lock and key without angering those still benefiting from his ventures.

That illicit business continues to function and indeed to flourish, which brings us to the problem of enforcement. Whom can the US trust, when even allied governments have been infiltrated? How can the US stop narco-trafficking?

THE ENFORCEMENT DILEMMA

The DEA launched Project Cassandra in 2007, and the administration of Barack Obama officially declared the terror-crime convergence [a national security priority](#) in 2011. But the Hezbollah laundromat and cocaine businesses are by all indications still very much up and running. Why?

Regional politics conjured up a perfect storm to protect Hezbollah. By the early 2000s, pro-Castro, pro-Chavez, and other anti-American regimes that aligned themselves with Tehran were on the rise. Their influence reached even Paraguay, a traditionally center-right country where a leftist was president from 2008 to 2012.

Worse, some of those governments merged with the cartels to procure a cut of the booming cocaine trade. Washington could go after Hezbollah in Colombia all it wanted, but in many other regional capitals, US agents got the cold shoulder. [Venezuela](#) and [Bolivia](#) evicted DEA agents in 2005 and 2009, respectively. Then, in 2012, the White House began negotiations with Iran in Oman that would lead to the 2015 [nuclear deal](#). That new priority disincentivized US efforts against Hezbollah, Tehran's most important proxy.

When President Donald Trump took office and [reaffirmed](#) his predecessor's concerns about transnational criminal organizations, the political landscape in the region was changing again, this time in a more positive direction. One by one, Latin American presidents aligned with the leftist regimes in Bolivia and Venezuela, including Cristina Fernandez de Kirchner in Argentina, Fernando Lugo in Paraguay, Dilma Rousseff in Brazil, and Rafael Correa in Ecuador, were being unseated, through elections or corruption scandals, by leaders more interested in rebuilding alliances with Washington than in pursuing an anti-American agenda. (Kirchner is already back in office as vice president.)

In December 2017, the US Department of Justice [charged](#) a new task force with reviving the Project Cassandra investigations. In October 2018, the department designated Hezbollah, alongside four other Central American gangs and cartels, [as a Transnational Criminal Organization](#).

This provided a legal basis for persuading allies to cooperate in dismantling them. And the approach has borne fruit: Between July 2019 and February 2020, Argentina, Paraguay, Guatemala, Honduras, and Colombia formally declared Hezbollah a terror organization. The Trump administration also pressured its Latin American partners to bring charges against suspected money-launderers and extradite them to face American justice.

And yet, thanks above all to the culture of impunity and corruption endemic to Latin America, dozens of Hezbollah financiers and facilitators remain at large. Hezbollah's network of politicians, judges, prosecutors, police, and intelligence and customs officials resisted the US pressure.

In Paraguay alone, one of the country's largest-ever money-laundering investigations, nicknamed "Megalavado" (mega-launder), has been languishing in the public prosecutors' offices for years. Paraguay's prosecutors have so far failed to bring charges, even after intelligence reports, [leaked](#) to Paraguayan media, linked the scheme to Hezbollah money-laundering, allegedly through Michigan used car dealers implicated in the Lebanese-Canadian bank scheme the DEA had investigated a decade earlier.

This brings us to one of the major obstacles to dismantling the laundromat: the possible complicity of Paraguayan officialdom, which has caused the US State Department serious concern. Asunción's [classification](#) of Hezbollah as a terrorist group in August 2019, while important symbolically, is a meaningless gesture so long as Paraguayan authorities fail to bring local money-laundering networks to justice.

Some of the reasons they have not done so are benign: limited resources, lack of expertise in dealing with complex international cases, and difficulties stemming from a regional culture where law enforcement and intelligence agencies are allergic to sharing information with each other. But there are also more sinister reasons—most of all, a system of legal hurdles created purposefully to delay and derail investigations until the expiration of the statute of limitations. Even when prosecutors do their jobs and refuse bribes, suspects walk free.

Herein, therefore, lies the policy dilemma for American authorities. Fighting the convergence of terrorism and crime requires help from local allies, many of whom are genuinely committed to dismantling the criminal networks that have wreaked such havoc on their own societies. In many instances, politicians, officials, and law enforcement agents have demonstrated courage and commitment, even risking their own lives; a few have even ended up dead. But within the same governments, there are often corrupt or compromised officials who want to protect the criminals. They will allow the occasional target to fall into the hands of US agents to convince them, or their own superiors, that they are cooperating, while letting the bigger fish go free.

