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THREAT TO THE HOMELAND: IRAN'S EXTENDING INFLUENCE IN THE WESTERN HEMISPHERE

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND MANAGEMENT EFFICIENCY

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

JULY 9, 2013

Serial No. 113–24

Printed for the use of the Committee on Homeland Security

Available via the World Wide Web: http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PRINTING OFFICE

85–689 PDF WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
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THREAT TO THE HOMELAND: IRAN'S EXTENDING INFLUENCE IN THE WESTERN HEMISPHERE

Tuesday, July 9, 2013

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND MANAGEMENT EFFICIENCY,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 2:00 p.m., in Room 311, Cannon House Office Building, Hon. Jeff Duncan [Chairman of the subcommittee] presiding.

Present: Representatives Duncan, Barletta, Hudson, McCaul (ex officio), and O'Rourke.

Also Present: Representatives Jackson Lee and Vela.

Mr. DUNCAN. The Committee on Homeland Security Subcommittee on Oversight and Management Efficiency will come to order.

The purpose of this hearing is to examine the threat that the Islamic Republic of Iran poses to the United States from its extending influence in the Western Hemisphere. Before I begin my opening statement, I would like to ask unanimous consent that a written statement by Dr. Matthew Levitt from the Washington Institute for Near East Policy and a letter from the American Task Force Argentina be entered into the record.

Hearing no objection, so ordered.

[The information follows:]

STATEMENT OF DR. MATTHEW LEVITT[1], DIRECTOR, STEIN PROGRAM ON COUNTERTERRORISM AND INTELLIGENCE, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

JULY 9, 2013

Chairman Duncan, Ranking Member Barber, distinguished Members of the Subcommittee on Homeland Security Subcommittee on Oversight and Management Efficiency, it is an honor to be able to submit to you written testimony for this timely hearing on Iran's extending influence in the Western Hemisphere. I apologize for not being able to appear before you in person to provide oral testimony as well, but I had already committed to testifying today in Brussels before the Committee on Foreign Affairs of the European Parliament on the importance of an E.U. designation of Hezbollah. This committee's hearing here in Washington is equally important, however, so I am very grateful to the committee for generously allowing me the opportunity to submit this written testimony.

As Iran geared up for its June 14 presidential election, the activities of its powerful intelligence services were also kicking into high gear across the globe. The U.S.

[1] Author, *Hezbollah: the Global Footprint of Lebanon's Party of God* (Georgetown University Press and Hurst Publishers, 2013).

State Department's annual terrorism report, released May 30, headlined the "marked resurgence" of Iran's terrorist activities—and with good reason. "Iran and Hizballah's terrorist activity has reached a tempo unseen since the 1990s, with attacks plotted in Southeast Asia, Europe, and Africa," the report reads.[2] Then there is Iran and Hezbollah's active support for Syrian president Bashar al-Assad's brutal crackdown against his own people.

But closer to the United States, Iran not only continues to expand its presence in and bilateral relationships with countries like Cuba, Ecuador, Nicaragua, and Venezuela, but it also maintains a network of intelligence agents specifically tasked with sponsoring and executing terrorist attacks in the Western hemisphere. True, the unclassified annex to a recent State Department report on Iranian activity in the Western Hemisphere downplayed Iran's activities in the region; this material, however, appeared in an introductory section of the annex that listed the author's self-described "assumptions." While one assumption noted that "Iranian interest in Latin America is of concern," another stated that as a result of U.S. and allied efforts "Iranian influence in Latin America and the Caribbean is waning."[3] The reality is that Hezbollah and Iran have both worked long and hard over many years to build up their presence and influence in Latin America.

HEZBOLLAH IN LATIN AMERICA

Hezbollah's presence in Latin America is nothing new. Together with Iran, the group was responsible for the 1992 bombing of the Israeli embassy and, 2 years later, the bombing of the AMIA Jewish community center, both in Buenos Aires. Hezbollah traces its origins in Latin America back to the mid-1980s, long before the Buenos Aires bombings, when its operatives set up shop in the Tri-Border Area (TBA) of Brazil, Paraguay, and Argentina. At the height of the Lebanese civil war, Hezbollah clerics began "planting agents and recruiting sympathizers among Arab and Muslim immigrants in the TBA," according to a study conducted for U.S. Special Operations Command. A region routinely called the "United Nations of crime," a classic "terrorist safe haven" and a counterfeiting capital, the TBA made a natural home for operatives seeking to build financial and logistical Hezbollah support networks within existing Shia and Lebanese diaspora communities.[4]

Hezbollah has long benefited from the loosely-regulated TBA, using the area to engage in illicit activity for profit and to solicit donations from the local Muslim communities. In its 2011 Country Reports on Terrorism, the State Department noted that "ideological sympathizers in South America and the Caribbean continue to provide financial and moral support to these and other terrorist groups in the Middle East and South Asia."[5] Similarly, in 2011, Gen. Douglas Fraser, then the Commander of United States Southern Command, told Members of Congress, "Hezbollah supporters continue to raise funds within the region to finance their worldwide activities. Several entities affiliated with Islamic extremism are increasing efforts to recruit adherents in the region . . . "[6] Criminal sympathizers of the group are involved in a long list of illicit activities, including arms and drug trafficking, document and currency fraud, money laundering, and counterfeiting. Since 2006, over a dozen individuals and several entities in the TBA have been sanctioned for providing financial support to Hezbollah leadership in Lebanon, according to the U.S. Treasury Department.[7]

THE TBA'S CRIME HEADQUARTERS

The four-story Galeria Page shopping center in Ciudad del Este, Paraguay, was "locally considered the central headquarters for Hezbollah members" and served as a source of fundraising for Hezbollah in the TBA, the U.S. Treasury Department

[2] U.S. State Department, "Country Reports on Terrorism," May 30, 2013, *http://www.state.gov/j/ct/rls/crt/2012/209978.htm*.

[3] "Annex A, Unclassified Summary of Policy Recommendations," Appended to press release "Duncan Releases Statement on the State Department's Report on Iranian Activity and Influence in the Western Hemisphere," June 26, 2013.

[4] Sebastian Rotella, "Jungle Hub for World's Outlaws," *Los Angeles Times*, August 24, 1998; U.S. State Department, Office of the Coordinator for Counterterrorism, *Country Reports on Terrorism 2009*, August 5, 2010.

[5] U.S. State Department, Office of the Coordinator for Counterterrorism, *Country Reports on Terrorism 2009,* August 5, 2010; U.S. State Department, Office of the Coordinator for Counterterrorism, *Country Reports on Terrorism 2011,* July 2012.

[6] Southern Command Commander General Douglas Fraser, statement before the House Armed Services Committee, March 30, 2011, *http://armedservices.house.gov/index.cfm/files/serve?File_id=fcc6b631-6b514bdb-b0a0-6b97ea36cb58*.

[7] Assistant Treasury Secretary for Terrorist Financing Daniel L. Glaser, testimony before the House Committee on Foreign Affairs, October 13, 2011.

noted when the center was blacklisted in December 2006.[8] Managed and co-owned by Hezbollah operatives, Treasury explained that Galeria Page businesses generated funds to support Hezbollah and that some shops had been "involved in illicit activity, including the sale of counterfeit U.S. dollars."[9]

At the hub of Galeria Page activity was Assad Barakat, a known Hezbollah operative designated by the Treasury Department in 2004, who led a TBA-based network that served as "a major financial artery to Hezbollah in Lebanon."[10] Barakat had long been on the radar of law enforcement agencies, and international authorities had raided his Galeria Page shop twice in 2001. Barakat used his businesses as "front companies for Hezbollah activities and cells," Treasury revealed, adding that the businesses provided "a way to transfer information to and from Hezbollah operatives."[11] The extent of Barakat's criminal activity in support of Hezbollah was staggering. From selling counterfeit U.S. currency to strong-arming donations from local businessmen, Barakat was accused by the Treasury Department of engaging in "every financial crime in the book" to generate funds for Hezbollah.[12]

Treasury also tied Sobhi Mahmoud Fayad, Barakat's executive assistant, to the counterfeit currency scheme, in addition to other illicit activities involving drugs.[13] Fayad, "a senior TBA Hezbollah official," was no stranger to law enforcement. In 2001, Paraguayan police had searched his Ciudad del Este home and found receipts from the Martyrs Organization for donations Fayad had sent that totaled more than $3.5 million. Authorities believe Fayad has sent more than $50 million to Hezbollah since 1995.[14]

Hezbollah often uses charities and front organizations, like the Martyrs Organization, to conceal its fundraising activities. In July 2007, the Treasury Department blacklisted the Martyrs Foundation for its ties to the group. Beyond its work raising funds for Hezbollah, in several cases the foundation's officials were found to be directly involved in supporting terrorism.[15]

BEYOND THE TRI-BORDER

Hezbollah's reach in Latin America extends beyond the borders of Brazil, Argentina, and Paraguay, however. The same day the State Department released its report, highly respected Argentine prosecutor Alberto Nisman, who served as special prosecutor for the investigation into the 1994 bombing of the AMIA Jewish community center in Buenos Aires, released a 500-page document laying out how the Iranian regime has, since the early 1980s, built and maintained "local clandestine intelligence stations designed to sponsor, foster, and execute terrorist attacks" in the Western Hemisphere. Nisman found evidence that Iran is building intelligence networks identical to the one responsible for the bombings in Argentina across the region—from Brazil, Paraguay, Uruguay, Chile, and Colombia to Guyana, Trinidad and Tobago, and Suriname, in addition to a number of others.[16]

Nisman's earlier 2006 report on the AMIA bombing had already demonstrated how Iran established a robust intelligence network in South America in the early 1980s.[17] One document, seized during a court-ordered raid of the residence of an Iranian diplomat north of Buenos Aires included a map denoting areas populated by Muslim communities and suggested an Iranian strategy to export Islam into South America—and from there to North America. Highlighting areas densely populated by Muslims, the document informed that these "will be used from Argentina

[8] U.S. Treasury Department, "Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay," press release, December 6, 2006.

[9] Ibid.

[10] Ibid.

[11] U.S. Department of the Treasury, "Treasury Designates Islamic Extremist, Two Companies Supporting Hizballah in Tri-Border Area," press release, June 10, 2004. *http://www.treasury.gov/press-center/pressreleases/Pages/js1720.aspx*.

[12] Ibid.

[13] Ibid.

[14] Mark S. Steinitz, "Middle East Terrorist Activity in Latin America," Center for Strategic and International Studies, Policy Papers on the Americas, Vol. XIV, Study 7, July 2003.

[15] U.S. Department of the Treasury, "Twin Treasury Actions Take Aim at Hizballah's Support Network," press release, July 24, 2007.

[16] "AMIA Case," *http://www.defenddemocracy.org/stuff/uploads/documents/summary__-(31_pages).pdf*.

[17] Alberto Nisman and Marcelo Martinez Burgos, "Office of Criminal Investigations AMIA Case," Investigations Unit of the Office of the Attorney General, October 25, 2006, p. 13, *http://www.peaceandtolerance.org/docs/nismanindict.pdf*.

as [the] center of penetration of Islam and its ideology towards the North American continent."[18]

Nisman concluded that the driving force behind Iran's intelligence efforts in Argentina was Mohsen Rabbani, an Iranian who lived in Argentina for 11 years and played a key role in the Islamic Republic's intelligence operations in South America. Rabbani, the primary architect of the AMIA plot, reportedly had come from Iran for the express purpose of heading the state-owned al-Tawhid mosque in Buenos Aires, but he also served as a representative of the Iranian Ministry of Agriculture, which was tasked with ensuring the quality of Argentine meat exported to Iran. The Argentine prosecutor reported that Rabbani began laying the groundwork for his spy network after arriving in the country in 1983. Indeed, just prior to his departure for South America, Rabbani met Abolghasem Mesbahi, an Iranian intelligence official who would later defect, and explained to Mesbahi that he was being dispatched to Argentina "in order to create support groups for exporting the Islamic revolution," according to Nisman's 2006 report. Rabbani ultimately executed two large-scale attacks in Argentina. In 1992, Iran and Hezbollah bombed the Israeli Embassy in Buenos Aires, killing 29 people.[19] Two years later, they targeted the AMIA Jewish community center, killing 85 people.

Rabbani's terrorist activities in South America, however, did not wane despite being indicted in Argentina. According to Nisman and U.S. District Court documents from the Eastern District of New York in Brooklyn, Rabbani helped four men who were plotting to bomb New York's John F. Kennedy International Airport in 2007 and who had sought technical and financial assistance for the operation, codenamed "Chicken Farm." All four men were ultimately convicted in Federal court.[20]

The four men first sought out Yasin Abu Bakr, leader of the Trinidadian militant group Jamaat al-Muslimeen, and Adnan el-Shukrijumah, an al-Qaeda operative who grew up in Brooklyn and South Florida and fled the United States for the Caribbean in the days before the 9/11 attacks.[21] Unable to find Shukrijumah, the plotters "sent [co-conspirator] Abdul Kadir to meet with his contacts in the Iranian revolutionary leadership, including Mohsen Rabbani," according to a news release issued by the U.S. attorney's office for the Eastern District of New York.[22]

One co-conspirator was Kareem Ibrahim, an imam and leader of the Shiite Muslim community in Trinidad and Tobago. During cross-examination at trial, Ibrahim admitted that he advised the plotters to approach Iranian leaders with the plot and to use operatives ready to engage in suicide attacks at the airport. In one of the recorded conversations entered into evidence, Ibrahim told Russell Defreitas—a plotter who was a JFK baggage handler and a naturalized U.S. citizen—that the attackers must be ready to "fight it out, kill who you could kill, and go back to Allah."

Documents seized from Kadir's house in Guyana demonstrated that he was a Rabbani disciple who built a Guyanese intelligence base for Iran much like his mentor had built in Argentina. In a letter written to Rabbani in 2006, Kadir agreed to perform a "mission" for Rabbani to determine whether a group of individuals in Guyana and Trinidad were up to some unidentified task.

In the 1990s and 2000s, Rabbani also oversaw the education and indoctrination of Guyanese and other South American Muslim youth, including Kadir's children, in Iran. Kadir was ultimately arrested in Trinidad aboard a plane headed to Venezuela en route to Iran.[23] He was carrying a computer drive with photographs featuring himself and his children posing with guns, which prosecutors suggested were intended as proof for Iranian officials of his intent and capability to carry out an attack.[24]

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[18] Buenos Aires, Argentina Judicial Branch, AMIA Indictment, Office of the National Federal Court No. 17, Criminal and Correctional Matters No. 9, Case No. 1156, March 5, 2003, p. 61.

[19] Alberto Nisman and Marcelo Martinez Burgos, "Office of Criminal Investigations AMIA Case," Investigations Unit of the Office of the Attorney General, October 25, 2006, *http://www.peaceandtolerance.org/docs/nismanindict.pdf*.

[20] Associated Press, "U.S.: 'Unthinkable' terror devastation prevented," *NBC News*, June 3, 2007, *http://www.nbcnews.com/id/18999503/ns/us_news-security/t/us-unthinkable-terror-devastation-prevented/#.UdH4zTvVD_J*.

[21] FBI, "Most Wanted Terrorists," *http://www.fbi.gov/wanted/wanted_terrorists/adnan-g.-el-shukrijumah*.

[22] FBI, "Most Wanted Terrorists," *http://www.fbi.gov/wanted/wanted_terrorists/adnan-g.-el-shukrijumah*.

[23] U.S. Attorney's Office, "Russell Defreitas Sentenced to Life in Prison for Conspiring to Commit Terrorist Attack at JFK Airport," press release, FBI, *http://www.fbi.gov/newyork/press-releases/2011/russell-defreitas-sentenced-to-life-in-prison-for-conspiring-to-commit-terrorist-attack-at-jfk-airport*.

[24] A. G. Sulzberger, "Trial Focuses on Iran Ties of Kennedy Plot Suspect," *New York Times*, July 24, 2010, *http://www.nytimes.com/2010/07/22/nyregion/22kennedy.html?_r=0*.

In 2011, not long before the last defendant in the JFK airport bomb plot was convicted, evidence emerged suggesting Rabbani was still doing intelligence work in South America. In the words of one Brazilian official quoted by the magazine, "Without anybody noticing, a generation of Islamic extremists is appearing in Brazil."[25]

In early September 2012, Mexican authorities, in a joint operation conducted by migration and state police, arrested three men suspected of operating a Hezbollah cell in the Yucatan area and Central America. Among them was Rafic Mohammad Labboun Allaboun, a dual U.S.-Lebanese citizen, whom Mexican authorities extradited to the United States. Before his trip to Mexico, Allaboun had served over 2 years in prison for participating in a credit card "bust-out" scheme that netted more than $100,000. Authorities believed the credit card fraud was linked to a U.S.-based Hezbollah money laundering operation.[26] Allaboun's partners, George Abdalah Elders and Justin Yasser Safa, both Lebanese immigrants and naturalized Belizeans, "were participating in financing activities in an attempt to bail out incarcerated Hezbollah members jailed in the United States," according to local media reports.[27]

At the time of his arrest, Allaboun produced a fake passport identifying himself as Wilhelm Dyck, a citizen of Belize. The true Wilhelm Dyck had died in 1976, just 2 months after his birth. Investigators determined that over a 3-day period in August, Allaboun fooled officials into issuing the passport, a valid birth certificate, and a driver's license.[28] But the gaffe is not exclusive to Belize; 18 Hezbollah members obtained passports by presenting fraudulent visa applications at an unnamed U.S. embassy, according to a 1994 FBI report.[29]

The speed and ease with which Hezbollah operatives are able to secure false documentation in Latin America should not come as a surprise. According to Israeli intelligence, the use of such passports by Hezbollah operatives is widespread, and the documents are "used by the organization's activists in their travels all over the world."[30] At times well-placed sympathizers secure documents for operations in the region. In 2009, U.S. authorities accused Tarek el Aissami, then Venezuela's Interior Minister, of issuing passports to members of Hamas and Hezbollah. El Aissami reportedly recruited young Venezuelan Arabs to train in Hezbollah camps in southern Lebanon.[31]

NARCO-TERRORISM/CRIMINAL CONNECTIONS

While massive fundraising and procurement schemes underscore the extent to which Hezbollah sympathizers, supporters, and operatives are active in Latin America, the connection between drugs and terror has grown particularly strong. According to the U.S. Drug Enforcement Administration (DEA), 19 of the 43 U.S.-designated Foreign Terrorist Organizations are definitively linked to the global drug trade, and up to 60 percent of terror organizations are suspected of having some ties with the illegal narcotics trade.[32] Hezbollah is no exception, and in recent years it has increased its role in the production and trafficking of narcotics. In this effort, Hezbollah has leveraged the vast Lebanese Shi'a diaspora populations, mainly located in South America and Africa, to its advantage.[33]

Former Southern Command commander Admiral James Stavridis testified in early 2009 about regional counternarcotics takedowns, executed by SOUTHCOM and the DEA, in coordination with host nations, targeting Hezbollah drug trafficking. "We see a great deal of Hezbollah activity throughout South America, in

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[25] Robin Yapp, "Brazil latest base for Islamic extremists," *The Telegraph*, April 3, 2011 *http://www.telegraph.co.uk/news/worldnews/southamerica/brazil/8424929/Brazil-latest-base-for-Islamic-extremists.html*.

[26] *United States of America* v. *Rafic Labboun,* Indictment, United States District Court, Northern District of California San Jose, Case No. CR.–09–0058, January 20, 2009; *United States of America* v. *Rafic Labboun,* Criminal Complaint, January 9, 2009; "Mexico Extradites Suspected Hezbollah Member," *Fox News Latino*, September 11, 2012.

[27] Shane Williams, "Hezbollah in Belize: Is JP Involved?" *Guardian* (Belize), September 12, 2012.

[28] Claire O'Neill McCleskey, "Hezbollah Suspect Obtained Fake Belize IDs in 72 Hours," *InSight Crime*, September 13, 2012.

[29] Federal Bureau of Investigation, Terrorist Research and Analytical Center, "International Radical Fundamentalism: An Analytical Overview of Groups and Trends," November 1994.

[30] Undated Israeli intelligence report, "Hizballah World Terrorism," author's personal files, received August 5, 2003.

