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# The Transnational Crime-Terror Nexus: A Case Study of the Hezbollah in Venezuela

Cari Shearer

**Abstract:** While the criminal-terrorist nexus is not a new phenomenon, the post-Cold War world and era of globalization have contributed to the rise of transnational crime groups. These organizations have in turn funded terrorist groups no longer receiving state-sponsorship after the war on terror. As such, for terrorist organizations, organized crime is a means of securing resources that can be utilized to carry out ideologically-motivated goals. This paper seeks to explain why terrorist groups engage in unexpected operations and how crime helps fund the internationalization of powerful terrorist networks. Criminal organizations tend to target conflict regions, as unstable states make infiltration and influence easier to accomplish. The link between terrorism and organized crime plays an important role in prolonging conflict and instability. This paper will focus on one organization in particular, the Hezbollah, and their influence in Venezuela, an unstable and vulnerable petrostate. While most terrorist or criminal networks are strictly clandestine, Hezbollah uses a multidimensional strategy to combine secretive, illicit activities with legitimate political action. By analyzing this case study, the theoretical explanation for involvement of terrorist groups in organized crime will be explored.

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## Introduction

The post-Cold War international system has witnessed an evolution of the terror-crime nexus, referring to the connection between terrorism and transnational crime in which terrorists turn to illicit activities in order to fund their operations. The war on terror resulted in the suppression of terrorism funding and state-sponsorship, leaving many terrorist groups in search of new financial sources. As such, for terrorist organizations, organized crime is a means of securing resources that can be utilized to carry out those goals. What often complicates the study of terrorism is the difficulty to clearly define what terrorism is, and the definition changes depending on the institution or scholar. Similarly, organized crime is difficult to define explicitly. For the purpose of this research, terrorism is defined as the use of violence perpetrated by non-state actors against civilian targets with the intention of coercing governments to adhere to the terrorist's political, religious, or ideological goals. Organized crime refers to large-scale, transnational operations which engage in illegal activities for profit. According to the United Nations Convention against Transnational Organized Crime, "a criminal offense is considered transnational in nature if (1) it is committed in more than one state; (2) it is committed in one state, but a substantial part

of its preparation, planning, direction, or control take place in another state; (3) it is committed in one state but involves an OC [Organized Crime] group that engages in criminal activities in more than one state; (4) it is committed in one state but has substantial effects in another state” (Roth & Sever, 2006, p. 903).

The primary distinction between terrorism and organized crime is the motivation for illicit activity. Terrorists are motivated by ideological goals, while criminals are strictly motivated by profit. For this reason, organized crime and terrorism were previously considered two separate phenomena. However, terrorists have historically used crime to finance their activities and on occasion, criminal groups have resorted to terrorist actions. In the 1960s, Brazilian insurgents conducted bank robberies and kidnappings to organize an opposition to the dictatorship. Similarly, the Provisional IRA and members of the Red Army Faction (RAF) engaged in various robberies to finance their operations prior to the end of the Cold War (Freilich & LaFree, 2016).

While the nexus is not new, the two have become increasingly linked in the post-Cold War era and can no longer be analyzed as distinct phenomena. The primary explanation for this is the decline in state-sponsorship for terrorism from the Soviet Union and its allies. After the Soviet Union dissolved, terrorist groups needed to seek new sources for financial and material support. Furthermore, in the post-9/11 world, the “War on Terror” further constricted funding for terrorist activity, requiring terrorists to rely more on strictly clandestine operations for financial support (Hutchinson & O’Malley, 2007). By its very definition, organized crime operates within the shadow economy, making it the ideal method for bringing in revenue for terrorist operations. As such, the previously existent nexus became more and more evident in the decades that followed. There are several questions about the trajectory of the crime-terror nexus that this paper will seek to answer. First, how has it evolved in the post-Cold War international system and how does the state affect the crime-terror relationship? Next, why do terrorists seek to fund and execute their activity in unconventional ways? Finally, under what conditions, if any, is the crime-terror relationship symbiotic?

A case study in the unconventional marriage between organized crime and terrorism is the intervention of Hezbollah in Venezuela. Hezbollah is a Lebanese political party and militant group opposed to Western involvement in the Middle East and the state of Israel. It has been designated by 40 states as a foreign terrorist organization, including the United States, the EU, and Israel. In 2016, the Arab League also designated Hezbollah as a terrorist group, though many countries in the region protested this statement. In 2010, the US government characterized Hezbollah as “the most technically skilled and proficient terrorist group in the world” and it is one of the most organized terrorist groups with respect to its illegal financing activities (Vianna de Avezedo, 2018). The group emerged in the 1980’s amidst the Lebanese Civil War and originally, the primary source of its financing was state sponsorship from Iran

and Syria. Today, the three main sources of funding are Iran, private donations, and criminal enterprises, which include drugs and arms trafficking, money laundering, and smuggling diamonds. Some scholars maintain that Iran remains Hezbollah's main source of funding, estimating that Hezbollah receives close to \$100 million a year from Iran (Levitt, 2005). However, during the Rafsanjani (1989-1997) and Khatami (1997-2005) administrations, Iranian funding of Hezbollah was cut by nearly 70% (Vianna de Avezedo, 2018). This restriction in funding came due to US-imposed sanctions, which were intended to put pressure on Iran to stop supporting terrorism. As a result, Hezbollah has broadened its scope of operations to bring in finances from regional cells through transnational criminal enterprises. Apart from its support of the Maduro dictatorship, international intelligence operations have uncovered further links between Hezbollah and Venezuela. In order to understand how Hezbollah came to operate under this system, it is necessary to first understand the trajectory of the crime-terror nexus in the post-Cold War international system.