In this sense, they resemble the cartels, which accept the loss of an occasional multi-ton shipment to make the gringos think they are winning. If this sort of stunt can be pulled off in a relatively friendly country like Paraguay, then the US must accept that pressuring allies into cracking down on Hezbollah's cocaine and money-laundering networks can accomplish only so much.

What, then, can be done?

For years, the wars on drugs have focused on the supply side: seize the dope. The State Department's annual reports focus on the metrics of drug seizures and crop eradication and the capture, prosecution, and conviction of narco-traffickers. Federal prosecutors have extradited, prosecuted, and sanctioned the top echelons of the illicit drug trade with remarkable success. Yet drugs continue to flood Western markets.

Rather than just stopping cocaine shipments and arresting a few drug barons, authorities might have greater success by dismantling the laundromat that keeps the cartels' pockets flush with cash.

Much of the merchandise fueling the laundromat comes from Asian suppliers. It travels through numerous choke points, including Dubai, Miami, and São Paulo. Where Washington cannot prosecute and extradite, it can revoke visas for enablers and their families. Under the terms of the Global Magnitsky Human Rights Accountability Act of 2012, America can slap sanctions on corrupt foreign officials. It can work with authorities at transit points to disrupt illicit commercial

activity. Rather than seeking or settling for plea bargains, it can inflict harsher punishments on white-collar crime linked to drug trafficking. It can cast a wider net to hit hundreds of US-registered companies. It can expand private-public partnerships with those companies whose intellectual property stands to suffer most from the vast web of brand fraud underpinning the laundromat. It can exact a heavy price. It should.

But the biggest opportunity for more effective law enforcement is to focus on the American nodes of the laundromat. For instance, in 2011, officials uncovered a money-laundering scheme that involved [hundreds of used-car dealers](#) in the US who were shipping their merchandise to West African buyers. The government could have taken down the entire network to starve Hezbollah from the supply side. Instead, the authorities chose to go after only 30 dealers and, rather than prosecuting them, merely pursued the [civil forfeiture](#) of their assets. The result was that most of the network has remained operational. Cars are still going from the US to Benin, as they were when Project Cassandra first exposed the scheme, with Lebanese Shiite merchants involved at both ends of the trade.

Evidently, in cases like this one, the American justice system, as well as the Treasury Department, adopts an approach best described by the Chinese proverb “kill the chicken to scare the monkeys.” In other words, choose a target and make an example of it for all others. The reasons are understandable: Washington must meet a high burden of proof before it can apply sanctions, and even then, the sanctions must be able to withstand legal challenges in the American court system. Geopolitical considerations also play a part. Hitting one or two small banks in a country, as opposed to its entire financial system, gives other offenders a chance to redeem themselves without undermining an ally's entire economy.

Yet in the four years between the exposure of the network in 2011 and the beginning of Operation Cedar, not many monkeys seem to have heeded the warning. As of 2015, [used-car dealers in Benin](#) were still very much part of ongoing money-laundering schemes traceable to Hezbollah. The nexus of the Megalavado case against Hezbollah, according to reports [leaked](#) to Paraguayan media, is allegedly through

Michigan used-car dealers, many of whom the DEA identified in 2011 as part of its investigation into the network of Hezbollah-linked drug kingpin Ayman Joumaa.

No matter how many chickens are slaughtered, the monkeys are undeterred. It's time to focus on the monkeys.

Many of the companies involved in the Hezbollah laundromat on the US side are clustered in the Miami area and in Dearborn, Michigan. It would take years for the DOJ to mount a successful prosecution against one of them. In the best-case scenario, suspects plea-bargain their way out of jail in exchange for information. Most convicted felons spend two or three years in jail and then walk free. Yet large money-laundering schemes like Megalavado involve hundreds, if not thousands, of companies. Of course, not every one of them is tied to Hezbollah, but it is reasonable to assume that some, if not many, are.

So we end where we started. Long after Bahmad left the scene, charcoal and cocaine still flow freely out of Latin America, including the TBA; companies in America's industrial heartland are periodically implicated in complex money-laundering schemes that benefit drug cartels and likely their Lebanese service providers; thousands of shipments continue to move money and merchandise in and out of the US for the benefit of Hezbollah's laundromat; and a complex web of companies continues laundering cartel money through one of the most regulated banking systems in the world.

The American justice system, under-resourced and overloaded, is taking these networks down, one company at a time.

Guess who's winning?

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