[31] Robert Morgenthau, "The Link between Iran and Venezuela: A Crisis in the Making?" speech before the Brookings Institution, Washington, DC, September 8, 2009.

[32] "EXCLUSIVE: Hezbollah Uses Mexican Drug Routes into U.S.," *Washington Times*, March 27, 2009.

[33] "Drug Trafficking and Middle Eastern Terrorist Groups: A Growing Nexus?" Washington Institute for Near East Policy, Policy Watch 1392, July 25, 2008.

particular. [The] tri-border of Brazil is a particular concern, as in Brazil, Paraguay and Argentina, as well as [other] parts of Brazil and in the Caribbean Basin," Stavridis told lawmakers.[34] Most of these were only publicly identified as counterdrug operations, but a few, including drug rings busted in Ecuador in 2005, Colombia in 2008, and Curaçao in 2009, were explicitly tied to Hezbollah. Such revelations should not be surprising, given the long history of Lebanese criminal elements in the drug trade in South America in general—and in light of revelations by the U.S. Treasury Department three years earlier that Hezbollah operatives like Sobhi Fayad have engaged in all kinds of Hezbollah support activities, including "illicit activities involving drugs and counterfeit U.S. dollars."[35]

Hezbollah's expanding criminal networks have led to closer cooperation with organized crime networks, especially Mexican drug cartels. In a March 2012 speech at the Washington Institute for Near East Policy, Michael Braun, former DEA chief of operations, detailed Hezbollah's skill in identifying and exploiting existing smuggling and organized crime infrastructure in the region. Braun and other officials have noted that the terrain along the Southern U.S. Border, especially around San Diego, is similar to that on the Lebanese-Israeli border. Intelligence officials believe drug cartels, in an effort to improve their tunnels, have enlisted the help of Hezbollah, which is notorious for its tunnel construction along the Israeli border. In the relationship, both groups benefit, with the drug cartels receiving Hezbollah's expertise and Hezbollah making money from its efforts.[36]

In 2008, the Mexican newspaper El Universal published a story detailing how the Sinaloa drug cartel sent its members to Iran for weapons and explosives training. The article reported that the Sinaloa members traveled to Iran via Venezuela, that they used Venezuelan travel documents, and that some members of Arab extremist groups were marrying local Mexican and Venezuelan citizens in order to adopt Latino-sounding surnames and more easily enter the United States.[37]

Also on the U.S. radar is the relationship between Hezbollah and the Revolutionary Armed Forces of Colombia (FARC). "One thing both Hezbollah and the FARC have in common is a demonstrated willingness to work with outside groups that do not share their same ideology or theology, but who share a common enemy," notes Latin America expert Douglas Farah.[38] A July 2009 indictment exposed Jamal Youssef, a former member of the Syrian military and known international arms dealer, who attempted to make a weapons-for-cocaine trade with the FARC. Unbeknownst to him, Youssef negotiated the deal with an undercover DEA agent. The military-grade arms he agreed to provide had been stolen from Iraq and stored in Mexico by Youssef's cousin, who he claimed was a Hezbollah member.[39]

STAGING GROUND AND SAFE HAVEN

Latin America is also strategically significant for Hezbollah and other terrorist organizations because of its location: The region provides an ideal point of infiltration into the United States. In at least one instance, a highly-trained Hezbollah operative, Mahmaoud Youssef Kourani, succeeded in sneaking across the border into the United States through Mexico in the trunk of a car. Kourani paid the owner of a Lebanese café in Tijuana $4,000 to smuggle him across the border in February 2001. The café owner, Salim Boughader Mucharrafille, admitted to assisting more than 300 Lebanese sneak into the United States in similar fashion over a 3-year period.[40]

Over the past several years, U.S. criminal investigations also have revealed links between the group's illicit activities in the United States and criminal networks in

[34] Southern Command Commander Admiral James G. Stavridis, statement before the Senate Armed Services Committee, March 17, 2009; "U.S. Warns of Iran-Hezbollah Influence in Latin America," *voanews.com,* March 19, 2009.

[35] U.S. Department of the Treasury, "Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay," press release, December 6, 2006.

[36] "Myrick Calls for Taskforce to Investigate Presence of Hezbollah on the US Southern Border," letter from U.S. Congresswoman Sue Myrick to Secretary of the Department of Homeland Security Janet Napolitano, June 23, 2010.

[37] Doris Gomora, "Aprenden Narcoterror con Extrimistas: EU," *El Universal* (Mexico City), July 17, 2008.

[38] Douglas Farah, testimony before the House Committee on Homeland Security, Subcommittee on Counterterrorism and Intelligence, July 7, 2011.

[39] "A Line in the Sand: Countering Crimes, Violence and Terror at the Southwest Border," majority report by U.S. Congress, House Committee of Homeland Security, 112th Cong. 2nd sess., November 2012.

[40] *United States of America* v. *Mahmoud Youssef Kourani*, Indictment Crim. No. 03–81030, United States District Court, Eastern District of Michigan, Southern Division, November 19, 2003; *USA* v. *Mahmoud Youssef Kourani*, First Superseding Indictment, March 1, 2005; Pauline Arrillaga and Olga R. Rodriguez, "The Terror-Immigration Connection," MSNBC, July 3, 2005; *Associated Press*, "Hizballah Fundraiser Sentenced to Prison," *Los Angeles Times*, June 15, 2005.

Latin America. An attempt to establish a Hezbollah network in Central America, foiled by Mexican authorities in 2010, provides even more insight into Hezbollah's foothold in Mexico. Hezbollah operatives, led by Jameel Nasr, employed Mexican nationals who had family ties in Lebanon to set up a network targeting Western interests, the media reported. According to these reports, Nasr routinely traveled to Lebanon to receive directions from Hezbollah.[41]

Indeed, the growth of the Iranian extremist network in this region has immediate repercussions for U.S. security. The same day Nisman and State released their reports, an Iranian-American used-car salesman from Texas was sentenced to 25 years in prison for his role in an Iranian plot to assassinate Saudi Arabia's ambassador to the United States at a popular Washington restaurant.[42] In the assessment by DNI James Clapper, this plot "shows that some Iranian officials—probably including Khamenei—have changed their calculus and are now more willing to conduct an attack in the United States in response to real or perceived U.S. actions that threaten the regime."[43]

PROSPECTS FOR TERRORISM UNDER ADMINISTRATION OF NEW IRANIAN PRESIDENT

Hassan Rouhani's victory in Iran's presidential election has been widely heralded as a protest vote against the hardliners and a window of opportunity for diplomatic breakthrough with Western powers.[44] But such assumptions beg the question: How much moderation can be expected from a "moderate" Iranian president, particularly with regard to state sponsorship of terrorism? The past suggests that expectations should be tempered.

Rouhani is not the first Iranian "moderate" to win the presidency. Akbar Hashemi Rafsanjani, elected in 1989, was frequently described as a moderate as well. According to U.S. intelligence, however, he oversaw a long string of terrorist plots during his 8 years in office. The CIA linked Rafsanjani to terrorist plots as early as 1985, when he was serving as speaker of parliament. In a February 15, 1985 memo, the agency assessed that "Iranian-sponsored terrorism is the greatest threat to U.S. personnel and facilities in the Middle East . . . Iranian-backed attacks increased by 30 percent in 1984, and the numbers killed in Iranian-sponsored attacks outpace fatalities in strikes by all other terrorist sponsors. Senior Iranian leaders such as Ayatollah Montazeri, . . . Prime Minister [Mir Hossein Mousavi], and Consultative Assembly speaker Rafsanjani are implicated in Iranian terrorism."

In August 1990, the CIA's Directorate of Intelligence authored a more in-depth assessment titled "Iranian Support for Terrorism: Rafsanjani's Report Card." According to the agency, the regime's sponsorship of terrorist activities had continued unabated since the death of Ayatollah Khomeini the previous June: "Although Rafsanjani has sought to improve relations with some Western nations since directly assuming the presidency last August, events of the past year prove that Tehran continues to view the selective use of terrorism as a legitimate tool."[45] Iranian terrorist attacks targeting "enemies of the regime" over the previous year "were probably approved in advance by President Rafsanjani and other senior leaders," the report assessed, but "the planning and implementation of these operations are . . . probably managed by other senior officials, most of whom are Rafsanjani's appointees or allies."[46] The CIA concluded that "Rafsanjani and [Supreme Leader] Khamenei would

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[41] Jack Khoury, "Mexico Thwarts Hezbollah Bid to Set Up South American Network," *Haaretz*, July 6, 2010.

[42] Benjamin Weiser, "Man Sentenced in Plot to Kill Saudi Ambassador," *New York Times*, May 30, 2013, *http://www.nytimes.com/2013/05/31/nyregion/mansour-arbabsiar-sentenced-for-plot-to-kill-saudi-ambassador.html*.

[43] Eric Schmitt, "Intelligence Report Lists Iran and Cyberattacks as Leading Concerns," *New York Times,* January 31, 2012, *http://www.nytimes.com/2012/02/01/world/intelligence-chief-sees-al-qaeda-likely-to-continue-fragmenting.html?pagewanted=all&__r=0*.

[44] Thomas Erdbrink, "Iran Moderate Wins Presidency by a Large Margin," *New York Times*, June 15, 2013, *http://www.nytimes.com/2013/06/16/world/middleeast/iran-election.html?-pagewanted=all*; Jason Rezaian and Joby Warrick, "Moderate cleric Hassan Rouhani wins Iran's presidential vote," *Washington Post*, June 15, 2013, *http://www.washingtonpost.com/world/iranians-await-presidential-election-results-following-extension-of-polling-hours/2013/06/15/3800c276-d593-11e2-a73e-826d299ff459_story.html*.

[45] US Central Intelligence Agency (CIA). Directorate of Intelligence. "Iranian Support for Terrorism: Rafsanjani's Report Card." *Terrorism Review*, August 9, 1990.

[46] US Central Intelligence Agency (CIA). Directorate of Intelligence. "Iranian Support for Terrorism: Rafsanjani's Report Card." *Terrorism Review*, August 9, 1990.

closely monitor and approve planning for an attack against the U.S. or Western interests."[47]

Looking forward, CIA analysts assessed in 1990 that "Rafsanjani and other Iranian leaders will continue selectively using terrorism as a foreign policy tool to intimidate regime opponents, punish enemies of Islam, and influence Western political decisions."[48] Two years later, such assessments appeared prescient. In 1992, the CIA recorded a long list of Iranian terrorist activities, from attacks targeting Israeli, Saudi, and American officials in Turkey, to plots targeting Jewish émigrés from the former Soviet Union and anti-regime dissidents abroad.[49] Additionally, in May 1997, Muhammad Khatami was elected as Iran's fifth president after running on a distinctly reformist platform. Supporters of Iranian radicalism, including Hezbollah leader Hassan Nasrallah, had strongly supported Khatami's more overtly revolutionary opponent, Ali Akbar Nateq Nuri.[50]

In a December 1997 memo, the CIA asserted that Hezbollah leaders were shocked by Khatami's victory and "scrambled to ensure that his election would not diminish Iran's support" for the group. Their concerns would prove unfounded, however—when Nasrallah visited Tehran in October 1997, Khatami and other officials pledged their continued support, emphasizing that the regime had not changed its position regarding the group or its operations against Israel.[51]

According to the CIA memo, Khatami "probably joins other Iranian leaders who maintain that support to Hezbollah is an essential aspect of Tehran's effort to promote itself as leader of the Muslim world and champion of the oppressed."[52]

More important, the CIA assessed that Khatami would have been unable to withdraw Iran's sponsorship of Hezbollah even if he had wanted to. As the memo put it, Khatami "probably does not have the authority to make such a change without the approval of Khamenei, who has long been one of the group's foremost supporters."[53]

The fact that the least radical candidate won Iran's latest presidential election has many observers excited about the prospect of more moderate policymaking in Tehran. Yet regardless of how Rouhani's election might affect the nuclear impasse, the Islamic Republic's history indicates that "moderate" or "reformist" presidents do not translate into moderation of Iran's terrorism sponsorship. Even if Rouhani were inclined to curb such policies, there is no evidence that he has the authority to do so without the Supreme Leader's approval, which seems highly unlikely at present.

CONCLUSION

The State Department's report notes a "marked resurgence" of Iranian state sponsorship of terrorism over the past 18 months through the IRGC and its connections with Hezbollah. As the new Nisman report clearly indicates, however, Iran has run intelligence networks in the United States' backyard to "sponsor, foster, and execute terrorist attacks" for decades.

Some in the region have yet to get serious about the threat Hezbollah and Iran pose. The need for attention is perhaps greater today than it has been in years past, since Hezbollah—as a result of both necessity and opportunity—appears to have renewed operational planning focused on South America. Confronting the threat this terrorist network poses will require close law enforcement, intelligence, and policy coordination throughout the Western Hemisphere. And with Hezbollah actively plotting terrorist attacks around the world, such cooperation should take shape as quickly as possible.

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[47] US Central Intelligence Agency (CIA). Directorate of Intelligence. "Iranian Support for Terrorism: Rafsanjani's Report Card." *Terrorism Review*, August 9, 1990.

[48] US Central Intelligence Agency (CIA). Directorate of Intelligence. "Iranian Support for Terrorism: Rafsanjani's Report Card." *Terrorism Review*, August 9, 1990.

[49] US Central Intelligence Agency (CIA). Directorate of Intelligence. "Iran: Enhanced Terrorist Capabilities and Expanding Target Selection." April 1, 1992.

[50] US Central Intelligence Agency (CIA). Directorate of Intelligence. "Hizballah's Reactions to Khatami's Election, December 22, 1997, *http://www.foia.cia.gov/sites/default/files/document_conversions/89801/DOC_0001280265.pdf.*

[51] Ibid.

[52] Ibid.

[53] Ibid.

STATEMENT OF ROBERT RABEN, EXECUTIVE DIRECTOR, AMERICAN TASK FORCE ARGENTINA

JULY 9, 2013

My name is Robert Raben, and I serve as the executive director of the American Task Force Argentina (ATFA).

ATFA is an alliance of organizations united for a just and fair reconciliation of the Argentine government's 2001 debt default and subsequent restructuring. Our members work with lawmakers, the media, and other interested parties to vigorously pursue a negotiated settlement with the Argentine government in the interests of American stakeholders.

The key obstacle to such a settlement is the Argentine government's adamant refusal to conduct good-faith negotiations with its unpaid creditors, despite those creditors' repeated attempts to negotiate. This refusal has fueled a vicious cycle, whereby Argentina's failure to settle its debts has led to other acts of disassociation from the international community, more government radicalism and a greater determination never to pay.

Since Argentine President Cristina Fernández de Kirchner took office 5 years ago, this cycle has only intensified. Argentina's self-imposed insolation has led it to join a small but growing bloc of Latin American nations defined by their rejection of international institutions and the rule of law, heavy economic intervention including the nationalization of assets, restrictions on critical speech and the press, and—most troubling—a growing closeness with dangerous rogue states, especially Iran.

We noted with interest, but not surprise, President Kirchner's decision to prohibit independent Argentine prosecutor Alberto Nisman from appearing to testify at today's hearing. We believe this decision serves as a window into the disturbing alliance between Argentina and Iran.

As you know, Mr. Nisman is the prosecutor whose work led to the indictments of a group of senior Iranian officials for plotting and executing the 1994 bombing of the Argentine Israelite Mutual Association (AMIA), a Jewish community center in Buenos Aires. The bombing killed 85 people and injured hundreds more. It was one of the most devastating terrorist attacks ever committed in the Western Hemisphere and the deadliest strike on a Jewish target since World War II.

In January of 2013, President Kirchner's government signed a pact with the Iranian government establishing a so-called "Truth Commission" to re-investigate the causes of the bombing. This agreement was forged despite the fact that Mr. Nisman has already clearly established Iran's complicity in the bombing and the subsequent cover-up. Far from advancing justice and the prosecution of the Iranians involved, the Commission's purpose appears to be to obfuscate, if not to entirely absolve, Iran's responsibility for the attack.

The establishment of the Commission immediately caused an outcry among representatives of the victims of the bombing. Argentina's two largest Jewish organizations, including AMIA itself, said in a joint statement: "To ignore everything that the Argentine justice has done and to replace it with a commission . . . constitutes, without doubt, a reversal in the common objective of obtaining justice."

Members of Congress from both parties also denounced the Commission as a potential "whitewashing of this heinous crime" (Sens. Gillibrand and Kirk) and an attempt to "exonerate Iran" (Reps. Salmon and Deutch) that can only "encourage Iran's accelerating support for murderous dictators, pursuit of nuclear weapons, and sponsorship of global terrorism" (Reps. Meng and Radel).

Argentina's ambassador to the United States, the Honorable Cecilia Nahón, has attempted to defend this deal in a letter to Members of Congress by claiming that it would give Argentine officials "the unprecedented opportunity to interrogate the accused."

But her claims are flatly contradicted by Iranian government officials themselves, who have stated that "Under no circumstances will Iran ever allow an Argentinean judge and prosecutor in the [investigation] to enter Tehran in order to meet with senior Iranian officials whom Argentina claims are culpable in this case."

In fact, the Iranian security establishment views the agreement as something of a diplomatic coup. To this day, Iran insists that the bombing was a "Zionist project" and that the Truth Commission will ultimately reveal that it was perpetrated by Westerners seeking to damage relations between Argentina and Iran. One senior Iranian official recently said, "Thanks to Allah, with the collaboration of the foreign ministries of Iran and Argentina, a reasonable way to solve the AMIA issue is being seen, and there is a greater comprehension of the foreign and Zionist factors that were the true causes of this regrettable act."

Why would Argentina's President hand Iran such a victory? To us, the agreement appears to fit within a larger pattern of growing cooperation with Iran. The Kirchner government, like the government of Venezuela, has aggressively pursued an economic partnership with Iran—and re-writing the history of the AMIA attack is crucial to that partnership. According to *The Economist*: "Argentina's interventionist policies have forced it to import ever-greater amounts of energy. And Iran is likely to offer generous terms to any country willing to thumb its nose at the West and buy Iranian oil." (January 29, 2013)

The agreement to deny Iranian involvement in the attack on the AMIA is by most accounts one element in a persistent design over the last several years to increase economic cooperation between the two countries. As the U.S. Government and others have focused on isolating Iran, Argentine exports to Iran have increased dramatically in recent years, rising from a few hundred million in 2007 to over $1.5 billion by 2010.

In March of 2011, *Perfil* reported that Argentine Foreign Minister Hector Timerman met with Syrian President Bashar al-Assad in January of that year to discuss dropping the AMIA investigation in exchange for deepening economic relations between Argentina and Iran. *Perfil* quoted a classified memo from Ali Akbar Salehi, the Iranian foreign minister to President Mahmoud Ahmadinejad, as saying, "Argentina is no longer interested in solving these two attacks, but would rather improve its economic relations with Iran."

And according a *Washington Post* report on the AMIA pact, "In 2011, [Timerman] told *The Washington Post* that he believed that a 'hegemonic power'—meaning the United States—had historically blocked efforts to unite Latin America and the Muslim world. He said Argentina was energetically seeking to build such ties." (April 5, 2013)

Reviewing the evidence, it is difficult to escape the conclusion that President Kirchner's decision to block Mr. Nisman from testifying before this committee is linked to her government's policies toward Iran. As you are aware, Mr. Nisman released a new report in June linking the AMIA bombing to a broader effort by Iran to build and maintain a network of terror cells tasked with executing attacks against targets in the Western Hemisphere.

Mr. Nisman's testimony on this matter, while extremely important to Members of the U.S. Congress, no doubt would have been embarrassing and problematic for President Kirchner, raising awkward questions about the AMIA "Truth Commission" and her other ties to Iran. Why else would she have denied Mr. Nisman's request to testify?

Nor is this the first time Argentine defiance has disrupted the proper functioning of a branch of the U.S. Government:

- U.S. courts have handed down over 100 judgments against Argentina in favor of its creditors, which Argentina refuses to pay.
- After the U.S. District Court for the Southern District of New York found that Argentina had violated the terms of its bond contract and ordered Argentina to remedy this violation, Argentina insulted the District Court judge and accused him of practicing "judicial colonialism."
- After the U.S. Court of Appeals for the Second Circuit upheld the District Court's decision, Argentina announced that it "doesn't have to cooperate" and that it would "not voluntarily obey" the Court's order.