### **Evolution of Crime Organizations**

The past few decades have witnessed an evolution in both criminal organizations and terrorist organizations. Historically, organized crime groups have developed in democratic political systems in which they have corrupted the existing political order, but not sought to destroy state stability. For these older established crime groups, profit was dependent on state survival and stability. For example, members of the Mafia in the United States gained wealth as their home bases—cities such as New York, Chicago, and Las Vegas—grew as business and financial centers (Shelley, 2014). The legitimate businesses they profited from were dependent on government contracts. These groups would then invest in ventures that would benefit their home countries, thus making the relationship symbiotic. The Italian Mafia profited from the global drug trade in the 1980's and subsequently invested those profits in tourism and real estate (Nomikos, 2013). Organized crime groups traditionally operated as parasites on their home states' economies and financial institutions. Because they require the preservation of the state, organized crime groups should not want to associate with terrorists who disturb state stability. Ideologically, the two are opposites.

Some scholars have pointed to a new, contemporary version of transnational crime with a much larger scale and higher levels of corruption among officials. There has been a shift from hierarchical structures in crime groups to a network structure, which has allowed organized crime to become a more transnational operation. Following the end of the Cold War and the rise of globalization, criminal organizations found a need to diversify their funding which led to a profound evolution in organized crime, particularly in its relationship to the state (Shelley, 2005). Previously, well-established and long-standing criminal organizations relied on state sponsorship and more importantly, state stability. In recent decades, as organizations have transitioned into operating in the shadow economy, they have likewise

transitioned into thriving in corrupt and conflict-rich environments. Particularly in countries where government corruption runs rampant, organized crime relies on instability to maintain its operations: “In many regions, organized criminal groups have become so entrenched and governments so corrupt, that arrest and prosecution is at worst impossible and at best a distant concern” (Sanderson 2004, p. 50).

Organized crime groups are often united by the same nationality, despite not being affiliated with any particular state. As such, when operations become transnational, the group typically seeks out hubs or regional cells within a certain diaspora. They operate best where the controls of the central state and law enforcement are weaker. In some instances, organized crime groups provide a home base for terrorist groups and a cooperative and symbiotic relationship between the two forms in a particular region (Shelley, 2005). This transition into a contemporary form of organized crime has increased the shared characteristics between criminal groups and terrorist groups, making cooperation more likely. In the 1990s, transnational crime was estimated to make up two percent of the world’s economy. Most of this came from the international drug trade. In the last two decades, the drug markets have become more evenly distributed throughout the international economy when they were previously limited to developing countries (Shelley, 2008). The most lucrative criminal activity today is drug trafficking, which is estimated to create \$435 billion annually (Realuyo, 2014). Notably, in an era of globalization, borders have become metaphorically weakened and with the scope of organized crime widening, illicit markets have also crossed borders without discrimination.

### **Evolution of Terrorist Organizations**

The most significant change in terrorist organizations in the post-Cold War international system is the decrease of state-sponsorship. Previously, terrorists thrived on support from distinct states, whether it be through training, financing, or resources such as transport and government documents. Because they enjoyed state sponsorship, terrorist groups had limited contact or overlap with organized crime. After states withdrew sponsorship for terrorism following the Cold War and the break-up of the Soviet Union, terrorist groups shifted to be strictly opposed to the state and even thrive in the absence of an effective government. Furthermore, post-9/11 legislation cracked down on state-sponsorship and terrorism funding which contributed to terrorist groups looking elsewhere for financing (Sanderson, 2004).

Especially in an era of globalization, terrorists have also shifted their focus outward: “these older terrorists wanted political change, often on behalf of minority groups, in their countries or regions, but did not seek to promote change on a more global scale through their acts” (Shelley, 2014). Now, because of increased communication and technological ability, it is far easier for terrorist networks to expand their reach in a transnational manner. Highly motivated by ideology, terrorists seek to spread their message by gaining attention. Thus, they have also become more extreme and lethal in their violence.

Dipak Gupta presents three classifications of terrorist groups along a spectrum – ideological, professional, and anomic – which correspond to their preference for activities and for fundraising. Ideological groups, those that require sacrifices from their members and are often religiously-motivated, receive funding primarily through donations. Consider a highly ideological group, such as al-Qaeda, for which funding came from Bin Laden’s personal fortune, investments, and donations through Islamic charities. Professional groups refers to those that combine ideology with a degree of personal safety, such as the Provisional IRA, which is politically and ideologically motivated but does not seek to compromise the safety of its members. These groups often use extortion and robbery for funding their activities. Finally, there are anomic groups—Gupta also refers to these as “near criminal groups”—which are largely self-financed through money-making criminal activities, particularly narcotrafficking (Gupta, 2008). He argues that these groups do not stray from these types of financing. However, in the last decade, there is considerable evidence to show that even highly ideological groups have turned to illicit activities for profit. In particular, the groups he uses as examples, al-Qaeda and the PKK, receive most of their annual income from narcotrafficking and kidnappings for ransom (Roth & Sever, 2006). This represents a broader, more significant change in terrorist groups over the last few decades. Abandoning ideology for financial gain is an unexpected consequence of an international system that hampers terrorism funding. It is an increasingly international problem, as terrorist networks are expanding both their reach and the scope of their criminal activity.