We believe Argentina will persist in such defiant behavior so long as it remains in a state of self-imposed isolation from the international community of law-abiding nations. We further believe that the first step toward rejoining that community is for Argentina to settle its outstanding debts by entering into good-faith negotiations with its creditors. Such a settlement would have far-reaching benefits, not the least of which would be a more economically and politically stable Argentina. A more stable Argentina would be less likely to assist Iran in its efforts to extend its influence in the Western Hemisphere.

Argentina will likely resist such a settlement as long as the Executive branch of the U.S. Government continues to offer the country unnecessary legal support against creditors' attempts to assert their contractual rights in U.S. courts. The best way to achieve a positive outcome for Argentina and its creditors is for U.S. policymakers across all three branches to take a unified, zero-tolerance approach to its government's increasingly rogue behavior.

Thank you for holding this important hearing. I look forward to the results, and I would be happy to discuss this matter further with any interested Member of the committee.

Mr. DUNCAN. I now recognize myself for an opening statement.

Iran's perpetual defiance of the U.S. and international sanctions, coupled with its propensity for sponsoring international terrorism world-wide, constitutes a recipe for instability and a threat to the security of the U.S. homeland.

For years, Iran has been testing Western patience with its subversive actions. In the last 2 years, Iran's brazen attempted attacks in Azerbaijan, India, Thailand, Georgia, Kenya, Cyprus, Bulgaria, and a foiled plot in Washington, DC, demonstrate an audacity that we should find chilling. Today, Iran employs the capability to mobilize its global network of Ministry of Intelligence and Security, or MOIS, the Islamic Revolutionary Guards Corps, the IRGC, the Quds Force, and Hezbollah operatives to further its objectives and threaten the U.S. interests and security.

It is concerning to me that even though Iran has publicly stated that the promotion of all-out cooperation with Latin American countries is one of its top priorities and "among the definite and strategic policies of the Islamic Republic of Iran," this administration refuses to see Iran's presence so near the U.S. borders as a threat to U.S. security.

Last month, the State Department released a report in response to legislation that I authored in the last Congress on the threat to the United States from Iran. The unclassified summary found that Iranian influence in Latin America and the Caribbean is waning.

We know that there is not consensus on this issue. But I seriously question the administration's judgment to downplay the seriousness of Iran's presence here at home. Congress has focused extensively on activities of both Iran and Hezbollah in the region. Several House and Senate hearings have been held. Members of Congress have traveled to the region to investigate for ourselves if reports of Iranian activity in Latin America were true. This subcommittee released a report outlining the findings from our investigation, and both Houses of Congress passed bipartisan legislation highlighting our concerns.

This administration produced a report that neglected the input of our foreign allies in the region, and it did not meet the intent of my legislation to address this threat from Iran in a comprehensive and coordinated way. Furthermore, the report did not consider all the facts by disregarding the recent findings from the general prosecutor of the 1994 Argentine-Israelite Mutual Association AMIA case, Mr. Alberto Nisman's investigation. In stark contrast to the State Department's assessment, Nisman's investigation revealed that Iran has infiltrated for decades large regions of Latin America through the establishment of clandestine intelligence stations and is ready to exploit its position to execute terrorist attacks when the Iranian regime decides to do so.

Mr. Nisman was invited to share the findings from his 2006 and 2013 investigations into the AMIA bombing with this subcommittee. I see his chair stands empty, as he was refused the opportunity to come to share that information with the subcommittee. The decision by the government of Argentina to deny Mr. Nisman's permission to testify at today's hearing on the grounds this hearing has no relation to the official mission of the attorney general's office is deeply troubling and grossly inaccurate.

Mr. Nisman sent a copy of his findings to the U.S. Department of Justice, and the United States has a vital interest in learning more about Iran's operations within this hemisphere. It is interesting to note that July 18 is the anniversary of those bombings in Argentina, I believe.

Mr. Nisman's investigation found that Iran was the main sponsor of an attempted attack on American soil in 2007 to blow up the John F. Kennedy Airport in Queens, New York. Had the plot not been uncovered, an untold number of Americans could have been killed by this terrorist act. If the administration continues to hold that Iran's influence is waning, it needs to provide a clear justification for its analysis. Wearing blinders to the Iranian threat will not make it go away.

Consider the direct threat to the U.S. homeland from Iran's presence in the region. The GAO found in 2011 that DHS only had 40 percent of our Southern Border under operational control and only 2 percent of the Northern Border was considered secure. DHS has never put forth a comprehensive plan to gain and maintain operational control of U.S. borders. How then can we be sure that Iranian operatives are not today smuggling people, drugs, or weapons into the United States through our porous Southern Border? The number of illegal aliens other than Mexicans, or OTMs, being apprehended by CBP agents has grown over the last several years. We do not currently possess a concrete mechanism for determining how many OTMs evade apprehension and successfully enter the country illegally.

Since September 11, 2001, the Department of Homeland Security has also reported an increase in arrests along the Texas-Mexico border of illegal aliens from special interest countries. However, it is not just our Southern Border that we need to watch. According to a July 2012 report by the Canada Border Services Agency, Iran is the No. 1 source country of improperly documented migrants who make refugee claims in Canada. However, it is from countries in Latin America that many of these Iranians are traveling to Canada to make the refugee claims.

Further, there have been numerous reports of individuals with fraudulent passports and other false documentation on traveling freely within Latin America and the Caribbean due to lacking border security measures. According to Dr. Matthew Levitt's statement for the record, Israeli intelligence has found that the use of such false documentation by Hezbollah operatives is widespread, and false passport documents are used by the organization's activities in their travels all over the world. The United States and our neighbors should be working vigorously to close these loopholes.

We have also already seen Iranian penetration within the United States borders. Several Hezbollah supporters have been arrested in the United States after crossing the U.S.-Mexico border. A Hezbollah cell was discovered in 2002 in Charlotte, North Carolina. The New York City Police Department has caught Iranian IRGC operatives serving at the Iranian mission to the United Nations conducting preoperational terrorist surveillance of potential targets, including the New York subway. Only 2 years ago, the DEA foiled an Iranian plot to assassinate the Saudi Ambassador to the United States here in Washington, DC. In May, the Iranian Amer-

ican involved in this plot was sentenced to 25 years in prison for his role.

In conclusion, we cannot reject the notion that Iran may be planning more attacks in this hemisphere within the U.S. borders in the near future. We cannot downplay the threat from Iranians seeking to exploit refugee and border security loopholes. We need leadership, a strong border security plan, and closer ties to our neighbors because we all face repercussions if Iran should mobilize its operatives in and around the region.

[The statement of Chairman Duncan follows:]

STATEMENT OF CHAIRMAN JEFF DUNCAN

JULY 9, 2013

Iran's perpetual defiance of U.S. and international sanctions, coupled with its propensity for sponsoring international terrorism world-wide, constitutes a recipe for instability—and a threat to the security of the U.S. homeland. For years, Iran has been testing Western patience with its subversive actions. In the last 2 years, Iran's brazen attempted attacks in Azerbaijan, India, Thailand, Georgia, Kenya, Cyprus, Bulgaria, and a foiled plot in Washington, DC demonstrate an audacity that we should find chilling. Today, Iran employs the capability to mobilize its global network of Ministry of Intelligence and Security (MOIS), Islamic Revolutionary Guards Corps (IRGC), Quds Force, and Hezbollah operatives to further its objectives and threaten U.S. interests and security.

It is concerning to me that even though Iran has publicly stated that "the promotion of all-out cooperation with Latin America countries" is one of its "top priorities," and "among the definite and strategic policies of the Islamic Republic of Iran," this administration refuses to see Iran's presence—so near U.S. borders—as a threat to U.S. security. Last month, the State Department released a report in response to legislation that I authored on the threat to the United States from Iran. The unclassified summary found "Iranian influence in Latin America and the Caribbean is waning." We know that there is not consensus on this issue, but I seriously question the administration's judgment to downplay the seriousness of Iran's presence here at home.

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In conclusion, we cannot reject the notion that Iran may be planning more attacks in this hemisphere—within U.S. borders—in the near future. We cannot downplay the threat from Iranians seeking to exploit refugee and border security loopholes. We need leadership, a strong border security plan, and closer ties to our neighbors because we all face repercussions if Iran should mobilize its operatives around the region.

Mr. DUNCAN. The Chairman will now recognize the acting Ranking Member of the subcommittee. But before I do, I want to mention that the Ranking Member, Mr. Ron Barber, is in Arizona, attending a service for the fallen firefighters there along with Mr. Salmon, the subcommittee chairman of the Foreign Affairs Subcommittee on the Western Hemisphere, who also has a vested interested in this topic. So we will keep the folks in Arizona and the two gentlemen from Congress that are at that service in our prayers and thoughts today.

So now I will recognize the gentleman from Texas, Mr. O'Rourke, for any statement he may have.

Mr. O'ROURKE. Thank you, Mr. Chairman. I want to begin by also extending my sympathies and our thoughts and prayers to the families of those firefighters and the Representatives who are there with them now after this horrible tragedy out West.

Before I begin my opening statement, I wanted to ask for unanimous consent to allow Mr. Vela to join us today in the committee.

Mr. DUNCAN. Without objection, so ordered.

Mr. O'ROURKE. Thank you. Mr. Chairman, I also want to thank you for convening this hearing and bringing together these expert witnesses on a subject matter that, frankly, I am not as well-versed in as I would like to be. It is one that I probably didn't expect to be discussing or working on as a Member of the Homeland Security Committee. But it is clear from your opening statement and the legislation that you have worked on in the past that you take very seriously our responsibility to understand and counter these threats before they reach the homeland. I think that is really important, and I want to thank you for your work on this effort, including convening today's hearing.

I also want to note that we have made some progress in our relationship with Iran and in countering their threat globally. The international community has joined us in imposing several rounds of increasingly stricter sanctions against Iran to deter its support for international terrorism, its human rights violations, and its efforts to develop a nuclear weapons program. I believe and I think the facts bear out that these sanctions are having some of the impacts that we want them to have. We see significant oil revenue losses and inability to participate in the international banking system, a sharp drop in the value of Iran's currency, and inflation that is now over 50 percent. By many accounts, these sanctions have seriously weakened Iran and impacted its ability to pose a threat to the Western Hemisphere. In accordance with Chairman Duncan's Countering Iran in the Western Hemisphere Act, which was signed into law in the last Congress, the State Department recently issued a report on the threat posed to the United States by Iran's presence and activity in the Western Hemisphere. According to that report, Iran's influence is on the wane in the Western Hemisphere. Moreover, the report found that international pressure has significantly weakened the Iranian regime and that most of Iran's diplomatic promises to Latin America have gone unfulfilled.

I would like to again thank the Chairman and the State Department for their work on this important report and thank the State Department for its compliance with the act. This is a report that

was delivered on time and in accord with the legislation that directed the State Department.

While there are those who are clearly disappointed in the findings that are in the State Department report, I don't see any reason to believe that the State Department was not diligent in its efforts and that the findings are not consistent with reality in Latin America and in Iran. I look forward though to hearing from the experts on this subject, getting their testimony, and hearing the answers to the questions. I also want to note that those who are testifying today are not Governmental witnesses. It would have been nice also to hear from the State Department, especially if we are concerned and critical with the findings in that State Department report. So hopefully we can either have a follow-up hearing or some time with State Department officials to get answers to our questions from them.

So I want to, ahead of time, thank the witnesses for their testimony. Again, I thank the Chairman. With that, I yield back.

[The statement of Mr. O'Rourke follows:]

STATEMENT OF HONORABLE BETO O'ROURKE

JULY 9, 2013

For over 40 years, mistrust between the governments of the United States and the Islamic Republic of Iran has existed.

The international community has joined the United States in imposing several rounds of increasingly stricter sanctions against Iran to deter its support for international terrorism, human rights violations, and continued development of its nuclear weapons program.

Fortunately, these sanctions have resulted in significant oil revenue losses, an inability to participate in the international banking system, a sharp drop in the value of Iran's currency, and inflation that is over 50%.

By many accounts, these sanction efforts have seriously weakened Iran and impacted its ability to pose a threat to the Western Hemisphere.

In accordance with Chairman Duncan's *Countering Iran in the Western Hemisphere Act*, which was signed into law in the 112th Congress, the State Department recently released a report on the threat posed to the United States by Iran's presence and activity in the Western Hemisphere.

According to the State Department report, Iran's influence in Latin America is waning.

Moreover, the report found that international pressure has significantly weakened the Iranian regime and that most of Iran's diplomatic promises to Latin American countries have gone unfulfilled.

I would like to applaud the State Department on this important report and its compliance with the act.

The report was issued on time and included an unclassified annex.

While there are those that are disappointed with its findings, there is no reason to believe that the State Department was not diligent in its efforts and the findings in its report are consistent with many experts and testimony that has been received by Congress.

I look forward to hearing from today's witnesses on this timely and important topic.

I only wish that the State Department could have been here as well to discuss its findings in detail and its methodology for reaching its conclusions. This hearing, however, was limited to non-Governmental witnesses.

Mr. DUNCAN. I thank the gentleman.

I was just verifying the Chairman of the full committee is going to try to attend the hearing but is not going to be available for an opening statement. So other Members of the subcommittee will be reminded that opening statements may be submitted for the record.

[The statement of Ranking Member Thompson follows:]

STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON

JULY 9, 2013

The Committee on Homeland Security has conducted numerous hearings examining whether Iran poses a threat to the American homeland. While views on whether this threat is real or perceived is divided, what is clear, is that the United States must remain committed to ensuring that Iran cannot succeed in its efforts to expand its nuclear enrichment program or assert its influence in neighboring regions.

Fortunately, the economic sanctions that have been placed on Iran have been successful. Experts agree that Iran's economy is weakened, the value of Iran's currency is at an all-time low, and inflation has increased to over 50%. Without a doubt these sanctions have destabilized Iran to the point where it has sought political and financial support from countries in the Western Hemisphere, including Latin America.

However, according to U.S. Government officials, this outreach has only been marginally successful and the region as a whole has not been receptive to Iranian efforts. The State Department agrees. Two weeks ago, the State Department released its report pursuant to the Countering Iran in the Western Hemisphere Act of 2012 introduced by Chairman Duncan. Pursuant to the act, which President Obama signed into law in December 2012, the State Department was directed to conduct a detailed threat assessment of Iran's growing activity in the Western Hemisphere.

The report, issued on June 27, 2013, found that "As a result of diplomatic outreach, strengthening of allies' capacity, international nonproliferation efforts, a strong sanctions policy, and Iran's poor management of its foreign relations, Iranian influence in Latin America and the Caribbean is waning."

Moreover, the death of Venezuela's President Chávez and the election of a new President in Iran has changed the landscape of Iran's relationship with Venezuela and further weakened Iranian ties in the West.

This does not mean that we must not be mindful of Iran's activities and take necessary measures to curb its efforts. It does mean, however, that we must be careful not to exaggerate the threat beyond what our military, intelligence, and State Department has deemed to be the reality. Some have criticized the sanctions we have placed on Iran as too soft, and have suggested taking actions that would lead us on a path to escalation. Yet, clearly the sanctions have been effective. Iran's isolation from the world community is evidence that sanctions have not been in vain.

Mr. DUNCAN. We are pleased to have a distinguished panel of witnesses here today on this important topic. However, we are extremely disappointed that Mr. Alberto Nisman was denied the opportunity to testify before the subcommittee today by the Argentine government. We still have a chair in hopes that he will come through the door. His testimony would have provided the subcommittee with important information on the threat from Iran to the U.S. homeland and we hope to have an opportunity to hear from him in the future.

Let me remind the witnesses that their entire written statements will appear in the record. I will introduce each of you first. Then I will recognize you in that order for your testimony.

So the introductions. Mr. Ilan Berman is the vice president of the American Foreign Policy Council and is an expert on regional security in the Middle East, Central Asia, and the Russian Federation. He has consulted for both the U.S. Central Intelligence Agency and the U.S. Department of Defense as well as provided assistance on foreign policy and National security issues to a range of Governmental agencies and Congressional offices. Mr. Berman is a member of the associated faculty at Missouri State University's Department of Defense and Strategic Studies. He also serves as a columnist for Forbes.com and *The Washington Times* and is the editor of *The Journal of International Security Affairs.*

Mr. Joseph Humire is the executive director of the Center for a Secure Free Society. Mr. Humire has testified before the Canadian

Parliament and regularly provides assistance to numerous committees in the U.S. Congress. He publishes regularly and has written feature articles in the *Small Wars Journal* and *The Journal of International Security Affairs*. Mr. Humire is a co-founder of the Cordoba Group International LLC, a strategic consulting firm that offers research and analytical services to U.S. and international clients. Mr. Humire is an 8-year veteran of the U.S. Marine Corps, having served combat tours in Iraq and Liberia. Thank you for your service, sir.

Mr. Blaise Misztal is the acting director of foreign policy at the Bipartisan Policy Center. He joined BPC as a senior policy analyst in 2008. As part of the Foreign Policy Project, Mr. Misztal directs a new initiative aimed at developing recommendations for U.S. public diplomacy to address 21st Century security challenges. He has contributed to all three of BPC's meeting the challenges reports concerning nuclear proliferation in Iran as well as a report focused on how to stabilize fragile states. In addition, Mr. Misztal has launched BPC's cybersecurity initiative by directing the 2009 cybershock wave simulation and has spoken at numerous conferences on cybersecurity and the need for better public-private partnerships to respond to cyber attacks.

Mr. Douglas Farah is president of IBI Consultants and is a senior fellow at the International Assessment and Strategy Center. In 2004, Mr. Farah worked with the Consortium for the Study of Intelligence, studying armed groups and intelligence reform. For two decades before that, he was a foreign correspondent and investigative reporter for *The Washington Post* and other publications covering Latin America and West Africa. As a reporter, he traveled extensively to Latin American countries and investigated the exploding drug war, the emergence of Russian organized crime groups in Latin America and the Caribbean, and the growth of Mexican drug cartels within the United States. In West Africa, he traveled and revealed the truths about the brutal civil wars in Sierra Leone and Liberia and broke the story of al-Qaeda's ties to diamonds for weapons trade networks.

Thank you, gentlemen, for being here.

Mr. Berman, we will start with you. Thank you for being here today. I look forward to your testimony, and I will recognize you for 5 minutes.

STATEMENT OF ILAN BERMAN, VICE PRESIDENT, AMERICAN FOREIGN POLICY COUNCIL

Mr. BERMAN. Thank you, Chairman Duncan and Congressman O'Rourke. Thank you, Chairman Duncan, in particular for your leadership on this issue because it is one that I believe is of significance to the security of the United States and the safety of the U.S. homeland.

Let me start by attempting to frame where Latin America fits in Iranian strategy because I think it is necessary to understand that in order to understand whether or not Iran is actually succeeding in what it is trying to do in the region.

It is useful to understand that in geopolitical contexts, Iran's activities in the Western Hemisphere are a part of a larger peripheral strategy, what could be called a peripheral strategy, in order

to respond to its growing diplomatic and economic isolation as a result of the sanctions that Mr. O'Rourke talked about that are being levied by the West, by the United States and its allies over its nuclear program. There is also an attempt by the Iranian leadership to combat the diplomatic isolation that has been part of a series of alienating Iranian policies that have taken place throughout the Middle East. In effect, what the Iranian regime is doing is, as it has become constrained in its immediate periphery, it has begun to look further afield for allies in various regions of the world.

That means that what Iran is doing in Latin America is not unique. In fact, you can see the same pattern of behavior on the part of the Iranian regime in places like Africa and in places like Asia where Iran is making serious inroads as well. The difference is that Latin America is arguably more mature as an Iranian foreign policy project as a result of the large unregulated spaces that exist in the region and as a result of the existence of sympathetic regimes.

What Iran has managed to do over the last 8, 9 years has really been focused on four major lines of diplomatic and strategic attack. The first has to do with political outreach. Since the mid-2000s, Iran has invested heavily in political contacts with the region, and it has done so on a number of levels. Diplomatically, it has more than doubled its diplomatic presence, the presence of its embassies and missions in the region, from 5 in 2005 to 11 today.

On the public diplomacy front, Iran has, since 2011, created a dedicated Spanish language outreach broadcasting channel known as HispanTV which broadcasts in more than 10 countries throughout the region. In addition and arguably most important, Iran has built extensive cultural ties throughout the region, leveraging the 17 existing cultural centers that it has established in the region but also a network of what could be called "informal ambassadors" around the region in order to spread its influence and also to make Latin American audiences acclimated to its message.

This, I want to point out, is not strictly a defensive goal. Although what Iran is doing in the region is a reaction to Western pressure, it goes beyond that. It involves a type of coalition building that is intended to make the region more hospitable for Iran and more inhospitable for the United States.

The second line of attack that Iran has pursued involves economic activity. Iran has historically used Latin America as a theater of support activity, generating money through gray and black market transactions that funnel back to benefit the Iranian regime or its terrorist proxies. Over time, however, Iran has leveraged that informal activity with almost 500 cooperative agreements with regional governments. It should be noted that the vast majority of those agreements remain unfulfilled with the exception of what Iran has concluded with Venezuela. However, Iran's overall trade with the region has grown considerably in recent years. Between the year 2000 and the year 2005, it averaged approximately $1.33 billion a year. Today, as of last year, this figure had more than doubled and now stands at $3.67 billion. So objectively, Iran's economic footprint in the region is increasing.

In terms of strategic resources, Iran is at least looking for minerals such as lithium, tantalum, and thorium which have strategic

applications for both its nuclear weapons program and its ballistic missile program. There are also reports that Iran has begun prospecting for uranium, including in eastern Venezuela on the border with Guyana and possibly in eastern Bolivia around the town of Santa Cruz. These reports, however, are spotty. They are unconfirmed. But there is concrete evidence that Iran is lifting other minerals in support of its strategic programs.

Finally, Iran is pursuing an asymmetric presence in the region. The formal presence that Iran has built and has erected over the last 8 years has been mirrored by the growth of a paramilitary infrastructure and one that has given both itself and its proxies increasingly robust capabilities in the region, including leverage against the U.S. homeland.

Director of National Intelligence James Clapper noted in his testimony to the Senate in January 2012 that Iran's regional alliances, quote, can pose an immediate threat by giving Iran directly through the IRGC, the Quds Force, or its proxies like Hezbollah a platform in the region to carry out attacks against the United States, our interests, and our allies.

I think it is worth noting that time does not stand still, and Iran's geopolitical footprint in Latin America is now in a state of profound flux. In large part, this is because Iran's strategic gateway into the region—the regime of Hugo Chávez in Venezuela—has seen both economically and politically significantly better days. The death of Chávez back in April and his succession by Nicolás Maduro has also witnessed a transition to an increasingly rickety economy, one that is experiencing shortages on everything from sugar to flour to toilet paper. It calls into real question Venezuela's ability to promote Iran and support Iranian objectives in the region.

But it is worth noting that Iran's presence in the region is not on the decline, at least not yet. It is very hard to assess that Iran's strategic presence is waning when, in fact, objectively along every line of attack that I mentioned in my statement Iran is either maintaining its level of activity or actually expanding it. I think it is useful to understand that in the grand sweep of Iranian strategy, Iran is much more robustly positioned in the region today than it was 8 years ago.

Thank you, sir.

[The prepared statement of Mr. Berman follows:]

PREPARED STATEMENT OF ILAN BERMAN

JULY 9, 2013

Chairman Duncan, Ranking Member Barber, distinguished Members of the subcommittee: Thank you for inviting me to appear before you today to address the issue of Iran's presence in the Western Hemisphere. I strongly believe that it represents an issue of high importance to the safety and security of the United States. Over the past 2 years, my organization, the American Foreign Policy Council, has extensively studied Iran's presence and activities in Latin America. This has entailed three separate fact-finding missions to Central and South America to date, the most recent in May 2013. What follows are my observations and conclusions gleaned from those visits.

IRAN'S OBJECTIVES

To properly grasp the challenge posed by Iran's activities in the Western Hemisphere, they need to be understood in proper geopolitical context: As part of a larger

"peripheral strategy" on the part of the Iranian regime. To a significant degree, they are a response to growing diplomatic and economic pressure levied against Iran by the West over its nuclear program, and represent an attempt by Iran's leadership to combat their regime's growing international isolation. As such, they are far from unique; Iran's activities in Latin America follow the same broad pattern as its outreach in other areas of the world, including Asia and Africa.[1]

Yet Iran's presence in the Americas is arguably more mature than it is elsewhere, owing to the permissive, ideologically-sympathetic environment that prevails throughout much of the region. Over the past decade, Iran's exploitation of this environment has proceeded along several lines:

Political Outreach

Since the mid-2000s, Iran has invested heavily in political contacts with the Americas on a number of levels. It has more than doubled its diplomatic presence in the region over the past decade, increasing its embassies from 5 in 2005 to 11 today.[2] Iran currently has an official diplomatic presence in Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Nicaragua, Uruguay, and Venezuela.

It likewise has expanded its public diplomacy outreach, launching a dedicated Spanish-language television channel, known as HispanTV, in early 2011.[3] HispanTV is funded by the Iranian government's state Islamic Republic of Iran Broadcasting company (IRIB), broadcasting out of Tehran to some 14 countries in the region.[4] The goal of this effort, according to Iranian officials, is to broaden the Iranian regime's "ideological legitimacy" among friendly governments in the region—and to diminish the influence of "dominance seekers," a thinly-veiled reference to the United States.[5]

Perhaps most significantly, Iran has engaged in extensive cultural contacts throughout the region. It has done so via 17 formal cultural centers throughout South and Central America, as well as through outreach to the various indigenous populations which represent important bases of political support for regional leaders like Bolivia's Evo Morales, Ecuador's Rafael Correa and Peru's Ollanta Humala.[6] These contacts, and concurrent proselytization activities (known as *daw'ah*), are carried out through a network of "informal ambassadors" operating in the region—a network that has been nurtured and trained by Mohsen Rabbani, a former Iranian cultural attaché to Argentina who is known to have masterminded the 1994 AMIA attack.[7]

At its most basic, this outreach is intended to shore up support for the Iranian regime's nuclear effort, and to fracture the fragile international consensus concerning the need for sanctions in response to Iranian behavior. But Iran's activism also extends to proselytization activities designed to promote its particular brand of political Islam, and ideological coalition-building intended to make the region more inhospitable to the United States than it is currently. "Iran continues to seek to increase its stature by countering U.S. influence and expanding ties with regional actors while advocating Islamic solidarity," the Pentagon noted in its April 2012 *Annual Report on Military Power of Iran*.[8] Latin America is among the regions where this strategy is being actively implemented.

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[1] See, for example, Ilan Berman, "Assessing Iran's Asia Pivot," *STRATAGEM*, January 2013, *http://www.ilanberman.com/12881/assessing-iran-asia-pivot*.

[2] "Obama Signs Law against Iran's Influence in Latin America," Agence France Presse, December 29, 2012, *http://www.dailynewsegypt.com/2012/12/29/obama-signs-law-against-irans-influence-in-latin-america*.

[3] Hugh Tomlinson, "Tehran Opens 24-hour News TV," *Times of London*, February 1, 2012, *http://www.thetimes.co.uk/tto/news/world/middleeast/article3304624.ece*.

[4] See "Iran Se Escuchara en Espanol con El Canal Hispan TV," *Correo de Orinoco* (Caracas), July 18, 2011, *http://www.correodelorinoco.gob.ve/multipolaridad/iran-se-escuchara-espanol-canal-hispan-tv/*. A list of countries where HispanTV is broadcast is available on-line at *http://hispantv.com/Distribucion.aspx*. Notably, the United States is among those countries where cable providers both accept and distribute the Iranian channel.

[5] Ian Black, "Iran to Launch Spanish-Language Television Channel," *Guardian* (London), September 30, 2010, *http://www.guardian.co.uk/world/2010/sep/30/iran-spanish-language-television*; "Iran Launches Spanish TV Channel," Associated Press, January 31, 2012, *http://www.guardian.co.uk/world/2012/jan/31/iran-launches-spanish-tv-channel*.

[6] Author's interviews, Quito, Ecuador, May 2012.

[7] Joseph Humire, "Iran's Informal Ambassadors to Latin America," *Fox News Latino*, February 18, 2012, *http://latino.foxnews.com/latino/politics/2012/02/18/joseph-humire-irans-informal-ambassadors-to-latin-america/*.

[8] Department of Defense, Office of the Secretary of Defense, "Executive Summary: Annual Report on Military Power of Iran," April 2012, *http://www.fas.org/man/eprint/dod-iran.pdf*.

Economic Activity

Latin America has long functioned as a "support" theater for Iran and its proxies, with money generated there through gray and black market activities sent back to benefit the Iranian regime or groups like Hezbollah.[9] With the growth of Iran's strategic partnership with Venezuela, the Chávez regime became part of this activity as well. With the active cooperation of Caracas, the Iranian government has exploited the Venezuelan financial sector—via joint financial institutions, shell companies, and lax banking practices—to continue to access the global economy in spite of mounting Western sanctions.[10]

In recent years, these illicit financial flows have been supplemented by formal trade agreements and contracts between Iran and various regional states. To date, the Iranian regime is estimated to have signed approximately 500 cooperative agreements with regional governments, many of them economic in nature. But, with the notable exception of those concluded with Venezuela, the vast majority of these commitments have yet to materialize. Nevertheless, Iran's overall trade with the region has grown considerably in recent years. In the years between 2000 and 2005, it averaged approximately $1.33 billion annually. As of last year, this figure had more than doubled, to $3.67 billion.[11]

Two countries in particular have emerged as significant trading partners for Iran in the region. The first is Argentina, which—despite Iran's involvement in the 1994 bombing of the Argentine-Israel Mutual Association (AMIA) in Buenos Aires—has adopted an increasingly sympathetic attitude toward Tehran over the past several years. This has been manifested, most concretely, in Argentine president Christina Fernández de Kirchner's recent acquiescence to the creation of a "truth commission" to reexamine the AMIA case—and which, ostensibly, can be expected to rewrite history in Iran's favor.[12] Trade ties reflect this warming trend as well; since 2005, Iran-Argentine trade has increased by more than 500 percent, and now rests at $1.2 billion annually.[13]

The second is Brazil. Political ties between Tehran and Brasilia have taken a turn for the worse since the ascension of Dilma Roussef to the Brazilian presidency in January 2011. Roussef, a former women's rights activist who herself spent time in prison, has made a point of distancing herself from Iran, repeatedly rebuffing Iran's diplomatic overtures and signaling her displeasure at Iran's troubling human rights record. Nevertheless, trade ties between the two countries are still active—and significant, from Iran's perspective. Brazil currently represents Iran's largest trading partner in the region, with an annual bilateral turnover of nearly $2.2 billion.[14] A reinvigoration of the warm ties that prevailed during the era of Roussef's predecessor, Luiz Inácio Lula da Silva, remains a priority for Iran, and for good reason. By dint of its global economic stature, Brazil represents a geopolitical prize for Iran in the region—the cooperation of which would greatly hamper Western efforts to economically isolate the Islamic Republic.[15]

Strategic Resources

Over the past decade, as its strategic programs have matured, the Iranian regime has significantly expanded its efforts to acquire resources for them from abroad. Consequently, since the mid-2000s Iran has become a major speculator in Latin America's resource wealth.

Beginning late last decade, it has engaged in mining activity in the uranium-rich Roraima Basin on Venezuela's eastern border, adjacent to Guyana, where it is be-

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[9] Rex Hudson, *Terror and Organized Crime Groups in the Tri-Border Area (TBA) of South America*, Library of Congress, Federal Research Division, December 2010, *http://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf*; U.S. Department of Defense, Office of the Secretary of Defense, Unclassified Report on Military Power of Iran, April 2010, *http://www.iranwatch.org/government/us-dod-reportmilitarypoweriran-0410.pdf.*

[10] Norman A. Bailey, "Iran's Venezuelan Gateway," American Foreign Policy Council *Iran Strategy* Brief No. 5, *http://www.afpc.org/files/getContentPostAttachment/213.*

[11] Figures derived from the International Monetary Fund's Direction of Trade Statistics database (Compilation in author's collection).

[12] "Diplomat Says Tehran Approves Deal to Probe 1994 Argentinian Bombing," *Radio Free Europe/Radio Liberty*, May 21, 2013, *http://www.rferl.org/content/iran-argentina-bombing-investigation-truth-commission/24992241.html.*

[13] Figures derived from the International Monetary Fund's *Direction of Trade Statistics* database (Compilation in author's collection).

[14] Ibid.

[15] For a more extensive examination of Iranian interests in Brazil, see Ilan Berman, "Why Iran Covets Brazil," *Weekly Standard*, June 20, 2012, *http://www.weeklystandard.com/blogs/why-iran-covets-brazil_647662.html.*

lieved to be involved in the extraction of uranium ore for its nuclear program.[16] More recently, it is believed to have begun prospecting for the same mineral in locations outside of the Bolivia's industrial capital, Santa Cruz, in the country's east.[17] Significantly, the extent of this activity—and whether Iran has actually begun to acquire sizeable quantities of uranium from Latin America—remains a subject of considerable debate among experts and observers, both in the region and in Washington.

More concrete evidence exists of Iran's acquisition of other strategic minerals with potential weapons applications from the region. For example, Iran has become a "partner" in the development of Bolivia's reserves of lithium, a key strategic mineral with applications for nuclear weapons development, pursuant to a formal agreement signed with the Morales government in 2010.[18] Iran is also known to be seeking to acquire at least two other minerals utilized in nuclear work and the production of ballistic missiles: Tantalum and thorium.[19] In September 2012, Bolivian police seized two tons of what at the time was suspected to be uranium ore destined for Iran's nuclear program.[20] The shipment was later ascertained to be tantalum.

An Asymmetric Presence

Iran's growing formal presence in the region has been mirrored by an expansion of Iranian covert activities. In its 2010 report to Congress on Iran's military power, the Department of Defense noted that the Quds Force, the elite paramilitary unit of Iran's Revolutionary Guards, is now deeply involved in the Americas, stationing "operatives in foreign embassies, charities, and religious/cultural institutions to foster relationships with people, often building on existing socio-economic ties with the well-established Shia Diaspora," and even carrying out "paramilitary operations to support extremists and destabilize unfriendly regimes."[21]

Iran has likewise invested in regional paramilitary infrastructure. Most prominently, it has helped establish and subsequently administer the "regional defense school" of the Bolivarian Alliance for the Americas (ALBA), headquartered outside Santa Cruz in eastern Bolivia. Iran is known to have provided at least some of the seed money for the school's construction, and no less senior a figure than Iranian Defense Minister Ahmad Vahidi presided over the school's inauguration in May 2011. Iran—itself an ALBA observer nation—is now said to be playing a role in training and indoctrination at the facility.[22]

In parallel with its investments in paramilitary infrastructure, Iran has also forged links with an array of radical groups active in the region, either directly or through its main terrorist proxy, Hezbollah. These ties have the potential to significantly augment Iran's capabilities. As Director of National Intelligence James Clapper noted in remarks to the Senate in January 2012, Iran's regional alliances "can pose an immediate threat by giving Iran—directly through the IRGC, the Qods force, or its proxies like Hezbollah—a platform in the region to carry out attacks against the United States, our interests, and allies."[23]

CRISIS AND OPPORTUNITY

Iran's historic presence in Latin America dates back to the mid-1980s. During that period, the Islamic Republic assisted Hezbollah in establishing a presence in the so-called "Triple Frontier" that lies at the intersection of Brazil, Paraguay, and Argentina.[24] The decade that followed saw Iran erect an extensive terror support infrastructure throughout South America. As detailed in Argentine federal pros-

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[16] Stephen Johnson, *Iran's Influence in the Americas* (Washington, DC: Center for Strategic & International Studies, March 2012), xiv, *http://csis.org/files/publication/120312___Johnson__Iran%27sInfluence__web.pdf.*

[17] Author's interviews, La Paz and Santa Cruz, Bolivia, January–February 2012.

[18] "Iran 'Partner' in the Industrialization of Bolivia's Lithium Reserves," *MercoPress*, October 30, 2010, *http://en.mercopress.com/2010/10/30/iran-partner-in-the-industrialization-of-bolivias-lithium-reserves.*

[19] Author's interviews in Chile, Bolivia, and Argentina, January–February 2012.

[20] "Gobierno Boliviano Rectifica Hallazgo de Uranio en La Paz," *El Tiempo* (Bogota), August 29, 2012, *http://www.eltiempo.com/archivo/documento/CMS-12174392.*

[21] U.S. Department of Defense, Office of the Secretary of Defense, *Unclassified Report on Military Power of Iran*, April 2010, *http://www.iranwatch.org/government/us-dod-reportmiliarypoweriran-0410.pdf.*

[22] Jon B. Purdue, *The War of All the People: The Nexus of Latin American Radicalism and Middle Eastern Terrorism* (Dulles, VA: Potomac Books, 2012), 154–156.

[23] James Clapper, testimony before the Senate Select Committee on Intelligence, January 31, 2012.

[24] Rex Hudson, *Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America* (Washington, DC: Congressional Research Service, revised edition December 2010), 5, *http://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime__TBA.pdf.*

ecutor Alberto Nisman's May 2013 report, this network spanned eight countries (Argentina, Brazil, Paraguay, Uruguay, Chile, Colombia, Guyana, Trinidad & Tobago and Suriname) and was made up of intelligence bases and logistical support centers, enabling Iranian-supported terrorists to subsequently carry out the 1994 AMIA attack.[25]

Iran's contemporary outreach to the region, however, is comparatively new. It can be said to have begun in earnest in 2005, following Mahmoud Ahmadinejad's assumption of the Iranian presidency. Ahmadinejad's radical, revolutionary worldview found a compatible partner in the "21st Century Socialism" promoted by Venezuelan strongman Hugo Chávez, fostering close personal bonds between the two leaders and strengthening the political ties between Tehran and Caracas. Over time, these commonalities blossomed into a major strategic partnership, encompassing extensive economic contacts, significant defense-industrial cooperation, political coordination on an array of foreign policy issues, and a joint opposition to Western, and specifically American, imperialism.[26] In this fashion, Venezuela became Iran's "gateway" into the region, providing material support and safe haven to Iranian irregulars and their proxies, and facilitating the regime's political and economic inroads among an array of other sympathetic regional regimes (chief among them those of Evo Morales in Bolivia and Rafael Correa in Ecuador).[27]

But this partnership is now in a state of profound flux. The April 2013 death of Venezuelan President Hugo Chávez following a protracted battle with cancer removed one half of the Iranian regime's most vibrant personal relationship in the region. The end of Mahmoud Ahmadinejad's tenure as Iran's president in June 2013 has removed the other.

In Venezuela, Nicolas Maduro, Hugo Chávez's hand-picked successor as president, is now presiding over an all-out implosion of the National economy, complete with shortages of commodities such as toilet paper, sugar, and flour.[28] As a result, even though Maduro—who as foreign minister presided over his government's contacts with Iran—is likely to mimic Chávez' sympathetic attitude toward the Islamic Republic, it is far from clear that his regime will have either the political stability or economic solvency to serve as Iran's regional gateway in coming years.

In Iran, too, there is a significant degree of uncertainty relating to the region. It is unclear, at least at this stage, whether incoming Iranian president Hassan Rowhani—who handily won the Islamic Republic's June 14 election—will enjoy similarly close bonds with the "Bolivarian" regimes of Latin America. More significantly, Iran's Supreme Leader, Ali Khamenei, has not yet given a clear indication that the region remains a key regime interest. This is salient given that Iran's extensive involvement in the Syrian civil war over the past 2 years has sapped the regime's economic resources and political capital, diminishing its activism beyond the Middle East in the process. (Iranian officials have taken pains to reaffirm their government's commitment to the region, however; in early July, Ahmadinejad met in Moscow with Bolivian president Evo Morales and assured him that Iran's outreach to Latin America is unwavering, and will be sustained by his successor.)[29]

As a result, it is possible to envision that Iran's footprint in the region could erode over time. Yet it is far too early to conclude that the Islamic Republic's regional presence is on the wane—or that Iran no longer constitutes a threat to U.S. regional interests. In fact, along every prong of its outreach to the Americas, the Iranian regime is objectively maintaining, if not expanding, its level of activity. Moreover, a number of political scenarios could afford Iran even greater opportunity to influence regional politics in coming years. These include the potential for a post-Chávez "surge," as Iranian allies (such as Ecuador's Correa) ascend to regional leadership roles, or the peace process now underway in Colombia, which could lead to the political rehabilitation of the radical Revolutionary Armed Forces of Colombia (FARC), an Iranian ally.