### **Crime-Terror Nexus**

In studying terrorism and organized crime separately, the organizational and operational characteristics they share may appear evident. The divergence between them is the nature of the environment they operate in. Both rely on the use of illegal activities and excessive violence, are clandestine in nature, challenge the state in the absence of state-sponsorship, have similar hierarchical structures, and threaten security and stability (Roth & Sever, 2006). Multiple scholars point to two clear distinctions between these two groups. One is the difference in motivation. The second distinction is that while criminal organizations prefer to maintain a status quo and operate undetected, terrorists rely on high-profile attention to further their cause.

Gupta suggests a necessity-based theory for explaining the nexus between criminal organizations and terrorists. This theory suggests that crime-terror alliances will only occur when there is sufficient cost-benefit ratio, as terrorists are rational and seek to provide benefits to the entire political community—as such, engaging in illicit activity could jeopardize their intentions and contradict their ideologies (Gupta, 2008). The implication of this theory is that the involvement in criminal activities should be a last resort for terrorist cells. This defines the crime-terror nexus as a parasitic and temporary relationship, and the alliance only occurs when the need for finances outweighs the costs of engaging in illicit activities.

Daniel Shaw, however, points out several gaps in this theory and proposes an alternative: the opportunity-based theory. This perspective attempts to understand how opportunities influence terrorist groups strategy and behavior. In many cases, the environment in which a group operates may encourage behavior that is seemingly unaligned with their ideologies (Shaw, 2019). Shaw provides one example in particular, in which a terrorist organization's leader is kidnapped or killed. In this instance, the entire hierarchical structure of the organization is at risk and actors lower in the power hierarchy may resort to actions that the previous leader disagreed with. For example, this scenario occurred in the Kurdish Workers' Party in the late 1990's following the capture of Abdullah Ocalan. Upon his imprisonment, those who would be considered his "foot soldiers" turned to criminal activities to fund their violent attacks against the Turkish government, against his instruction (Roth & Server, 2006). This theory can be used to address state conflict and social movements. Terrorism prolongs conflict and instability, which allows organized crime to occur undetected. Thus, the relationship is symbiotic and more permanent.

Furthermore, there are five main diversification factors which explain the trajectory of the crime-terror nexus and support the opportunity-based theories (Shaw, 2019). The first is trans-border identity movements, which allow actors to seek support in diasporas around the world according to their ethnic identity, which facilitates cross-border and transnational crime. The second is armed conflict. Not only does violent conflict foster instability, but it also provides incentives for the formation of alliances and creates a high-profit market for weapons. The third factor is the emergence of markets between supply and demand countries. The last two factors, vulnerable states and international institutions, are tangentially related. In vulnerable and corrupt states, terrorists and criminals thrive off conflict-rich environments and the strategies of international institutions are not effective in reducing conflict or policing criminal activity. These factors build off one another to create a perfect storm which criminal and terrorist organizations take advantage of.

The most common relationship between terrorists and organized crime groups is a parasitic one. There are few examples of symbiotic relationships. While the two groups share many characteristics, their motivations are too dissimilar for a long-lasting and mutually beneficial relationship to occur (Hutchinson & O'Malley, 2007). On the other hand, parasitic cooperation occurs as terrorists feed off the profits that illicit activities bring. This nexus is thus dominated by organized crime groups, and the relationship only lasts if the ideological differences do not lead to conflict. However, because terrorist groups and transnational crime groups operate in the same structures with shared interests in destabilizing states and regions, increasing linkages between the two are foreseeable.

### **Unconventional Methods for Funding Contemporary Terrorism**

While collaboration between organized crime groups and terrorists has always occurred, it has become an increasingly global problem in recent decades. The convergence of illicit networks and

terrorist groups have been facilitated by new channels of communication. Globalization has also lessened borders between nations, which allows groups to operate transnationally. As a result, the crime-terror nexus capitalizes on global resources and markets to further both profit and political agendas with the help of global facilitators. Globalization has only broadened the scope of these operations and accelerated the pace at which they occur.

Today, many terrorist groups with international influence are funded primarily through criminal activity. In 2004, fourteen of the thirty-six foreign terrorist organizations (FTOs) designated by the US State Department were trafficking narcotics (Sanderson, 2004). In particular, three well-known and transnationally operating terrorist groups—ISIS, AQIM, and the PKK—collect the majority of their income from organized crime. Finally, the last case to be considered will be Hezbollah which is arguably the most organized and sophisticated in the way these threats have converged within the group's operations.

#### *Islamic State of Iraq and Syria (ISIS)*

One of the most well-known terrorist groups internationally is the Islamic State of Iraq and Syria (ISIS), which operates in the Middle East. In 2014, ISIS brought in over \$2 billion from seizing oil fields, robbing banks, and extorting tax money from civilians within their protectorate. More than \$300 million of the group's annual income was attributed to tax fraud (Jasper & Moreland, 2016). More attention has been paid to ISIS-affiliated cells around the world, particularly as the group looks to expand its influence beyond the Middle East with highly targeted and propagandized recruitment strategies. Investigators have noted a connection between organized crime and Islamic extremism, particularly in the wake of a wave of terror attacks in Europe. In particular, the ringleader of the 2015 Paris attacks, Abdelhamid Abaaoud, was linked to a ring of radicalized criminals who robbed tourists and businesses. The profits were then used to sponsor European recruits who were sent to ISIS training camps in the Middle East (Callimachi, 2016). ISIS is considered a highly ideological terrorist group, operating on the fundamentals of violent jihadism. The behavior of the group is motivated by spreading an ideology and recruiting internationally.

Using criminal activity to fundraise and recruit Europeans represents a shift in behavior and classifies ISIS as a hybrid threat. The characteristics of a hybrid threat are blended modalities, simultaneity, fusion, and criminality (Jasper & Moreland, 2016). Essentially, a hybrid threat is an adversary which uses tactically complex attacks simultaneously and cohesively. As in the case of ISIS, hybrid threats use criminal activity both as a financial resource and as an intentional method of inciting conflict. As one of the most significant terrorist threats to the international system, the adoption of criminal activity into ISIS' modus operandi poses a threat to global security.

### *Al-Qaeda in the Islamic Maghreb (AQIM)*

Al-Qaeda in the Islamic Maghreb (AQIM) has been the focus of significant terrorism research. The group originated during the Algerian civil war and in the mid-2000's its focus shifted to joining Iraqi forces in defeating the 'American occupier'. In addition, al-Qaeda has also developed relationships with criminal syndicates in Central Asia. These syndicates include Afghani and Pakistani opium traffickers, increasing the amount of money AQIM brings in from drug trafficking. AQIM's three main activities for generating revenue have been smuggling, drug trafficking, and kidnappings for ransom. As Gupta pointed out, terror groups often reject criminal activity for fear that their political reputation will suffer as a result. In this case, AQIM's criminal links do harm its ability in winning political support. However, "AQIM can afford low-intensity guerilla activity in such an environment only because the partnership in crime provides a steady flow of recruits, no matter how low their jihadi commitment" (Shelley, 2014, p. 114). Because the conditions in the countries AQIM is primarily based in are so volatile, the group can still receive funding from criminal activity and continue to bring in recruits. Thus, instability facilitates its recruitment strategy. Many scholars have even pointed to a shift in ideology, theorizing that AQIM's radical Islamist rhetoric is merely a cover to direct attention away from its criminal operations (Boeke, 2016). Given its historic roots, it is unlikely that AQIM is using a religious façade, but its adaptation into criminality is a significant consideration in the study of the crime-terror nexus.

### *Kurdish Workers' Party (PKK)*

As previously stated, one factor that explains the diversification of the terror-crime nexus is trans-border identities. For example, the Kurdish Workers' Party (PKK) originated in the 1960's during a period of radical political sentiment in Turkey. At the start, the PKK was built upon Kurdish nationalism and was made up of ethnic Turks and Kurds. While the PKK built itself on the ideal of an independent Kurdish state, its intellectual foundation was Marxist-Leninist ideology and it soon also adopted a Maoist strategy for obtaining power (Roth & Sever, 2006). Thus, the liberation of Kurds and the adoption of a Kurdish state may never have been the ultimate goal. Instead, the PKK sought to use this as a strategy to spread its own power and ideology throughout the region. In the 1980s, the PKK established its guerilla war against the government of Turkey and used suicide bombings, kidnappings, and violence against Turkish diplomats. Among its primary targets were Turkish security forces, foreign tourists, and symbolic representatives of the state such as teachers and diplomats. Upon foundation, the PKK was funded by Syria and was provided financial and logistical support from the Soviet Union, Greece, Cyprus, Libya, Armenia, Iran, Iraq, Bulgaria, and Cuba beginning in 1984. However, in 1998 Syria was forced to withdraw its support for the PKK upon pressure from the Turkish government. Similarly, the collapse of the Soviet Union required the PKK to look elsewhere for financing. Thus, the group turned to transnational criminal activity in the 1990's.

The criminal activities the PKK has used includes drug trafficking, human trafficking, robbery and extortion, money laundering, and illegal immigration. According to the British National Service of Criminal Intelligence, the PKK's annual income from illicit activities was estimated to be \$86 million at its peak in 1993 (Radu, 2001). Some of its other income sources include support campaigns, grants, and revenues from legitimate business operations, but transnational crime remains the PKK's main financial source.

### *Hezbollah*

As an organization, Hezbollah is multidimensional. The factor that makes it unique as a case study is that crime and terror are already linked as separate wings of its overall structure. Hezbollah is formally characterized as a political party in Lebanon, but also operates as both a terrorist group and a criminal group. It also has a vertical structure, in which all of the wings, even those that are clandestine, report to the same Secretary General. Next to al-Qaeda, the Hezbollah is the international terrorist network that utilizes criminal enterprises in the most organized and secretive manner. Richard Armitage, Deputy Secretary of State for the Bush administration, stated that Hezbollah was "the A team of terrorism," and in 2005, warned of the comprehensive threat the group would pose internationally.