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[25] Republic of Argentina, Ministerio Publico de la Nacion, "Dictamina," May 29, 2013 (in Spanish). Complete report in author's collection. An English-language summary is available at *http://www.defenddemocracy.org/stuff/uploads/documents/summary__(31__pages).pdf.*

[26] For a detailed overview, see Sean Goforth, *Axis of Unity: Venezuela, Iran & the Threat to America* (Washington, DC: Potomac Books, 2012).

[27] Norman A. Bailey, "Iran's Venezuelan Gateway," American Foreign Policy Council *Iran Strategy Brief* No. 5, *http://www.afpc.org/files/getContentPostAttachment/213.*

[28] See, for example, James Hider, "Toilet Paper Running out as Venezuela's Economy Goes Down The Pan," *Times of London*, May 17, 2013, *http://www.thetimes.co.uk/tto/news/world/americas/article3766919.ece.*

[29] "Ahmadinejad Holds Talks with Bolivian President in Moscow," *Tehran Times*, July 1, 2013, *http://tehrantimes.com/politics/108937-ahmadinejad-holds-talks-with-bolivian-president-in-moscow-.*

Today, evidence of Iran's strategic presence in Latin America is so extensive as to be incontrovertible. So, too, are indications that these activities constitute a potential (and in some cases an actual) threat to American security. Yet, to a large extent, this challenge remains poorly understood by the U.S. Government as a whole, while the Executive branch in particular has been hesitant to truly examine and address it.

Thus, the State Department's June 2013 report on Iranian activities in Latin America, released pursuant to the *Countering Iran in the Western Hemisphere Act of 2012*, depicts Iran's regional presence as one that is in decline, and downplays Iran's involvement in fomenting instability in the region.[30] These conclusions contradict the findings of Argentine state prosecutor Alberto Nisman, whose comprehensive May 2013 report details the existence of an extensive Iranian terror support infrastructure in the region which has been instrumental in facilitating not only the 1994 AMIA attack but more recent plots as well. They also ignore compelling evidence that, to a notable degree, Iran's regional activities in recent years have targeted the United States. Over the past decade, at least two Iranian-linked terror plots originating in Latin America have targeted the U.S. homeland. The first was the unsuccessful 2007 attempt by Guyanese national Abdul Kadir to blow up fuel tanks at New York's John F. Kennedy Airport.[31] The second was an October 2011 plot by Iran's Revolutionary Guards to assassinate Saudi Arabia's ambassador to Washington, Adel al-Jubeir, at a DC restaurant.[32]

These incidents reflect what amounts to a sea change in Iranian strategy. Whereas in the past the Islamic Republic has exhibited an opportunistic approach to Latin America, leveraging its activities in the region when and where possible, Iran's presence and activities in the regional today are more extensive—and more operational in nature. Director of National Intelligence James Clapper highlighted this shift in his January 2012 testimony to the Senate Select Committee on Intelligence when he noted that, in response to the deepening international crisis over their nuclear program, "Iranian officials—probably including Supreme Leader Ali Khamenei—have changed their calculus and are now willing to conduct an attack in the United States."[33]

The broad, multifaceted challenge posed today by Iran in our Hemisphere requires a comprehensive American response capable of addressing Iran's operations and capabilities. In particular, U.S. strategy would be well served to focus on three dimensions: Legal, economic, and intelligence.

- Latin America as a whole is typified by the absence of an overarching approach to terrorism, and much of the region lacks basic legislation criminalizing membership in terrorist groups and providing legal frameworks for their prosecution. A recent research survey conducted by the American Foreign Policy Council found that just 11 countries in all of Latin America have existing laws that make terrorist-related activities a crime under national law.[34] Moreover, in many of the places where such laws do exist, terrorism is treated largely as analogous to crime, and in some they have occasionally been used for political purposes (such as in Chile, where there have been incidents of the indigenous Mapuche population being prosecuted under this legislation for basic crimes). This has allowed terrorist operatives and assorted radicals to exist in a state of legal grace. Legislatively, acts such as money-laundering, narcotrafficking, and counterfeiting, which are often employed by terrorist organizations in fundraising, are generally criminalized. However, no corresponding restrictions or penalties exist for participation in extremist organizations per se. (A notable example in this regard is the case of Khaled Hussein Ali, a known financier and recruiter for al-Qaeda based in Sao Paulo, Brazil. Despite the publication of an

[30] Guy Taylor, "State Secrets: Kerry's Department Downplays Iran's Role in Latin America; Likely to Anger Congress," *Washington Times*, June 23, 2013, *http://www.washingtontimes.com/news/2013/jun/23/state-department-downplays-iran-role-in-latin-amer/?page=all.*

[31] Colin Moynihan, "Life Sentence for Leader of Terror Plot at Kennedy," *New York Times*, February 17, 2011, *http://www.nytimes.com/2011/02/18/nyregion/18plot.html.*

[32] Charles Savage and Scott Shane, "Iranians Accused of a Plot to Kill Saudis' U.S. Envoy," *New York Times*, October 11, 2011, *http://www.nytimes.com/2011/10/12/us/us-accuses-iranians-of-plotting-to-kill-saudi-envoy.html?pagewanted=all.*

[33] James Clapper, testimony before the Senate Select Committee on Intelligence, January 31, 2012.

[34] June 2013 internal study conducted at the direction of the author (Author's collection).

April 2011 exposé in the prominent newsmagazine *Veja* outlining his ties to terror,[35] Ali continues to reside in Sao Paulo and operate businesses there.)[36]

This state of affairs is not permanent, however. Brazil alone is slated to host two major global events in coming years: The FIFA World Cup in 2014 and the Olympic Games in 2016. As a result, there is now greater domestic focus on counterterrorism on the part of the Brazilian government, and at least six separate pieces of counterterrorism-related legislation have been presented to the Brazilian parliament. If passed, these laws would significantly strengthen the legal framework governing counterterrorism in Brazil, and empower greater investigatory and prosecution powers on the part of the country's intelligence and security services. Legal assistance from the U.S. Government to appropriate Brazilian government institutions could greatly aid in the establishment and solidification of such counterterrorism authorities. Similar efforts could be employed elsewhere in the region as well, including in Mexico and Colombia.

- In large measure, Iran's economic intrusion into Latin America has taken place on an informal level, embodied by licit and illicit commercial activities in the region's various free trade zones and numerous black markets. Such activities must be addressed through the imposition of stricter counterterrorism regulations—and the active enforcement of anti-money laundering and counterterrorism (AML/CTF) rules now in force in other jurisdictions and regions. Also of concern, however, are Iran's formal trade relations with a number of countries in the region—contacts which could provide Iran with access to the U.S. economy and its operatives with greater mobility in the Americas.

  A case in point is Ecuador. Ecuador's membership in OPEC, its participation in the ALBA bloc of nations, its dollarized economy and its lax immigration controls all make it an attractive partner for the Islamic Republic. So, too, does the prominent role that Ecuadorian president Rafael Correa is now seeking to play in the region as a successor to the late Hugo Chávez. Correa has made no secret of his aspirations to regional political leadership, and has promoted himself over competitors such as Bolivia's Evo Morales (whom he has depicted as too backward) and Nicaragua's Daniel Ortega (whom he has sought to characterize as too unreliable) as the logical head of ALBA. For these reasons, the Iranian regime is believed to be carrying out illicit financial activities in Ecuador, using banking agreements and bilateral commerce as cover.

  The United States, however, has the ability to significantly limit Ecuador's interaction with the Islamic Republic. Strong signals from the U.S. Treasury Department about Iran's exploitation of the Ecuadorian economy, and potential consequences for continuing to provide Iran with such access, could help to significantly limit bilateral economic relations between Tehran and Quito. This is so because the Ecuadorian public is overwhelmingly supportive of the U.S. dollar, and would represent a powerful constituency against cooperation if it felt that its standing vis-à-vis the U.S. economy might be threatened as a result.
- Latin America's favorable geopolitical climate, typified as it is by vast unregulated areas and widespread anti-Americanism, has made it an important focal point of Iran's international activism. So, too, has the region's flourishing informal economy, which affords Iran significant ability to engage in the transshipment and smuggling of contraband. This activity, moreover, is poised to expand significantly.

  Specifically, a massive, multi-year expansion of the Panama Canal is now underway. Once completed, it is expected to increase the capacity of the canal from its current volume of 4 million containers daily to some five times that by the end of 2014. According to Panamanian officials, as much as 60 percent of that cargo will be warehoused, at least temporarily, in the nearby free-trade zone of Colon.[37] Notably, there is little indication that Panamanian authorities have a comprehensive strategy to increase screening and customs oversight of the planned expansion of cargo volume. This state of affairs will provide Iran with an attractive transshipment hub for its strategic programs and contraband commerce, and increases the incentives for Iran to expand its presence in adjacent free trade areas (including Colon). Significant efforts must be made by the U.S. Department of Homeland Security to strengthen oversight of Canal operations, and to provide Panamanian authorities with timely, actionable intel-

[35] Leonardo Coutinho, "A Rede o Terror Finca Bases no Brasil," *Veja* (Sao Paulo), April 6, 2011, 89–96.

[36] Author's interview, Sao Paulo, Brazil, April–May 2012.

[37] Author's interviews, Panama City, Panama, May 29–30, 2013.

ligence on Iranian shipping activities of concern taking place in the Western Hemisphere.

A GATHERING THREAT

In sum, Iran's presence in Latin America and its partnership with regional radicals represents far more than simply an "axis of annoyance," as some scholars have contended.[38] Rather, Iran's inroads are part of a systematic, long-term strategy on the part of the Islamic Republic to expand its influence and capabilities in the Western Hemisphere. Moreover, irrespective of temporary setbacks, these efforts have steadily expanded in recent years, as the Iranian regime has been progressively squeezed both politically and economically in its immediate periphery.

As Iran's presence in the region continues to grow, so too will its ability to hold at risk America's regional allies, its interests in the Hemisphere, and even the U.S. homeland itself. We ignore this gathering threat at our peril.

Mr. DUNCAN. Thank you for your testimony.

The Chairman will now recognize Mr. Humire for his testimony.

STATEMENT OF JOSEPH M. HUMIRE, EXECUTIVE DIRECTOR, CENTER FOR A SECURE FREE SOCIETY

Mr. HUMIRE. Thank you, sir. Good afternoon, Chairman Duncan, Mr. O'Rourke, and distinguished Members of the subcommittee. Thank you for inviting me here to appear before you today and address an issue that I have been researching very closely over the last 3 years.

Let me begin by saying that after this 3-year very lengthy investigation that has taken me to 15 countries throughout the hemisphere and after close examination of the data that I have collected, I have arrived at the conclusion that Iran's influence in the hemisphere is definitely growing. But let me put this into context.

Some analysts, when studying Iran's influence in Latin America, will compare them to other extra-regional state actors, such as China or perhaps Russia. Some may even go as far as to compare them to the United States, but this is a faulty analysis. When examining Iran's trajectory in the region, it is imperative to get the benchmark right. Comparing Iran to other extra-regional state actors is comparing apples to oranges. The only way to get an accurate sense of whether Iran's influence is evolving, growing, or perhaps even waning is to compare their influence today to what it was yesterday, essentially comparing apples to apples. When you look at this data set, in almost every indicator—whether it is trade, diplomacy, culture exchange, or some of the more dangerous asymmetric indicators, the trajectory is upward. This upward trajectory has had at least four significant bites since the 1979 Iranian Revolution. The first two in 1983 and 1993 were indicative of geopolitical events in the Middle East. The latter two, 2005 and 2008, are indicative of geopolitical events in this hemisphere—specifically, in Latin America.

In 2005, Venezuela and Cuba established the political power project known as the Bolivarian Alliance for the Americas, more affectionately known as ALBA. By 2008, in just 3 years, this alliance had already captured target governments in Bolivia, Ecuador, Nicaragua as well as several satellite Caribbean countries, effectively shifting the balance of power in the region toward Iran's

[38] See Cynthia J. Arnson, Haleh Esfandiari, and Adam Stubits, eds., "Iran in Latin America: Threat or 'Axis of Annoyance'?" Woodrow Wilson Center *Reports on the Americas* no. 23, July 2008, *http://www.wilsoncenter.org/sites/default/files/Iran_in_LA.pdf.*

favor. In fact, both Iran and Syria now sit as de facto observing members to this alliance. Yet some may say, so what? After all, the ALBA alliance is made up of some of the poorest smaller countries in Latin America with weaker militaries. But this is only mostly true, and it is only true if you choose to examine each ALBA member as an individual nation-state. However, if you study the ALBA through the lens in which they view themselves as a unified block, then you realize that they are much more powerful. If you include de facto members such as Argentina, which has become closer and closer to the Bolivarian brothers, then the geopolitical alliance is comprised of a population of 100 million, a gross domestic product $1 trillion U.S., and spanning across 3.5 million square kilometers, this effectively makes them bigger than Mexico and a rival to Brazil.

So how does this relate to Iran's influence in the region? Quite simply, Iran's influence in Latin America is dependent on ALBA's influence in Latin America. Frankly, the Bolivarians have been able to dominate the narrative in the region over the last decade. Latin America today is not the same Latin America as it was yesterday and Iran has had over 30 years to study the political patterns and the socioeconomic trends in the region.

Much of this was detailed in the detailed reporting of Argentine prosecutor Alberto Nisman, whose research identified several precedents for Iran's contemporary asymmetric activities that provide a current threat to the homeland. The use of culture exchange and trade of commerce as official and unofficial covers to insert Iranian spies and subversives, creating and underwriting dual-use mosques and other Islamic associations that operate as covert intelligence centers, and cultivating and radicalizing native Latin American Muslim converts to act as agents of influence on behalf of the Iranian Revolution. This was before Iran had regional state sponsors for the asymmetric activity, as they do now. Today Iran uses the same modus operandi that they used 30 years ago that led to the worst Islamic terrorist attack in the Western Hemisphere prior to 9/11 but has only enhanced their asymmetric capabilities to de facto legitimacy of ALBA that offers Iran political cover.

I detail some of these asymmetric capabilities in my written testimony, but let me provide a quick summary. No. 1, through Venezuela and Ecuador, Iran has established preferential banking relationships, providing them with a strategic advantage to skirt U.S. and international sanctions. Through a Cuban and Venezuelan intelligence operation, Iran has capitalized on a variety of fraudulent identification schemes all throughout the hemisphere that has camouflaged their entry into North America. Canada, as you mentioned, Mr. Chairman, is particularly vulnerable from this threat. Last, Venezuela and Bolivian state-owned or -controlled enterprises in the energy and transportation sector provide a veil for Iran's ever-growing military industrial footprint in the region, a footprint that did not exist more than a decade ago. Each of these capabilities provides a unique threat to the U.S. homeland security.

Mr. Chairman, too often we, as analysts, make the mistake of looking for the smoking gun—the activist terrorist plot, a million-dollar wire transfer, or the missile silo on a peninsula. But in reality, Iran and their Bolivarian allies are too clever for that. After

all, Iran is the country that invented chess. After every move they make in the hemisphere, everything is calculated, thinking at least two steps ahead. But just because we don't see anything on the surface does not mean that there is nothing beneath the surface. Better said, the absence of evidence is not the evidence of absence. A threat is the potential for harm. From my 3-year investigation, I have discovered that Iran definitely has the potential to harm the United States and our allies in the Western Hemisphere.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Humire follows:]

PREPARED STATEMENT OF JOSEPH M. HUMIRE

JULY 9, 2013

Chairman Duncan, Ranking Member Barber, and distinguished Members of the subcommittee: Good afternoon, and thank you for inviting me to appear before you today to address an issue that I have been studying closely over the last 3 years.

This research has taken me to 15 countries throughout the hemisphere on fact-finding trips documenting numerous eyewitness accounts, collecting investigative records of various countries in the region, and analyzing confidential reports produced by sources developed from over a decade of work in Latin America. Most of the information and data collected has been corroborated with open-source research and verified by regional and U.S. Government officials as well as subject-matter experts.

What follows are my analysis and findings related to Iran's presence, activities, and influence in the region, and recommendations as it relates to U.S. Homeland Security.

A JOINT ASYMMETRIC STRATEGY

To properly understand Iran's influence in the Hemisphere, we have to understand their strategy, globally and in the region, which increasingly relies on its asymmetric capabilities to compensate for its conventional shortcomings. And connect this to the regional strategy of the most fervent anti-American alliance in the Hemisphere, the Bolivarian Alliance of the Americas, or ALBA.

In April of 2010, the U.S. Department of Defense (DoD) released an unclassified report on Iran's military power. In this report, DoD mentions the use of asymmetric warfare as a principal means towards achieving Iran's end goal—to "become the strongest and most influential country in the Middle East and to influence world affairs."[1] Moreover, Iran has quite often publicly stated the role of asymmetric warfare in their country's military doctrine, as quoted by Brigadier General Attaollah Salehi on January 12, 2011: "All divisions of the Islamic Republic's military pay close attention to events in neighboring states and incorporate these into their asymmetric warfare training."[2]

Likewise, in Latin America, the use of asymmetric warfare has become a common unifying doctrine among economically and militarily weaker nation-states in the region, namely the ALBA block. This Venezuela- and Cuba-led alliance has captured targeted governments in Bolivia, Ecuador, Nicaragua, as well as several satellite Caribbean countries—all acting as official member nations for this unified political power partnership. Haiti, Syria, and Iran have also been admitted as non-voting observer nations to the ALBA alliance.

In early 2004, the same year that the ALBA alliance was formed, the "1st Military Forum on Fourth-Generation Asymmetric War," was held at the Military Academy auditorium in Caracas, Venezuela, where the late President Hugo Chávez Frias directed the National Armed Forces (FAN) to develop a new military doctrine for contemporary conflict, as he stated: "I call upon everybody to start an . . . effort to apprehend . . . the ideas, concepts, and doctrine of asymmetric war."[3]

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[1] U.S. Department of Defense, Office of the Secretary of Defense, "Unclassified Report on Military Power of Iran," April 2010, *http://www.iranwatch.org/government/us-dod-reportmiliarypoweriran-0410.pdf*.

[2] Stephen Johnson, "Iran's Influence in the Americas," Washington, DC: Center for Strategic & International Studies, March 2012.

[3] Max G. Manwaring, "Venezuela's Hugo Chavez, Bolivarian Socialism, and Asymmetric Warfare," Strategic Studies Institute, U.S. Army War College, October 2005.

Chávez then proceeded to pass the microphone to Jorge Verstrynge, current professor of political science at the Universidad Compultense de Madrid, who offered a keynote address on his book: "Peripheral Warfare and Revolutionary Islam: Origins, Rules and Ethics of Asymmetrical Warfare." Chávez and his top military commander at the time, General Raul Isaias Baduel, were so intrigued by Vestrynge's exposition that they published a special edition of his 174-page tome into a pocket-sized field manual, adorned with the Venezuelan Army's coat of arms stamped on the inside cover.[4] Verstrynge would later become an advisor to the FAN in 2005, and Chávez, along with the Castro brothers of Cuba, would embark upon a regional and extra-regional agenda to shift the balance of power in Latin America.

ALBA and Iran: A force to be reckoned with

2005 is coincidentally the same year, in which Iran decided to increase its engagement with Latin American countries, particularly using Venezuela as its gateway.[5] Iran understood that the wave of authoritarian populism known as "21st Century Socialism" that was sweeping through the region, offered the Islamic Republic a permissive environment to carry out its global agenda against the West. Since 2005, the former Iranian President Mahmoud Ahmadinejad visited Latin America 7 times and more than doubled the number of embassies (from 5 to 11) in the region. Moreover, Iran has since signed more than 500 bilateral agreements with a half-dozen nations in Latin America, and more than doubled their trade in the region, with a significant spike in 2008.[6]

Skeptics will point out that many of the agreements signed between Iran and Latin American countries, remain unfulfilled, and that most of these visits, agreements, and trade is primarily with the ALBA block. The latter being only partly true, considering non-ALBA nations, namely Brazil and Argentina, are Iran's largest trade partners in the region. There is a point to be made that Iran has not come through on many of its promises to the region, but the absence of evidence is not the evidence of absence. Upon closer examination, one can determine that Iran's investments in the region are strategically placed in particular sectors, such as energy, agriculture, transportation, and banking—which all offer cover for Iran's dual-use activities that will be discussed later in the testimony.