As with other cases of terrorist groups using organized crime, the exact breakdown of Hezbollah's finances is inaccessible. However, the information that is publicly available provides some insight into how its operations are funded. Iran is still believed to be the main sponsor of the group. Aside from state sponsorship, Hezbollah seems to raise a lot of funds from foreign remittances. For instance, law enforcement authorities traced half a million dollars through the accounts of members of a Hezbollah cell in Charlotte, North Carolina. In that case, the estimated overall donation was close to \$2 million and was paid in cash. Hezbollah has established this regional cell within the United States and law enforcement officials believe Middle Eastern terrorist groups raise between \$20 and \$30 million annually from the illicit scam industry in America. There are a variety of tactics used, but one prominent example is \$12 million in fraudulent cashier's checks being smuggled into the US through Detroit (Levitt, 2005). These operations require Hezbollah operatives in the region in order to smuggle illicit funds or products, which are then used to finance Hezbollah operations in the Middle East.

The Department of Justice, in October of 2019, released a statement that identified the top five criminal organizations that pose a threat to the United States. Four of those five organizations were Mexican drug cartels and the MS-13 gang in El Salvador. The fifth, being ranked even above Colombian cartels, was Hezbollah. The group has been linked to both drug cartels and criminal syndicates in the Western hemisphere. Closer to its base, Hezbollah has also benefited from illegal diamond smuggling in Western Africa. Hezbollah and al-Qaeda developed expertise in diamond smuggling, as the African countries in which diamonds are produced are notorious for corrupt governments with little control over

territory. This has allowed terrorist organizations to use conflict diamonds to finance their operations for decades.

Hezbollah is one of the most prominent examples of the crime-terror nexus, and its operations have expanded so fundraising occurs across the globe. The group has established regional cells in locations within its diaspora to make their operations truly transnational. The Department of Justice classified Hezbollah as one of the most significant criminal threats to US interests, also citing its involvement in drug trafficking in Latin America. Despite the characterization as a political party, it is evident that Hezbollah's operations go beyond political influence and in recent decades, the organization has transformed into the perfect union of terror and crime.

### **Rising Threat: A Case Study of the Hezbollah in Venezuela**

While Hezbollah is based in Lebanon, the group's manifesto does not strictly confine their operations to domestic borders. Because it opposes Israel and Western powers, it does not believe this threat is restricted to a specific region. Hezbollah clarifies that the "American threat" is international, which makes combatting it an international operation. Therefore, there has been evidence of Hezbollah operations in Africa, Europe, and Asia. More recently, cells have emerged in the United States and Southern America. These cells serve to raise funds within the region, which are then transferred to Hezbollah in Lebanon and used to fund terrorist acts in the Middle East. The primary targets of these attacks are US and Israeli interests within the region. In a few instances, these attacks have also been planned or conducted in the regions where cells have been established. The most recent example of a regional cell is the establishment of operational hubs in South America, particularly in Venezuela. The inclination for Hezbollah to set up operations in Venezuela stems from three opportunity-based factors: geostrategic positioning, the presence of an Arab population, and a corrupt government.

In terms of location, Venezuela provides a strategic pathway for Hezbollah's drug trafficking interests. Patterns of organized crime, particularly in the Western hemisphere, are defined by demand zones, supply zones, and the transit zones that connect them. Demand zones are primarily wealthy nations, whereas supply zones are the points of origin for raw materials. Transit zones are characterized by the ease with which products can be transported without detection. The combination of corruption and economic instability has transformed Venezuela into an important transit zone for narcotics and other illicit goods. This is particularly due to the prevalence of security forces and high-ranked government officials who profit from narcotrafficking (Ellis, 2018). As a transit zone, Venezuela is a geostrategic location for Hezbollah to set up operations for drug trafficking. Furthermore, its position allows for sea and air bridges between Venezuela, Syria, and Lebanon, which are tactical for transnational operations and for moving funds back to the Middle East from the region. Hezbollah had a presence in the region

before establishing operational hubs in Venezuela, and the group's expansion into Venezuela was strategic due to the location.

Hezbollah's significant presence in South America is well documented, but the extent of its influence in the region is still relatively unknown. Hezbollah is responsible for two of the largest terrorist attacks the continent has seen: the bombings of the Israeli Embassy and Jewish community centers in Buenos Aires in the 1990s. These acts also focused attention on Hezbollah's networks in the region. A driving force behind Hezbollah's desire for a regional cell in South America is the presence of a Lebanese diaspora within the continent. There have been three significant waves of refugees from the Middle East to South America: in the 1880's during the decline of the Ottoman Empire; in the 1910's during the Armenian genocide; and in the 1960's in response to a rise of Arab dictatorships. These refugees settled mostly in Argentina, Colombia, and Venezuela and these refugee networks have smaller pockets which have been co-opted by the Hezbollah (Struve, 2020). Similarly to the previously discussed mafias, Hezbollah operates within a diaspora and uses this for entry into regions outside of the Middle East. They view themselves not only as a Lebanese political party, but as a representative of the Shia Muslim community worldwide.

During the Lebanese civil war, 40% of the Lebanese population was displaced and there was a wave of refugees to South America. Remittances make up 14% of Lebanon's GDP, indicating a large international diaspora. Today, 1.6 million people in Venezuela are of Arab descent, primarily originating from Lebanon, Syria, and Palestine and settled mostly in the capital city of Caracas. In the early 1990's, Hezbollah's presence in South America began in the "Tri-Border Area" (TBA), which is the region between Brazil, Paraguay, and Argentina. The TBA is notorious for criminal activity and a market for cheap electronic goods. Hezbollah took advantage of the customer attraction in the area and according to a 2004 study for the Naval War College, Hezbollah reportedly raises \$10 million annually from drugs and arms trafficking, counterfeiting, and money laundering in the TBA (Vianna de Avezedo, 2018). Just five years later, the Rand Corporation reported that Hezbollah's fundraising in the region was closer to \$20 million (Realuyo, 2014). Hezbollah presence in Venezuela also goes beyond financing and involves political influence, specifically through propping up the Maduro regime.

Primarily, corruption in Venezuela has been prevalent in recent decades and as a result, the state is already vulnerable to infiltration. Since the oil crisis of the 1970s, Venezuela has rapidly fallen from being the wealthiest South American country to a nation characterized by economic reliance on an unstable industry, corrupt and autocratic governance, and human rights violations. Economists have reported that Venezuela's economic devastation is comparable only to countries devastated by prolonged civil wars (Kurmanaev, 2019). Venezuela is home to the world's largest oil reserves and is a petrostate, defined by an economy heavily dependent on its oil reserves. Venezuela once prospered due to a boom in

the oil market in the 1970s, in which the price of oil quadrupled and Venezuela profited immensely. Former President Hugo Chavez invested this revenue in social welfare programs, intending to diversify the economy to solve issues of poverty and social inequality. However, these programs were unsuccessful and a decline in oil prices in 2013 ended Venezuela's economic prosperity.

Since 2014, Venezuela's oil production has decreased by fifty percent and the overall inflation rate exceeds one million percent (Kiger, 2019). The Center for a Secure Free Society (SFS) has classified Venezuela as a regime which facilitates transregional threats, such as organized crime, terror, or nuclear proliferation. The convergence of these types of threats occurs because they use the same logistical pathways and groups use one state as a hub for these operations. Given the ongoing political and economic crisis, Hezbollah's operations are less likely to be detected, especially in a state which was already involved in narcotics trafficking and criminal operations.

The manner in which the crisis in Venezuela has unfolded shares similarities with the crisis in Syria. Joseph Humire, executive director of SFS, states that this is not coincidental but rather an indicator of shared history between the two states. Furthermore, Iran and Hezbollah's support of the Maduro regime mirrors the same strategy used to support the al-Assad regime in Syria. Hezbollah, Iran's proxy, has been used to prop up these regimes (Humire, 2020). In both cases, high-ranking Hezbollah operatives have been appointed to government positions. Support from the regime allows Hezbollah to maintain a level of state sponsorship, whether through financial resources or logistical support. While Hezbollah's main point of entry in Venezuela has been through the Maduro regime, the Hezbollah-Venezuela nexus actually originated during the Chavez regime.

### **The Hezbollah in Venezuela**

Hezbollah's presence in Venezuela was first revealed in 2011 after a two-year investigation, Operation Titan, seized \$23 million of illicit funds being moved through local facilitators in Colombia and Venezuela. Operation Titan exposed a transregional cocaine-trafficking and money-laundering ring run by Hezbollah. Many of the operatives involved in the ring were indicted, but a few high-ranking members of Hezbollah's Saleh clan were sanctioned in 2012 and are now working in Maracaibo with another prominent Lebanese clan that has embedded itself into the Maduro regime (Humire, 2020).

Hezbollah holds an important role in the international terror network. It has formed additional cells in other regions, expanding its own network and operating on a global scale. Though these cells are not all identical, the methods by which they were formed are similar. Matthew Levitt proposes that Hezbollah's modus operandi is made up of three steps: subtle infiltration, fundraising, and recruitment of locals (Levitt, 2013). Subtle infiltration begins by gaining entry in a targeted location politically or militarily, and in some cases members of Hezbollah married local women to legalize their presence. The cells then operate as front organizations to raise funds through criminal activity or by donations. The final

step is recruiting locals, which occurs in areas with large populations and often with a significant Arab or Lebanese population.

### *Subtle Infiltration*

Hezbollah infiltration in Venezuela began during the Chavez regime when the former president became increasingly close with Iran. Hugo Chavez had established himself as an opponent of the United States not only with his rhetoric, but by supporting groups with anti-American sentiments and opposing US allies in the region. The Chavez regime made Venezuela the ideal country for anti-American organizations such as Hezbollah to occupy.