Other detractors may suggest that the ALBA block has only had success in the poorer and smaller countries in Latin America, with weaker militaries. This is only mostly true, if you choose to examine each ALBA member as an individual nation-state. If you study, however, ALBA through the lens in which they view themselves, as a unified block, you realize that their cohesive nature operates as a "revolution with borders" in which the sum of its parts is greater than any single member nation. Moreover, if you add some of the unofficial de-facto members of this alliance, such as Argentina, then ALBA becomes much more powerful.

During her tenure, Argentine President Cristina Fernández de Kirchner has led the country to economic ruin and begun the process of dismantling institutions (media, civil society, etc.) and "criminalizing" the state through the narco-trade, much like her Bolivarian brothers.[7] Therefore, if you add Argentina as a third-party enabler to ALBA, the geopolitical landscape of this alliance has a population of over 100 million, a gross domestic product of over US $1 trillion, and a territory of approximately 3.5 million square kilometers.[8] In effect, this would make the ALBA alliance-plus larger than Mexico and a rival to Brazil in the region.

Iran has followed the Bolivarian's lead in Argentina, ratifying a highly controversial memorandum of understanding earlier this year to essentially rewrite history in their favor. Responsible for the largest Islamic terrorist attack in the Western Hemisphere prior to September 11, Iran is creating a "truth" commission with Argentina that will re-investigate the 1994 bombing of the AMIA Jewish community center in Buenos Aires that killed 85 people and left hundreds more injured. The

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[4] Joseph M. Humire, "An Islamo-Bolivarian Revolution," Journal of International Security Affairs, Spring/April 2012: Book Review on Jorge Vestrynge's "Peripheral War and Revolutionary Islam".

[5] Norman A. Bailey, "Iran's Venezuelan Gateway," American Foreign Policy Council *Iran Strategy Brief* No. 5, *http://www.afpc.org/files/getContentPostAttachment/213.*

[6] Iran continually boasts about its bilateral agreements with Latin America, often stating that as Washington is "building a wall" with Latin America, Tehran is "building a bridge." The number of agreements and trade estimation was taken from various reports on Iran's bilateral relationship with Latin American countries as well as the International Monetary Fund's *Direction of Trade Statistics* database.

[7] Douglas Farah, "Back to the Future: Argentina Unravels" International Assessment Strategy Center, February 2003, *http://www.strategycenter.net/docLib/20130227_BacktotheFuture.pdf.*

[8] Joel D. Hirst, "A Guide to ALBA," Americas Quarterly, *http://www.americasquarterly.org/hirst/article.*

deal signed on January 27, 2013 was ratified by the Argentine congress by a margin of only 18 votes on February 28, 2013[9] and later was approved by the Iranian government on May 19, 2013, without ever being submitted to the Iranian parliament.[10]

Most recently, there are on-going attempts to infuse the ALBA alliance into Central America, namely through the "northern triangle" of El Salvador, Guatemala, and Honduras, which runs parallel to soft subversive elements on behalf of Iran and Hezbollah who have started establishing a small presence in these countries.[11]

AN IRANIAN NETWORK OF NON-STATE ACTORS & NATIVE MUSLIM CONVERTS

A significant part of Iran's asymmetric strategy in Latin America has been creating, positioning, and underwriting non-state proxies providing a deterrence capability to attack their adversaries (the United States and Israel) without direct attribution to themselves. The long-standing relationship between Iran and Hezbollah has been the premier example of this state-to-nonstate dichotomy, but Venezuela's relationship with the Revolutionary Armed Forces of Colombia, or FARC, can also be examined with this same lens. Both cases serve as a lesson on how armed non-state actors can become an instrumental tool for the foreign policy and national security of a state.

Hezbollah, however, is not the only proxy force Iran has positioned in Latin America. Increasingly, Iran has become adept at using non-state actors that are not armed but instead appear "legitimate" to the uninitiated. Through the use of Islamic charities, associations, and even mosques, Iran has proved skillful at using these "legitimate" non-state actors as force multipliers for its terrorist operations, as well as the "eyes and ears" of the Islamic revolution.

These non-state actors are generally camouflaged in the form of "cultural exchange," providing a vehicle for Iran to portray solidarity with its sympathetic Latin American counterparts, while establishing plausible deniability for its covert activities. In the threat finance domain, these Islamic organizations also present a complex web of non-profit charities that receive anonymous cash donations and are set up as assets or stores of value (SoV) utilized to finance terrorist operations in the region and/or abroad.

The AMIA case as a precedent for Iran's capabilities in Latin America

The 1994 attack on the Asociación Mutual Israeli-Argentino, known as AMIA, in Buenos Aires, Argentina, provides a case study for understanding the asymmetric nature of Iran's strategy in Latin America. The AMIA bombing was one of the most successful Islamist terrorist operations in this hemisphere, and many of the Hezbollah cells and their Iranian sponsors are still active in the region today.

According to a recently-released 502-page report by the special prosecutor of the AMIA attack, Alberto Nisman, Iran has been developing a covert intelligence network in Latin America for close to 30 years.[12] Dating back to a conference in 1982 in Tehran, the newly-established Islamic Republic made a conscious decision to infiltrate its subversive elements in Latin America using the non-official cover of businessman and Islamic deities, as well as the conventional cover of diplomats. Significantly detailed in Nisman's report was Iran's sophisticated use of "cultural" activity as a means to blur the lines between political and covert activity, as well as to establish the state-to-nonstate relationship.

The primary personality of interest in Nisman's report was the infamous Iranian cleric, Mohsen Rabbani, who first touched down in Buenos Aires on August 27, 1983, on a tourist visa. Rabbani was sent to Argentina on the order of Mohammad Ali Taskhiri, from the Ministry of Culture and Islamic Guidance of Iran, or *Ershad*. The *Ershad*, along with five other entities, plays an influential role in establishing the terror-support infrastructure sponsored by Iran.[13]

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[9] Helen Popper, "Argentina's Congress approves pact with Iran to probe bombing," Reuters, February 28, 2013, *http://www.reuters.com/article/2013/02/28/us-iran-argentina-bombing-idUSBRE91R11F20130228*.

[10] Radio Free Europe, Radio Liberty, "Diplomat Says Tehran Approves Deal to Probe 1994 Argentinean Bombing," July 8, 2013, *http://www.rferl.org/content/iran-argentina-bombing-investigation-truth-commission/24992241.html*.

[11] Author Interviews with regional officials during a fact-finding trip in 2013.

[12] The information provided in this section is taken from the 502-page report (labeled "Dictamina") produced by Alberto Nisman, to which this author has a copy and has studied in great detail.

[13] Chapter 2, section (b) of Nisman's report details the role of Iran's Ministry of Intelligence and Security (MOIS or Vevak), the Ministry of Foreign Affairs, the Iranian Revolutionary Guards Corps and their special operations wing Quds Force (IRGC–QF or Pasdaran), and the Ministry of Construction Jihad (Jihad e-Sazandegi) in exporting the Iranian revolution.

By July 1984, Rabbani had received permanent residence in Buenos Aires and fully established his dual-cover as a businessman in the beef industry, as well as an Imam within the newly created *At-Tahuíd* Mosque in the Floresta neighborhood of Buenos Aires.

It is important to note that Rabbani's first non-official cover was as an Iranian businessman operating within Argentina's agricultural industry. Iran set up a state-owned enterprise, the Government Trading Corporation (G.T.C.), to inspect livestock on behalf of Iran's Ministry of Agriculture. This is significant because the agro-industry was then, and remains today, one of Iran's principal imports from Latin America.

This dual-cover allowed Rabbani to communicate with counterparts in Brazil, Uruguay, and Colombia, who are also heavy agro-exporters to the Middle East, while creating local cells in Chile, Guyana, and Paraguay, where he was able to connect with local Islamic leaders. This successful operation provides precedent for additional Iranian "businessman" and cultural officers to come to Latin America using a similar dual-cover within trade, commerce, and religious entities, extending Iran's terrorist network in the region.

Abdul Kadir: the prototype for an indigenous "Agent of Influence"

Iran's use of Islamic charities and mosques as cover for their intelligence and terror-support operations, as described in the aforementioned section, has grown and evolved since the AMIA attack. Rabbani disciples, who have risen through the ranks to gain the trust of the Islamic Republic, are now coordinating the contemporary Iranian intelligence network in Latin America.

The prototype for this new type of "agent of influence" is Aubrey Michael Seaforth better known as Abdul Kadir, a Guyanese who was arrested in 2007 for plotting to attack the JFK airport in New York.[14] As a young Muslim-convert, Kadir developed an intelligence structure in Guyana and the Caribbean that mirrored Rabbani's efforts in Argentina and the Southern Cone. Through the "Islamic Information Center of Guyana," which Kadir founded and directed, he gained influence among the Islamic communities in the Caribbean that led to his position as the General Secretary of the Secretariat of the Islamic Caribbean Movement. A civil engineer by trade, Kadir also had political aspirations that led him to become the mayor of Linden from 1994 to 1996, and eventually a parliamentarian (2001–2006) through the People's National Congress, a socialist political party in Guyana.[15]

Abdul Kadir's profile was particularly attractive for Iran, since his political aspirations allowed him to gain influence in Guyanese society, particularly among the afro-indigenous people. Moreover, his devout and radical Islamic beliefs established him as an authority among targeted Islamic communities in the Caribbean. Through his handler, the Iranian Ambassador in Venezuela, Kadir recruited, proselytized, and radicalized a parallel network in the Guyana and the Caribbean that mirrored the Rabbani network in the Southern Cone. Like Rabbani, Kadir was also ordered to mobilize this network once Iran made the calculation that a terrorist attack was plausible. Fortunately, Kadir's 2006 operation against the JFK airport in New York was neutralized.

Using native Muslim converts as "Agents" of the Iranian Revolution

Abdul Kadir served as the prototype for a new generation of local Latin American Islamic leaders that Iran has cultivated and strategically positioned throughout the region. The most notable are two Argentine Muslim-converts, one of which worked directly under Rabbani in the 1980's and 1990's, and the other continues to direct Rabbani's network in Latin America from Venezuela and Iran.

Santiago Paz Bullrich, better known by his Muslim name Abdul Karim Paz, came from an aristocratic lineage in Argentina.[16] Reportedly converting to Islam around 1983, Karim Paz was one of Rabbani's first disciples in Buenos Aires and worked at the *At-Tahuíd* Mosque to produce a local radio program that was used to

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[14] FBI Press Release: "Abdul Kadir Sentenced to Life in Prison for Conspiring to Committ Terrorist Attack at JFK Airport," U.S. Attorney's Office, Eastern District of New York, December 15, 2010, *http://www.fbi.gov/newyork/press-releases/2010/nyfo121510a.htm*.

[15] Chapter 3, section (c) of Nisman's report, describes in great detail Abdul Kadir's ascension in the Islamic community of Guyana, as well as his overall connections to Mohsen Rabbani and the Iranian regime.

[16] His grandfather, Horacio Bullrich, created the prominent "Patio Bullrich," a chain of commercial centers and restaurants well known to tourists of Buenos Aires. Educated in Argentine Catholic schools and raised in a Judeo-Christian household, Karim Paz is the only known Muslim in the Bullrich family tree.

radicalize the Islamic communities in Argentina.[17] After spending several years in Qom, Iran, Karim Paz would return to Argentina to eventually succeed Rabbani as the Imam of the *At-Tahuíd* Mosque. Using the lessons learned from his "terrorist professor," Karim Paz would spread the Iranian intelligence network to growing Islamic communities in Argentina's border countries. In Bolivia, Karim Paz was the co-founder of the first Shia Islamic association in La Paz and was influential in the creation of the Islamic Cultural Center in Puerto Montt, Chile.[18]

Married to a sociologist named Roxana "Masuma" Assad, Karim Paz now works in conjunction with his brother-in-law, Edgardo Ruben Assad, better known by his Muslim name Suhail Assad. Highly educated and fluent in Arabic, Farsi, Spanish, and English—Suhail Assad has become a leading figure in the propagation of radical Islamic communities all throughout Latin America.[19] Based out of the Center for Iranian-Latin American Cultural Exchange (*Centro de Intercambio Cultural Irani-Latinoamericano*, CICIL) in Caracas, Venezuela, Assad spends about half the year on a lecture circuit traveling to various countries throughout Latin America, and the other half of the year teaching the young, recently, or soon-to-be converted Latin American Muslims at the Al Mustafa International University in Qom, Iran.[20]

Together, these two Argentine Muslim-converts are extending Iran's influence in Latin America by propagating additional mosque's and Islamic cultural centers, and performing the exact same type of intelligence, information, and influence operations that Abdul Kadir carried out in Guyana, and their mentor, Mohsen Rabbani successfully implemented in Argentina.

The abuse of Free Trade Zones (FTZ) and emergence of a New Tri-Border Area (TBA)

Many of the Islamic organizations and native Muslim-converts working on behalf of the Iranian regime are operating within Free Trade Zones (FTZ) in Latin America.

In March 2010, the London-based Financial Action Task Force published a report titled "Money-Laundering Vulnerabilities of Free Trade Zones (FTZ)."[21] The upshot of this report is that many FTZs, as they are currently structured, provide systematic weaknesses that make them vulnerable to abuse and misuse by money laundering and terrorist financing. Jurisdictional weaknesses such as relaxed oversight and lack of cooperation and coordination with state customs authorities, as well as institutional weaknesses such as poor record keeping and inadequate information technology systems, have enabled these FTZs to become plagued with criminal-terrorist franchises from around the world.

In Latin America, the most historic Free Trade Zone abused by criminal-terrorist franchises is the infamous Triple Frontier, or Tri-Border Area (TBA) where Ciudad del Este, Paraguay has one of the largest concentrations of Lebanese Diaspora in Latin America. As noted by Nisman's reports, this historic TBA was exploited by Iran and Hezbollah to carry out the AMIA attack.

The abundance of FTZs in Latin America has created other hotbeds of radical Islamic activity that take advantage of the relative regulatory laxity and premium on discretionary services to launder proceeds of criminal activity and finance terrorism. Aside from the TBA, the following FTZs in Latin America have been identified as hotbeds for Islamic extremist groups: Tacna (Peru); Iquique (Chile); Maicao (Colombia); Colon (Panama), and Margarita Island (Venezuela).[22] The latter, Margarita Is-

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[17] M. Angélica Pérez Ferrada, "La insólita historia de un lider musulmán sudamericano" El Mercurio (Chile), September 19, 2004.

[18] Joseph M. Humire, Report on Bolivia for the "World Almanac of Islamism," American Foreign Policy Council, uploaded June 27, 2013, *http://almanac.afpc.org/Bolivia*.

[19] After the AMIA bombing, the Assad family moved to Chile, where Suhail Assad received his bachelor's degree in philosophy from the Adolfo Ibañez University (Santiago). After college, Assad moved to Lebanon to study Islamic culture and language, and eventually traveled to Qom to study in prominent madrasahs. In the 1990's, Assad received his PhD in Islamic Theology from the Open University of Islamic Civilization in Beirut, Lebanon.

[20] In a 2011 documentary produced by the leading Spanish language U.S. television network, Univision, a young Mexican student named José Carlos Garcia Tolentino infiltrated this Iranian network in Latin America by enlisting in a 2-month course on Islam in Qom. In the transcript of his interview, José mentioned that his primary instructors in Qom were "two sheiks [Karim Paz and Assad] that were Argentine, born in Argentina, but more well versed [on Islam] than those from Iran."

[21] Financial Action Task Force (FATF), "Money Laundering vulnerabilities of Free Trade Zones," March 2010, *http://www.fatf-gafi.org/media/fatf/documents/reports/ML%20vulnerabilities%20of%20Free%20Trade%20Zones.pdf*.

[22] Ibid, 13.

land, has eclipsed the TBA as the regional hub or Hezbollah and Iranian infiltration.

But if Margarita Island and Venezuela are considered the gateway for Iran and Hezbollah in Latin America, than another TBA is emerging as the back door. Arica and Iquique (Chile), Tacna (Peru), El Alto (Bolivia) and other smaller areas in between are all designated FTZs that are experiencing an emergence of Iranian agents permeating this region. Both Bolivia and Chile have an embassy of the Islamic Republic, with the former, having reported to contain at least 145 registered Iranian officials in La Paz.[23] And the latter, in Santiago, is one of Iran's oldest embassies in the region, where Mohsen Rabbani continually visited in the 1990's leading up to and after the AMIA attack.

Chile and Bolivia historically have clandestine smuggling routes used by narcotraffickerrs and terrorists, notably the infamous Barakat brothers, to launder funds and move illicit products through front companies in Iquique and Arica, Chile.[24] These same routes can, and are, being used to smuggle WMD effects.

On August 28, 2012, Brazilian and Bolivian authorities found two tons of tantalite in garbage bags in the office garage of the Venezuelan military attaché in La Paz. This strategic mineral, with dual-use military grade applications, was reported be mined out of Guajará-Mirim in Brazil and transported via smuggling routes through Bolivia in route to Arica, Chile by land where it was allegedly going to be docked and transported by boat to Venezuela and then to Iran.[25]

Across the northern border of Arica (Chile) is Tacna (Peru) with a growing Islamic community (primarily Pakistani) that is becoming increasingly connected to radicalized Shi'a communities in Lima, Puno and Abancay in Peru.[26]

ALBA AS THE CRUX OF THE IRANIAN THREAT IN LATIN AMERICA

During the late 20th Century, when Mohsen Rabbani was developing the intelligence network of Iran in Latin America—the geo-political environment of the region was drastically different. At that time, there were no known Latin American nation-states (except perhaps Cuba) that sponsored Rabbani's activities or the Iranian asymmetric presence writ large. But at the turn of the century the region began to drastically reshape. Following the "lost decade" of the 1980's and the perceived socio-economic inequality of the 1990's an authoritarian populist movement began to surge in Latin America.

Beginning with the election of Hugo Chávez in 1998 and extending to Daniel Ortega's resumed power in Nicaragua in 2007, the Bolivarian Alliance of the Americas (ALBA) was forged, using the rhetoric of "democracy" and the cover of "sovereignty" to win the hearts and coerce the minds of many from the Rio Grande (Mexico) to Tierra El Fuego (Argentina-Chile).[27] This significantly shifted the balance of power in the region toward Iran's favor.

Through these regional state sponsors, Iran has been able to significantly expand its asymmetric as well as official presence. The ALBA block not only provides political cover for Iran's asymmetric activities, but in many instances is also complicit in helping Iran skit sanctions, propagate terrorist networks, and initiate a military industrial footprint in the Hemisphere, that is unprecedented.

The SUCRE: An elaborate Trade-based Money-laundering Scheme

One of the ways in which Iran has used the ALBA alliance to gain a strategic advantage in Latin America is through preferential bilateral banking relationships

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[23] Jorge Marirrodriga, "Irán se lanza a la conquista de Latinoamérica" *El Pais* (Spain), June 23, 2012, *http://internacional.elpais.com/internacional/2012/06/23/actualidad/1340465739_921466.html.*

[24] Rex Hudson; *Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America;* Federal Research Division, Library of Congress (USA); July 2003 (revised December 2010)—*http://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.*

[25] German Rojas, "Tantalita hallada en La Paz fue extraida en Brasil y tenia como destino Iran," Eju.tv (Bolivia), September 21, 2012, *http://eju.tv/2012/09/tantalita-hallada-en-la-paz-fue-extrada-en-brasil-y-tena-como-destino-irn/.*

[26] On September 13, 2011 Suhail Assad was invited as a guest of honor to attend the "2nd National Congress of Casas de ALBA in Peru." in the town of Abancay, the capital of the Apurímac province in south-central Peru. The Casas de ALBA, are an offshoot of the Bolivarian circles in Venezuela and act as a "Trojan horse" to inject the Bolivarian message into indigenous communities in Peru. This initial encounter, established an on-going relationship between Assad and leaders of the Etnocaceristas of Peru, a militant ethnic-nationalist movement with ties to the Humala administration. Similar efforts are being made with the *Aymara* community on the border between Peru and Bolivia.