Venezuela's alliance with Iran began in the 1960's, as both states were founding members of the OPEC. Following the Iranian revolution in 1979, Iran moved to increase trade with Latin American countries and Venezuela was one of the first countries to establish a trade agreement. President Hugo Chavez continued diplomatic relations with Iran in the early 2000's and at first, the majority of their joint ventures revolved around the manufacturing of Iranian goods in Venezuela. The inauguration of Mahmoud Ahmadinejad as Iranian president in 2005 was a turning point in this relationship, as Venezuela began utilizing Iran's intelligence officers in their security services. This allowed Iran to collect and manage information and advise the Venezuelan regime (Vianna de Avezedo, 2018). Following this was the introduction of the "Qods forces", which are special forces of the Iran Revolutionary Guards which were deployed to Venezuela to assist in military training upon invitation from Chavez.

Nicolas Maduro came to power after Hugo Chavez's death in 2013. Chavez appointed him as his successor, though Maduro's ascension was met with opposition, and he won the presidential election by just over one percent (Kiger, 2019). Within his administration, senior government positions have been filled by officials associated with narco-trafficking, many of whom were already under investigation by United States federal prosecutors. Many had been uncovered as facilitators in the drug trafficking operation during Operation Titan years prior. Since Maduro's election, Venezuela's government has become increasingly autocratic. In 2019, Maduro swore himself in as president for a second six-year term, despite eighty percent of the population opposing his first election (Brookings, 2017).

Hezbollah has since infiltrated the state through the relationship between President Nicolas Maduro and the leader of Hezbollah, Hassan Nasrallah. The two met in 2007 in Damascus, with reports that their discussion was primarily centered around allowing Hezbollah's Colombian cocaine trafficking to operate out of Venezuela. The linkage between Hezbollah and Maduro's regime is evident today, with many of Maduro's political appointees linked to Hezbollah clans. Hezbollah is also publicly supportive of the Maduro regime, once issuing a press release in Beirut which announced support for Maduro and denounced the United States and any states that supported American hegemony. This proclamation was controversial in Lebanon, as Maduro's regime is not an Islamist government. Within Lebanon, there is

little support for Hezbollah's criminal enterprises as it strays from the ideological manifesto of the group (Struve, 2020). This adheres to the theory that terrorist groups and organized crime groups cannot maintain long-term, mutually beneficial relationships due to ideological differences. However, Hezbollah's support for the Maduro regime has continued despite opposition and it continues to be mutually beneficial.

Beyond finances from criminal operations in Venezuela, Hezbollah also relies on the Maduro regime for logistical support. Within the sphere of immigration lies the most concrete evidence of the relationship between Maduro and Hezbollah. In democratic countries, governments rely on immigration screening measures to block terrorist groups from entering the country. However, in Venezuela, those efforts have not been blocked, but rather facilitated by immigration services. In particular, Venezuelan immigration authorities delivered thousands of counterfeit Venezuelan passports and visas to Hezbollah affiliates. In a testimony to the US Congress in 2019, Joseph Humire presented a list of over 2,000 passports which had been issued to suspected members of Hezbollah (Struve, 2020). Further investigation concluded that Venezuela, Cuba, Iran, and its proxy, Hezbollah had initiated an immigration scheme which involved creating identities with all the necessary documentation. This allowed individuals from the Middle East to claim Venezuelan citizenship, legitimized by the Maduro regime, without even needing to set foot in the country. This not only allows Hezbollah to enter Venezuela, but to use the country as a launchpad for moving operations across the world under false identities.

Essentially, the relationship between Hezbollah and the Maduro regime has proven to be symbiotic. The sophisticated network that Hezbollah has established is allowed to operate under protection from the regime.

### *Fundraising*

Throughout all of Hezbollah's global operations, its financial and operational networks are overseen by a senior Hezbollah official. Hezbollah relies on *hawala*, a system of informal banking between networks across the Middle East, the Horn of Africa, and Southeast Asia (Pickett, 2010). With this system, there is limited contact with financial institutions and therefore, groups do not rely on the preservation of state institutions and more importantly, financial sources are difficult to trace. The system works through hawala dealers in each location, who offer lower exchange rates and anonymity. Rather than transferring money through a financial institution, the dealers act as intermediaries and contact each other to initiate funds on another person's behalf. This is an ideal method for individuals to send donations to Hezbollah while remaining anonymous and leaving no paper trail.

Another method Hezbollah commonly uses is the establishment of front companies, fully functioning businesses which serve to disguise illicit financial activity. In 2008, authorities in Canada arrested over one hundred suspects for drug-smuggling and money-laundering operations. Those arrested

included Arabs living in Maicao, a town on the border of Colombia and Venezuela, who had set up front companies to send drug profits to Hezbollah (Pickett, 2010). Because of the level of anonymity involved in these operations, it is unclear how much profit Hezbollah makes from these enterprises. However, the significance of Operation Titan provides some perspective in the scale of the operation and suggests that drug trafficking must be the most significant enterprise for fundraising that Hezbollah has undertaken within Venezuela.

#### *Recruitment of Locals*

Local, Hezbollah-inspired, radical Islamic groups began to emerge during the Chavez regime, labeling themselves “Hezbollah Venezuela”. The leader of the group, Teodoro Darnott, claimed an Argentinian Hezbollah cell member had recruited him to found a Venezuelan cell. The cell disbanded after Darnott was arrested for a failed terrorist attack on the US embassy in Caracas in 2006 (Pickett, 2010). Before his arrest, Darnott had published a website with the group’s manifesto, a proclamation of its affiliation with Hezbollah, praise for the Chavez regime and its ideologies, and explicit threats against US and Israeli interests in Venezuela. The rhetoric and publicity of their propaganda is theorized to be a motivating factor for the arrest. Both Chavez and Maduro have insisted that Hezbollah is a political party only with no affiliation with criminal or terrorist activity. Therefore, the public emergence of a Hezbollah cell in Venezuela planning terrorist attacks threatened Chavez’s characterization of Hezbollah. While short-lived and unsuccessful, Hezbollah Venezuela symbolizes how Hezbollah’s ideologies appealed to local Venezuelans enough to take these actions.

Given that ideology is an important consideration in recruitment, much of Hezbollah’s operations are secluded to areas within the diaspora. Two areas with significant Arab populations in South America are Venezuela’s Margarita Island and Maicao, a town located on the border of Venezuela and Colombia on the La Guajira peninsula. Maicao has an Arab population of 8,000, which is estimated to control nearly 70% of the town’s commerce and significantly, many Arab residents have reported donating between ten and thirty percent of their incomes to Hezbollah through banks in Venezuela (“Venezuelan Ties to Hezbollah”, 2008). The free trade zone of Margarita Island, north of Caracas, also serves as a hub for drug trafficking and Hezbollah. The group tends to infiltrate Lebanese populations in free trade zones, as they are heavily involved in import and export businesses. The Nassereddine clan, a family within Hezbollah, has been involved in setting up real estate enterprises and development projects on Margarita Island. The family has established itself on the island as a power broker and uses this position to help the regime with their illicit finance networks through the businesses in Margarita, particularly money laundering and drug trafficking (Struve, 2020).

One strategy of new transnational crime groups is adopting familial and network ties. Essentially, crime groups establish a community within themselves. They tend to support community stability in order

to remain living in the areas they operate out of, but they also thrive in environments that have experienced long-term conflict. In this case, Hezbollah's familial clan structure allows each clan to gain power and influence within a community. Another tactic of transnational crime groups is winning favor with the community by building schools and hospitals or providing services that the government has not (Shelley, 2005). The Nassereddine clan has sponsored the development of schools, community centers, and hospitals on Margarita Island in addition to their own business ventures. In doing so, they gained support from the community which has allowed them to not only stay on the island but recruit local community members to support their cause.

## **Conclusion**

In recent decades, both terrorism and organized crime have evolved in a similar trajectory, allowing for overlap and cooperation between two previously separate phenomena. Globalization has further eased the ability for the two groups to work together. It is possible for them to coordinate across time zones and regions while remaining undetected or protected by the state. Both terror and crime have benefited from unstable states in the post-Cold War international system, and both exploit weaknesses in vulnerable governments to advance their own agendas and make profit. A significant consideration is the lack of information that truly addresses this problem. It is difficult to find data to fully understand the scope of the nexus. There is no way to fully comprehend how often communication and collaboration is occurring, because it happens undetected and relies on weak law enforcement in the countries where cells are based.

Terror networks such as the Hezbollah's are difficult to detect, both in identifying individuals involved in their activities, and tracing their finances and movements. There is a lack of clear data that explains how much money Hezbollah raises from each of its activities, suggesting that most of its fundraising occurs in a clandestine manner. This has been confirmed by the adherence to the hawala system, and the designed method to guarantee anonymity and make tracing by intelligence agencies impossible. To confront the convergence of crime and terror, international cooperation and interagency communication is necessary to better understand the scope and significance of illicit networks. This phenomenon poses a challenge to law enforcement and counter-terrorism efforts, both regionally and internationally.

The relationship between crime and terror exists and the involvement of prominent terrorist organizations in criminal operations makes this evident. The role of these relationships in altering or corrupting the political order cannot and should not be underestimated. The evolution of both terrorist and criminal groups revolves around the ability to gain power and influence. Collaboration between the two involves gaining influence in vulnerable states, which could lead to devastating consequences in regions already facing conflict. In the case of Hezbollah, fundraising in Latin America also suggests the

possibility of moving beyond financing to pursue operational objectives in the Western Hemisphere. Hezbollah was formed on the basis of anti-Western sentiments, and many of its operations have targeted United States interests. Significantly, Hezbollah cells which have been strictly engaged in fundraising have all been found to have operational roles as well. Given the history of the organization, it is likely that its presence in Venezuela could lead to an active role in terrorist activity.

The relationship between Hezbollah and Venezuela is still largely misunderstood and underestimated. The infiltration of the group into the Maduro regime and its fundraising efforts in the region are consistent with the modus operandi seen in other regional cells. Some intelligence officials have claimed that Hezbollah is a distant, potential terrorist threat in Venezuela and diminish the relationship between Maduro and Hezbollah. Uncovering the scope of the relationship is important in understanding the threat Hezbollah poses regionally. Furthermore, recognizing the linkage between terrorist activity and criminal enterprises is an important step in acknowledging the role Hezbollah plays in the region. Its prominence within transregional organized crime is an indicator of its capability to organize terrorist acts either within the region, or elsewhere internationally. Ultimately, the crime-terror nexus itself requires an international, inter-agency approach but the first step in addressing the problem is to analyze the scope of the threat it poses domestically, regionally, and internationally.

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