[27] Joel D. Hirst, *The ALBA: Inside Venezuela's Bolivarian Alliance;* CreateSpace Independent Publishing Platform, 2012.

that can be used to effectively skirt sanctions and provide Iran with access to the international financial system.

On January 2008, the *Banco Internacional de Desarrollo*, C.A. (BID) was launched in Venezuela. For all intended purposes, the BID appeared to be a regular financial institution in Caracas; however, after closer examination it was learned that it is wholly owned by the infamous *Toseyeh Saderat Bank*, making it an independent subsidiary of the Export Development Bank of Iran (EDBI). The EDBI was sanctioned by the United States for providing financial services to Iran's Ministry of Defense and Armed Forces Logistics (MODAFL), an entity tasked with advancing Iran's missile and WMD programs. This earned the Venezuelan BID a distinction as a Specially Designated National (SDN) on the U.S. Department of Treasury's Office of Foreign Assets and Controls (OFAC) targeted sanctions list on October 2008.[28]

Iran believed this to be a winning strategy, even purporting to set up additional chapters or affiliates of the Vene-Iran BID in other South American countries. That was until a better opportunity presented itself further south along the Andean ridge in Ecuador.

Ecuador, as part of the ALBA block, has been leading the effort to set up an alternative banking system and virtual currency in Latin America, known as the *Sistema Unico de Compensación Regional* (Unified System of Regional Compensation) or SUCRE. This idea was initially agreed upon at an ALBA summit in Venezuela on November 2008 and formally ratified by the ALBA congress a year later. Around the same time, in December 2008, Iran's EDBI signed a "protocol of cooperation" with the Central Bank of Ecuador, extending a credit line of US $120 million. This agreement between Ecuador and Iran formally established a bilateral banking structure that can be used by the Islamic Republic to skirt sanctions through an innovative, elaborate, and state-sponsored trade-based money-laundering (TBML) scheme.[29]

To date, the SUCRE has been used as a virtual accounting system to denominate trade between ALBA nations. The process is fairly straightforward:[30]

- Each central bank within an ALBA member nation maintains a list of commercial banks in their country that is authorized to use the SUCRE system.
- These commercial banks are called "authorized operative banks" and can deposit funding (in the local currency) into a specific account within the central bank of their own country.
- The central bank of the host country then transfers the funds to a specific account in the central bank of a targeted country within the ALBA block.
- This transfer is cleared through a central clearinghouse that converts the currency into sucres, at an exchange rate of one sucre: per $1.25 USD.
- The central bank in the targeted country receives the transfer in sucres then converts the funds into its local currency and credits the host country's account.

Herein underlies the importance of the banking agreement signed between Iran and Ecuador in 2008. Regardless of which ALBA nation decides to trade with Ecuador, this agreement affords Iran the ability to leverage its financial activity in Latin America through one principle entity, minimizing the risk. Moreover, it affords Iran the possibility to offset their accounts directly, without making use of U.S. correspondent accounts in Latin America.

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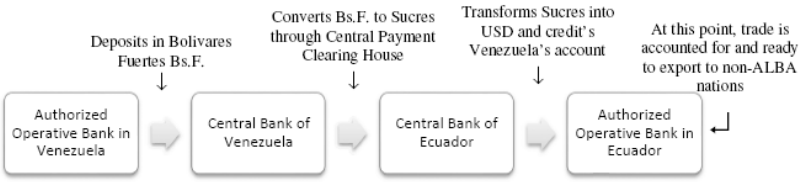
[28] Robert M. Morgenthau, "The Emerging Axis of Iran and Venezuela"; *The Wall Street Journal,* Sept. 8, 2009— *http://online.wsj.com/article/SB10001424052970203440104574400792835972018.html*.

[29] Otto J. Reich & Ezequiel V. Ger, "Iran's stealth financial partners in Latin America," *Miami Herald,* March 14, 2012—*http://www.newsmax.com/Newsfront/Iran-Ecuador-money-laundering/2012/07/18/id/445807*.

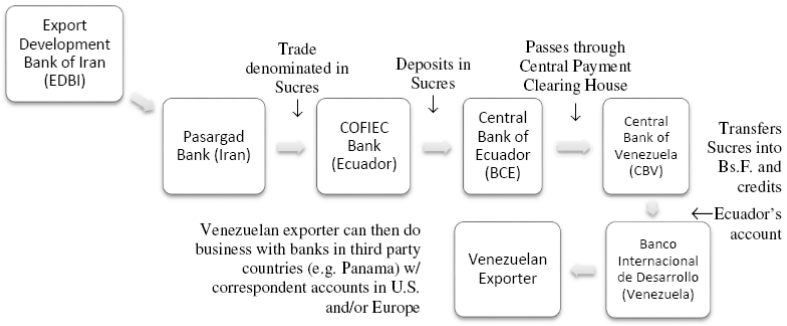
[30] Rosales, A., 2010b. "El Banco del Sur y el SUCRE: (des) Acuerdos sobre una Arquitectura Financiera Alternativa"; In: *Jornadas de Economia Critica*; Zaragoza, Spain—Feb. 15, 2010.

Figure 1: Hypothetical SUCRE trade between Venezuela and Ecuador



Once the framework was established, the former Ecuadorian central bank chief, along with representatives of a small state-controlled commercial bank called *Corporación Financiera Ecuatoriana, S.A.* (COFIEC), traveled to Moscow and Tehran to hold several meetings with Iranian state-owned commercial banks, namely *Bank Melli* and the *Pasargad Bank*, both of which have been sanctioned by the U.S. Treasury's OFAC.[31] This meeting is important because it nominated these state-owned commercial banks as "authorized operative banks" within their respective countries, a function that is core to the SUCRE system as illustrated in Figure 2 below.

Figure 2: Iran's hypothetical penetration of SUCRE trade model



Traditional TBML schemes often include under and over invoicing, phantom shipments and other falsification of the value or quantity of a shipment including multiple invoicing of good in order to justify the transfer of value from one jurisdiction to another. Internal documents from Ecuador's tax collection agency and custom officials' show that these symptoms already exist within the SUCRE system, particularly as it relates to fictitious trade transactions between Venezuela and Ecuador.[32]

This state-sponsored TBML scheme has the potential to provide Iran with a significant strategic advantage in Latin America, as it can attract billions of dollars in interbank deposits, and repeatedly extend the maturities of these deposits and use the discretionary cash for purposes harmful to U.S. security interests in the region and elsewhere.

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[31] The Iranian Pasargard bank later sent a request to the COFIEC bank in Ecuador to register its name internally in Ecuador's financial system on an account with an "alternative currency" and a year earlier the Constitutional Tribunal of Ecuador approved a trade agreement with Iran to establish payments in "freely convertible currencies" making reference to the SUCRE system.

[32] Ezequiel Vázquez-Ger, "Laundering Venezuela's Dirty Money," *Miami Herald,* July 1, 2013, *http://www.miamiherald.com/2013/06/29/3475717/laundering-venezuelas-dirty-money.html*.

The dual-use of PDVSA to aid and abet Iran's missile and WMD programs

Given Iran's privileged banking relationships, and subsequent money-laundering schemes in Latin America, the superfluous cash could be used to shop for much-needed equipment, technology, and raw materials in Latin America that aid and abet its ballistic missile and WMD programs in their homeland.

The central bank relationship between Ecuador, Venezuela, and Iran provides an example of how state-owned or -controlled enterprises can potentially facilitate higher-risk, security-related undertakings—but this only describes the threat in the banking sector. There are several other sectors in Latin America to which Iran are utilizing state-owned or -controlled companies to engage in WMD proliferation and other illicit procurement activity.

These sectors are intertwined in a complex web of illicit procurement that relies on what the former Under Secretary for Terrorism and Financial Intelligence, Stuart Levy, has called "a maze of financial entities" that "essentially hoodwink those still doing business with Iran into facilitating illicit transactions for the procurement and transport of dual-use, missile-related items."[33]

A majority of these illicit procurement activities in Latin America are taking place within the energy and transportation sectors of Venezuela and Iran, in collusion with their respective defense sectors. At the highest level, these exchanges are between the military industries of both nations. On behalf of Iran, this is manifested through the Defense Industries Organization (DIO) and its sister organization the Aviation Industries Organization (IAIO), both under the larger umbrella of the Ministry of Defense and Armed Forces Logistics (MODAFL). On behalf of Venezuela, their military industrial arm—*Compañia Anonima Venezolana de Industria Militares* (CAVIM)—facilitates this military cooperation. While both the MODAFL and CAVIM have been sanctioned under the Iran, North Korea, and Syria Nonproliferation Act (INKSNA), many of their subsidiaries, affiliates, and contractors have not.[34]

In one case, a known affiliate of IAIO was financing the construction of a manufacturing plant in Maracay, Venezuela that was assembling Iranian-designed, Venezuelan-built unmanned aerial vehicles, UAVs—drones. This known affiliate, Kimiaa Sanat, Co. is an alias for the Iranian firm Qods Aviation, which is sanctioned by the United States, United Kingdom, and is prominently listed in the Annex to United Nations Security Council Resolution—UNSCR 1747 as an "entity of concern for WMD-related procurement."[35]

In January 2011, another military site in Maracay went up in flames when an unusual explosion rocked the city and damaged the UAV facilities. This explosion was more characteristic of a blast that might have happened in the petrochemical town of Moron, less than 100 miles away. In fact, it is in Moron that Iran is helping build various chemical plants alongside CAVIM. Suspected of being involved in these joint chemical projects is the notorious Iranian front company Parchin Chemical Industries (PCI), a subsidiary of the Defense Industries Organization, a branch of the MODAFL. PCI is heavily-sanctioned and listed as a premier entity in UNSCR 1747 for aiding and abetting Iran's ballistic missile and WMD programs.[36]

In effect, these military projects are camouflaged through the dual-use of Venezuela's national oil company, *Petroleos de Venezuela, S.A.* (PDVSA), who has facilitated contracts with several sanctioned Iranian oil and gas companies, as well as constructions companies. In December 2006, the Iran Marine Industrial Company, also known as SADRA, inked a deal with PDVSA through a subsidiary—*PDV Marina, S.A.* Considering SADRA is an offshoot of the heavily sanctioned Khatam al-Ambia shipbuilding company of Iran, this led to PDVSA being sanctioned by the United States for "delivering at least two cargoes of reformate to Iran."

These sanctions only prohibited PDVSA from competing for U.S. Government procurement contracts, obtaining U.S. export licenses, and from securing financing from the Banco Inter-Americano de Desarrollo (BID), which is the U.S. export-import bank in Latin America. This financial setback was offset by increased business with China, but most importantly these sanctions do not apply to PDVSA subsidiaries nor do they prohibit the export of crude oil to the United States, effectively

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[33] Quote taken from television interview.

[34] *ABC Spain.*

[35] Joseph M. Humire, "Iranian Weapons on Americas Doorstep," *Washington Times,* July 4, 2012, *http://www.washingtontimes.com/news/2012/jul/4/iranian-weapons-on-americas-doorstep/?page=all.*

[36] Casto Ocando, "A look inside the mysterious Venezuelan-Iranian gunpowder plant," *Univision,* January 12, 2012, *http://univisionnews.tumblr.com/post/15741649531/a-look-inside-the-mysterious-venezuelan-iranian.*

rendering PDV Marina, a subsidiary to PDVSA, unaffected by the U.S. sanctions; therefore, continuing to operate advancing its agreements with Iran.

In July 2012, SADRA completed the construction of the first of four Aframax oil tankers for Venezuela, and delivery is scheduled to arrive "soon" to its Venezuelan owner, PDV Marina.[37] A follow-on agreement has been signed by PDV Marina with the Islamic Republic of Iran Shipping Lines (IRISL) to create a joint maritime oil transport company. This joint venture is reportedly going to be called TC Shipping, Co. and will be a direct affiliate of the National Iranian Tanker Company (NITC), who is heavily complicit in the proliferation of Iran's WMD and ballistic missile programs.

These state-owned, or -controlled enterprises in Venezuela and Iran's energy, transportation, and construction industries provide a veil over Iran's growing and unprecedented military industrial footprint in the region.

Exploiting Canada's refugee process through fraudulent passports and visas

ALBA countries have been instrumental in providing fraudulent passports and visas to Iranians and other Islamic extremists seeking to slip into North America. Canada is particularly vulnerable to these schemes because of their high level of acceptance (86%) of refugee claims made on behalf of Iranians.

According to a declassified intelligence report produced last year by the Canadian Border Services Agency (CBSA), Iran is the No. 1 source country of improperly documented[38] migrants to Canada. Most of these improperly documented migrants make a claim for refugee status, the majority of which achieve such status, and arrive by air from third-party countries (very few arrive through land-border crossings) and residing in the Greater Toronto Area (GTA).[39]

Most of these third-party countries are in Latin America. From 2009 to 2011, Latin America was the largest prior embarkation region for improperly documented Iranians, comprising almost half of the total number. The majority passed through Caracas, Venezuela (and a good number went through Mexico City as well). In another report by the CBSA's Miami Liaison Unit, Canadian border officials indicated that some airport and airline staff in Caracas was implicated in providing fraudulent documentation to recently arrived Iranians in Venezuela.

In 2002, General Marcos Ferreira, who resigned as director of Venezuela's National Guard border control (*Departamento de Extranjera, DX*), blew the whistle on how Cuban intelligence is managing Venezuela's intelligence apparatus.[40] He specifically pointed to former interior minister Rodriguez Chacin, testifying that the minister repeatedly pressured him to launder the identities of terrorist and narcotraffickers transiting through Venezuela.

A decade later the problem has only gotten worse. In 2009, Tarek Al-Aissami, a Venezuelan born in Lebanon and of Syrian descent, became the Interior Minister after heading up Onidex, the Venezuelan passport and naturalization agency. Al-Aissami appointed a close friend, Dante Rivas Quijada as the head of Onidex, and together they have worked with Ghazi Nasr-Din, a Venezuelan diplomat also born in Lebanon, to funnel Venezuelans to the Middle East and Iranians and Lebanese to North America.[41] Ghazi Nasr-Din is listed as a "Specially Designated Global Terrorist" by the U.S. Treasury Department.

It is estimated that tens of thousands of fraudulent identification (passports, driver license, birth certificates, national ID cards, etc.) has been produced in Venezuela. Much of this has been delivered to Iran, Hezbollah, and other extremist groups seeking to use Latin America as a springboard to enter North America.

RECOMMENDATIONS FOR U.S. HOMELAND SECURITY

Mr. Chairman, what has been described above presents a clear and present threat to U.S. Homeland Security and I am convinced that Iran's influence in Latin Amer-

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[37] Press Release by PDVSA: "PDV Marina signed agreement with Iranian company to build 4 tankers," December 22, 2006, *http://www.pdv.com/index.php?tpl=interface.en/design/salaprensa/readnew.tpl.html&newsid_obj_id=3393&newsid_temas=1* and now Press Release by Fars News Agency where Iranian VP announced "Giant Oil Tanker Ship Ready for Delivery to Venezuela," July 2, 2103, *http://english.farsnews.com/newstext.aspx?nn=13920411000649*.

[38] The report uses the term "improperly documented" to refer to migrants who travel on false, altered, stolen, or otherwise improperly issued/obtained travel documents.

[39] Canada Border Services Agency (CBSA), "Irregular Migration of Iranians to Canada," July 2012, released under the access to information act.

[40] Martin Arostegui, "Chavez Plans for a Terrorist Regime," *Insight* Magazine, December 24, 2002, *http://www.freerepublic.com/focus/news/813499/posts*.

[41] Anna Mahjar-Barducci, "Venezuelan Minister Hangs out with Hezbollah," Gatestone Institute, February 11, 2011, *http://www.gatestoneinstitute.org/1878/venezuelan-minister-hezbollah*.

ica has grown and is evolving rapidly to include not just ALBA but other countries throughout the region.

Some analysts may disagree, but often the mistake these analysts make is that they compare Iran's influence in Latin America to other extra-regional state actors, such as China, or perhaps even Russia. This is a faulty analysis.

When examining Iran's influence in the region it is imperative to get the benchmark right. Comparing Iran to other extra-regional state actors is comparing apples to oranges. The only way to get an accurate sense of whether Iran's influence is evolving, growing, or perhaps even "waning" is to compare their influence today to what it was yesterday. Essentially comparing apples to apples. And when you look at this data set, in almost every indicator, whether its trade, diplomacy, cultural exchange or the more dangerous asymmetric indicators described in this written testimony—the trajectory is upward.

This upward trajectory is due in large part to the influence ALBA has had in the region. Simply stated, Iran's influence in Latin America is dependent on ALBA's influence in Latin America and quite frankly the Bolivarians have dominated the narrative in the region for over a decade.

The ALBA alliance has written the playbook on how to use asymmetric warfare in Latin America, because it understands that the moral war for legitimacy is the primary center of gravity in the region. The strength of the Bolivarian revolution lies in their ability to establish de-facto legitimacy within the general populace of the region, while delegitimizing all prior governments as well as opposition movements within their countries. In Bolivarian terms, this is a resistance movement within Latin America that is liberating the marginalized, oppressed, and indigenous people of the Americas from illegitimate occupying regimes that have governed the region since the Spanish conquest.[42]

Within this context, it is the legitimacy that the Bolivarians have established, which has paved the way for Iran to penetrate Latin America.

Given the details of this testimony, along with the highly-detailed reporting of Argentine prosecutor Alberto Nisman, our findings point to the conclusion that the Iran-Hezbollah-ALBA axis is an imminent threat to U.S. National security interests in the Western Hemisphere.

The following is a recommendation for where the U.S. Government can focus a whole-of-Government approach to neutralize this threat:

(1) The most effective way to counter the ALBA narrative in Latin America is to establish a counter-narrative with a new alliance that serves as a counterweight to ALBA's influence in Latin America. This alliance has already formed and is called the Pacific Alliance (Chile, Peru, Colombia, and Mexico), however, this newly formed alliance is still fragile. Each country faces a myriad of internal political, economic, social, and asymmetric challenges that could at any moment subvert internal institutions to corrupt them and sway the balance of power back towards the Bolivarians. Therefore, a robust public diplomacy and intelligence effort needs to be established with the Pacific Alliance that not only works with Governmental entities within this alliance, but also with civil society counterparts and the media to expose the nefarious actions by Iran and ALBA. This sort of initiative should be aimed at legitimizing the Pacific Alliance, while delegitimizing the ALBA alliance and their Iranian connections and must be done from the bottom-up.

The following are some initiatives that the U.S. Department of Homeland Security could commence or expand upon with allies in the Western Hemisphere:

(2) In a recent survey, it was determined that approximately half of the countries in Latin America and the Caribbean have existing laws that make terrorist-related activities a crime under national law.[43] The lack of anti-terrorism legal framework is a loophole that is being exploited by a wide range of Islamist terrorist groups in several countries throughout the region. This is especially true in Brazil, where Islamic extremist groups have been growing at an alarming rate. Over the years there has been a handful of anti-terrorism legislative proposals introduced before the Brazilian Parliament, six of which are being currently reviewed by the Chamber of Deputies. Given the momentum of the 2014 FIFA World Cup and the 2016 Summer Olympics set to take place in Brazil, U.S. Homeland Security should provide legal, technical, and other assistance to Brazil, to pass and implement effective anti-terrorism legislation.

(3) The abuse of Free Trade Zones (FTZ) by Iran and Hezbollah is of concern to U.S. Homeland Security. With the expansion of the Panama Canal, so comes

[42] Max G. Manwaring, "Venezuela as an Exporter of 4th Generation Warfare Instability," Strategic Studies Institute, U.S. Army War College, December 2012.

[43] The American Foreign Policy Council took this anti-terrorism legal survey.

the expansion of Free Trade Zones such as Colon. Regional officials estimate that with the expansion of the canal, more than half of the containers passing through will be warehoused in the Colon FTZ. This provides Iran and their proxies an attractive transshipment point to move terrorism-related products and WMD/effects. U.S. Homeland Security should strengthen intelligence sharing with Panamanian counterparts to ensure they receive timely and actionable intelligence on Iranian vessels passing through the Canal. And also expand the "Container Security Initiative," managed by the U.S. Customs and Border Protection, to additional free trade zones in the region, most notably along the Tri-Border of Chile, Peru, and Bolivia.

(4) Lastly, U.S. Homeland Security should work with Canadian counterparts to identify, screen, and perform enhanced-due diligence on visa applications coming from ALBA countries. In instances where an improperly documented case is discovered, visas should be denied and the applicant should be placed on a watch list for further monitoring.

Mr. DUNCAN. Thank you so much.

The Chairman will now recognize Mr. Misztal to testify for 5 minutes.

STATEMENT OF BLAISE MISZTAL, ACTING DIRECTOR OF FOREIGN POLICY, BIPARTISAN POLICY CENTER

Mr. MISZTAL. Thank you, Chairman Duncan, Mr. O'Rourke, Members of the subcommittee, I appreciate the opportunity to appear before you today. I am honored to testify together with such a distinguished panel. But I also regret that Alberto Nisman was not allowed to present his findings. His case highlights the difficulty of gathering facts about Iranian involvement in Latin America, making today's proceedings all that more important.

Designing effective policies to counter any threat to the American homeland posed by Iran's terrorist activities in our hemisphere requires understanding its strategy and intentions. The Bipartisan Policy Center's National security program combines several unique approaches to do exactly that. Over the last 6 years, we have studied Iran's grand strategy and its pursuit of a nuclear weapons capability. Our homeland security project, led by former 9/11 Commission Co-chairs Kean and Hamilton studies emerging terrorist threats, and we are proud to host former president of Colombia Alvaro Uribe. As a senior fellow, he keeps a close eye on regional developments.

This combination of perspectives on Iran, terrorism, and the Western Hemisphere allows us to examine Iran's strategic ambitions and how they might shape its tactics and behavior in our region. Iran's activities in the Western Hemisphere have three primary motivations: First, cultivating stronger ties with nations that oppose the United States; second, finding economic assistance; and, third, establishing tactical asymmetric capabilities to target U.S. interests. Dynamics that play today could significantly impact Iran's ability by either negatively or positively to succeed in any of these areas.

With the passing from the stage of both Iranian President Mahmoud Ahmadinejad and the Venezuela President Hugo Chávez, Iran's bilateral ties to Latin America have arrived at a natural inflection point. Chávez' death weakened the Venezuelan Government and its anti-American allies in Havana, La Paz, and Quito, who form Iran's natural constituency in the region. Their anemic economic performance will further weaken these regimes

and limit their ability to assist Iran, creating an opportunity to drive a wedge between these partners.

If left unchecked, however, the anti-American block in the region will likely grow both ideologically more fervent and increasingly desperate for allies. Similarly, Iran's own political and economic isolation as a result of sanctions will drive it to seek friends and money wherever it can. Thus, the bond between Iran and Venezuela, as long as these regimes stay in power, is unlikely to be broken. But unable to help each other, both are likely to turn to a third party—Russia or China, perhaps—for assistance.

The Islamic Republic of Iran, however, is not just interested in political and economic support. It is determined to impose its brand of theological totalitarianism on the Middle East. This ambition translates into rooting out U.S. influence in the region and undermining its power wherever possible, including Latin America. Iran has systematically pursued this aim through the use of violence, but its tactics have evolved over the 30 years of its existence.

The first half of Iran's existence under its current regime was dominated by a direct confrontation with its enemies. The second half has seen Iran develop asymmetric warfare and terrorist capabilities, including the creation of the Quds Force within the Islamic Revolutionary Guard Corps and its strong ties to the Lebanese terrorist group Hezbollah. There is still doubt that these capabilities exist to attack American interests. But Iran uses them tactically to further their strategic ambitions indiscriminantly or haphazardly. Iran's current tactical considerations are likely to restrain it from inciting terror in the Western Hemisphere for now.

Recent attacks tied to the Quds Force or Hezbollah have largely been retaliatory in nature. This trend is likely to continue. Iran dares not risk any action that would be blatant or bloody enough to illicit direct U.S. military reprisal. Iran's leaders know that to provoke American ire now when Iran is closing in on nuclear weapons capability would be to sacrifice what they have long been working towards. But this does not mean that Iran will always have reason for such restraint. Indeed, the closer that the United States and Iran draw to direct conflict, whether in Syria or over Iran's nuclear program, the greater the chance of Iranian-sponsored terrorist activity in our hemisphere.

There are still concrete steps that should be taken now to better prepare the eventuality that Iran's tactical calculus changes.

First, good police work can foil terrorist plots. The United States has a strong track record of working with law enforcement agencies throughout the Western Hemisphere, particularly in Colombia. But these efforts should be further bolstered. Particularly critical to this task will be the Department of Homeland Security's Federal Law Enforcement Training Centers and the air national capacity building branch.

Second, improving U.S. intelligence cooperation with regional partners could further contribute to our ability to detect and prevent Iranian terrorist plots. One way to do this is to expand the representation of foreign countries and their intelligence services at the El Paso Intelligence Center.

Iran's use of asymmetric capabilities and terrorist allies is likely to remain limited for now. It is only those cases where Iran be-

lieves that they can be used to bring its nuclear dreams closer to reality. We should use this opportunity to better secure our homeland while the regime in Tehran is still exercising restraint.

Thank you. I look forward to your questions.

[The prepared statement of Mr. Misztal follows:]

PREPARED STATEMENT OF BLAISE MISZTAL

JULY 9, 2013

Chairman Duncan, Ranking Member Barber, Members of the Committee, I appreciate the opportunity to appear before you today, alongside such distinguished panelists, to discuss Iran's influence in the Western Hemisphere.

BIPARTISAN POLICY CENTER NATIONAL SECURITY PROJECT

Through the National Security Project, the Bipartisan Policy Center maintains two task forces that have worked to develop recommendations that are particularly important to the work of this committee.

Homeland Security Project

The Homeland Security Project's (HSP) core mission is to be an active, bipartisan voice on homeland and National security issues. The project is co-chaired by former Governor Tom Kean and former Congressman Lee Hamilton who led the 9/11 Commission's bipartisan 20-month investigation into the September 11 attacks and forged unanimous agreement on its 41 recommendations—the vast majority of which were enacted into law.

With terrorist threat and tactics becoming more complex and diverse, the project works to foster public discourse, provide expert analysis, and develop proactive policy solutions on how best to respond to emerging challenges. The critical role played by co-chairs Kean and Hamilton in creating the Department of Homeland Security, and their continued analysis of its successes and shortcomings in the face of evolving threats, make the work of HSP salient to the question of how to protect our homeland from Iranian threats.

Iran Task Force

Iran's role in sponsoring terrorism is not the only cause for concern, however. Its pursuit of nuclear weapons capability is the most urgent National security threat facing the United States. For that reason, almost 6 years ago the Bipartisan Policy Center convened a task force of distinguished former Members of Congress, Government officials, military leaders, and experts to study this threat and articulate and advocate a realistic and robust approach to this pressing problem. Since the return of one of the original co-chairs, Dan Coats, to the Senate, the task force has been led by Senator Charles Robb and General (ret.) Charles Wald. Others taking part in the task force include former members: Christopher Carney, Dan Glickman, and John Tanner.

Our first report was entitled "Meeting the Challenge: U.S. Policy Toward Iranian Nuclear Development" and issued in September 2008.[1] In it we stated that "continued Iranian enrichment of uranium and ineffectively monitored operation of the light water reactor at Bushehr threaten U.S. and global security, regional stability, and the international nonproliferation regime." Consequently, we concluded that "a nuclear weapons-capable Islamic Republic of Iran is strategically untenable," and we recommended a triple-track strategy for preventing a nuclear weapons-capable Iran. Those three tracks are diplomacy, sanctions, and the credible threat that force may be used if the other two tracks fail.

The BPC task force on Iran proceeded to issue four additional reports on Iran: "Meeting the Challenge: Time Is Running Out" in September 2009,[2] "Meeting the Challenge: When Time Runs Out" in June 2010,[3] "Meeting the Challenge: Stopping the Clock" in February 2012,[4] and "The Price of Inaction: An Analysis of Energy and Economic Effects of a Nuclear Iran" in October 2012.[5] As suggested by the titles

[1] *http://bipartisanpolicy.org/library/report/meeting-challenge-us-policy-toward-iranian-nuclear-development.*
[2] *http://bipartisanpolicy.org/library/report/meeting-challenge-time-running-out.*
[3] *http://bipartisanpolicy.org/library/report/meeting-challenge-when-time-runs-out.*
[4] *http://bipartisanpolicy.org/library/report/meeting-challenge-stopping-clock.*
[5] *http://bipartisanpolicy.org/library/report/price-of-inaction.*

of the reports, we believe the Iranian nuclear threat has been growing steadily since 2008, and we have continued to recommend a triple-track strategy to prevent a nuclear weapons-capable Iran.

In the 5 years since we published our first report, Iran has made significant progress in its nuclear program despite vigorous efforts at diplomacy, increasingly tough sanctions, due in large part to the unflagging efforts of the U.S. Congress, and a determined campaign of cyber attacks and other covert activities. It has also sought to accumulate political influence, build economic ties, and develop a network of criminal and terrorist assets around the world, but particularly in the Western Hemisphere. For this reason I applaud the leadership of this committee in drafting and passing last year H.R. 3783, the Countering Iran in the Western Hemisphere Act, as well as continuing to study this important topic.

IRAN & LATIN AMERICA: RELATIONSHIP AT A CROSSROADS

This is a critical moment to examine Iran's influence in the Western Hemisphere and to consider what can be done to limit its influence. Iran's interest in Latin America has three primary motivations: (1) Cultivating stronger diplomatic ties with nations that oppose the United States, (2) finding economic assistance amidst sanctions, and (3) establishing strategic capabilities for terrorist and asymmetric operations. Dynamics at play today could significantly impact Iran's ability, both positively and negatively, to succeed in any of these areas. If these dynamics are properly understood and exploited, they represent a unique opportunity to undo the nexus of political, economic, criminal, and terrorist ties that span from Tehran and Beirut to Caracas and the Tri-Border Area of Brazil, Paraguay, and Argentina.

Iran's efforts to secure political backing and economic assistance from Latin America have met with mixed results over the last decade. Now, with the passing from the stage of the two personalities that, over the course of the last decade, most drove the Iranian-Latin American relationship—Iranian President Mahmoud Ahmadinejad, whose second and final term just ended, and Venezuelan President Hugo Chávez, recently deceased—they have arrived at a natural inflection point.

Regional dynamics are currently in the favor of the United States. Chávez's death weakened the Venezuelan government and, by extension, its anti-American sympathizers in Havana, La Paz, and Quito, who form Iran's natural constituency in the region. But their weak economic performance will prove an even more destabilizing force for these regimes, and limit their ability to assist Iran, presenting an opportunity for the United States.

At the same time, Iran's own political and economic isolation, as a result of sanctions, will drive it ever more desperately to seek friends and money wherever it can. In this way, we should understand Iran's interest in strengthening diplomatic and economic ties with Latin America as perhaps a sign of the effectiveness of U.S. efforts to isolate it. That should be a reason to only further tighten sanctions on doing business with Iran and to ensure that it does not find an economic lifeline in the Western Hemisphere.

Iran, however, is not just interested in political and economic support. It is the world's largest state sponsor of terrorism and has already been tied to two terrible attacks in Argentina and several other dastardly plots in region. Yet, Iranian tactical use of terror has of late tended toward retaliatory attacks, suggesting a concern for not provoking a U.S. military reprisal that would disrupt its nuclear program. This presents both an opportunity and challenge for U.S. policy. An opportunity to bolster regional law enforcement and intelligence cooperation to disrupt any Iranian terror networks in hemisphere while the regime in Tehran is exercising restraint. It will be challenging, however, to avoid any changes to Iranian tactical calculus that might render terrorism against U.S. targets and interests attractive. Designing effective policies to counter the threat posed by Iran's continuing terrorist activities to the American homeland requires understanding both the scope of its presence in our hemisphere as well as its strategy and intentions.

IRANIAN POLITICAL AND ECONOMIC ACTIVITIES IN THE WESTERN HEMISPHERE

While Iran has undoubtedly demonstrated greater interest in strengthening diplomatic and economic ties with the region, mediocre trade and economic figures and lack of any allies outside of South America's Chávez-inspired anti-American bloc indicate that Iran's influence in the region is insufficient to yield it great benefit.

Overview

Iran's interest in Latin America is not recent—dating back over a century—but it has little natural constituency in the region.

Iranian and Muslim populations in Latin America

Iranian immigration to Latin America has been historically low and is significantly smaller than the already small number of Arabs in the region, with Arabs comprising less than 4 percent of Argentina's population and 1 percent of Brazil's.[6] Persian immigration into the region—most of which occurred in the run-up to or aftermath of Iran's 1979 Islamic Revolution—is far less, as a 1996 report from Worldwide Persian Outreach gave a rough estimate of only 100,000 persons of Iranian descent living outside of the United States in "other parts of the world."[7] The overall Muslim population in Latin America and the Caribbean is also quite small, numbering roughly 1.5 million, two-thirds of whom live in Argentina and Brazil. Most of Argentina's Muslims are Syrian and Sunni, and Brazil's Muslims are mostly recent Sunni and Shia immigrants from Palestine and Lebanon living in the southern city Curitiba and the Tri-Border Area (TBA) that borders Argentina and Paraguay.[8]

Iran-Latin America relations to 2000

Iran's first association with a Latin American government came in 1889 when Iran exchanged diplomatic representatives with Mexico. Argentina and Brazil followed suit in 1902 and 1903, respectively, and further interaction came when Iran and Venezuela came together in the 1940s to call for better treatment from international oil companies.[9] Iran's ties to the region continued to be based on oil and resources. In 1960, it founded the Organization of the Petroleum Exporting Countries (OPEC) with Venezuela along with Iraq, Kuwait, and Saudi Arabia. And under the reign of U.S. ally Shah Muhammad Reza Pahlavi, Iran in the 1970s began to import raw materials from Latin America and established its first embassies in the region in Argentina, Mexico, and Venezuela, at that time all mutual allies of the United States.[10]

Just as Iran's 1979 Islamic Revolution radically changed the nature of the regime in Tehran, so too did it initiate a shift of Iran-Latin America relations. Supreme Leader Ruhollah Khomeini's hatred of the United States manifested itself in Iran's increased ties with pro-communist, anti-Western Latin American governments, namely Castro's Cuba and Sandinista-led Nicaragua. In 1981 Castro invited Iran to open an embassy in Havana, and in 1983 Nicaragua's minister of education flew to Tehran on a visit that included a meeting with Ayatollah Khomeini. While Iran's relations with Cuba and Nicaragua were largely symbolic and ideological, Iran's economic needs in the 1980s led to increased wheat imports from Argentina and discussions with Brazil on supplying equipment for power plants and expanding trade to $1.5 billion.[11] Iran's push to develop ties with anti-U.S. governments and secure alternate economic markets ended, however, in 1989, with the death of Ayatollah Khomeini. Khomeini's death opened the way for the relatively more pragmatic policies of President Ali Akbar Hashemi Rafsanjani, whose agenda included improving relations with the West and expanding free enterprise, a path that placed less emphasis on cultivating ties with the developing countries of Latin America.

The first major instance Iranian-sponsored terrorist activity in the region occurred midway through Rafsanjani's presidency. In March 1992, the Israeli embassy in Argentina was bombed. Islamic Jihad Organization, considered a front for Hezbollah, claimed responsibility for the 1992 bombing, stating that it was in response to Israel's assassination of Hezbollah Secretary General Sayed Abbas al-Musawi. Two years later, in July 1994, another bombing targeted the Argentine-Israelite Mutual Association (AMIA) community center, killing 85 and wounding over 200. Though the community center bombing is still an open investigation due to Argentina's failure to properly seek and collect evidence following the attack, recent research concludes that high-ranking members of Iran's Islamic Revolutionary Guard Corps (IRGC) directed the Lebanese terrorist group Hezbollah to carry out the attack.[12] In 1999, Argentina issued an arrest warrant for high-profile Hezbollah operative

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[6] "Brazil," CIA World Factbook, May 15, 2013, *https://www.cia.gov/library/publications/the-world-factbook/geos/br.html*.

[7] "Persian Diaspora Census 1996," Worldwide Persian Outreach, 1996. *http://www.farsinet.com/pwo/diaspora.html*.

[8] Stephen Johnson, "Iran's Influence in the Americas," Center for Strategic and International Studies, March 2012. *http://csis.org/files/publication/120312__Johnson__Iran%27sInfluence__web.pdf*.

[9] Ibid., 4.

[10] Ibid.

[11] Ibid.

[12] "Buenos Aires bomber 'identified,'" *BBC News,* November 10, 2005. *http://news.bbc.co.uk/2/hi/americas/4423612.stm*.

Imad Mughniyeh for his believed involvement in both bombings, however Mughniyeh was assassinated in 2008 and never brought to trial in Argentina.

Despite Iran's involvement in such atrocities, it continued to find ready partners in Latin America. Rafsanjani's successor as president, Muhammad Khatami, laid the foundations of Iran's warm relations with the anti-U.S. bloc in the region. He started joint economic initiatives with Venezuela to build tractor, cement, and automobile factories both to show political ties and to develop export outlets for Iran's sanctions-stricken economy.[13]

Iranian Bilateral Relations and Diplomacy in Latin America

Since his election in 2005, President Mahmoud Ahmadinejad increased the efforts of his predecessors in the region, aggressively seeking to strengthen trade and diplomatic ties, primarily with the anti-U.S. block of Venezuela, Bolivia, Ecuador, Nicaragua, and Cuba. Until the recent end of his second, and final, term in office, Ahmadinejad visited the region eight times, most recently for Hugo Chávez's March 2013 funeral. Originally scheduled to travel to Ecuador for Rafael Correa's May 2013 inauguration, Ahmadinejad sent his vice president, Ali Saeedlou, instead. Latin American leaders also beat a path to Tehran during this period: Hugo Chávez visited nine times; Nicaraguan President Daniel Ortega thrice; Bolivian President Evo Morales twice; and one visit each from Brazil's Luiz Ignacio Lula da Silva, Ecuador's Rafael Correa, and Guyana's Bharrat Jagdeo.

The biggest political benefit to Iran from this diplomatic outreach to Latin America came not from one of the usual anti-American suspects, but from Brazil. A brief period of warm relations between Ahmadinejad and then Brazilian President Luiz Ignacio Lula da Silva culminated in Lula's 2010 visit to Tehran in an effort to negotiate a diplomatic agreement that would resolve international concerns about Iran's nuclear program. While in Tehran, Lula, along with Ahmadinejad and Turkish Prime Minister Recep Tayyip Erdogan, agreed to exchange Iranian low-enriched uranium for reactor fuel, a plan quickly scrutinized and rejected by the West. This would-be deal was intended to deliver to each of the orchestrators—Ahmadinejad, Lula, and Erdogan—what they wanted most: Easing of international sanctions and a domestic victory for Ahmadinejad; increased influence on the world stage for the other two. Once the deal fizzled, so too did this uneasy and unnatural alliance. With the 2010 election of President Dilma Rousseff, Brazil's relations with Iran began to cool. They suffered further from Brazil's 2011 support of a Washington-led United Nations investigation of purported human rights abuses in Iran.

By the time of President Ahmadinejad's January 2012 visit to Latin America, Iran's ties in the region were once again limited to the anti-imperial bloc. Though unable to visit Bolivia, he was greeted warmly in Venezuela, Nicaragua, Cuba, and Ecuador, but not invited to Brazil, Mexico, Colombia, or Argentina, a sign of Iran's diminished political standing in the region.[14] Ahmadinejad did make a low-key visit to Brazil in June 2012, but as one out of many leaders attending the Rio Earth Summit on environmental issues.[15] The disinterest that most responsible regional governments have demonstrated for closer political ties to Iran is largely shared by their citizens. With few exceptions, Iran is extremely unpopular throughout Latin America; a 2011 poll found that, when asked their opinion about a list of nine countries, citizens of the region ranked Iran last. The United States was ranked first.[16]

Iranian Trade and Economic Influence in Latin America

Many of those fearful of Iran's growing economic presence in the region cite trade statistics as an indicator of Iran's strong ties with the region, and such figures may seem large when isolated from the those reflecting Iran's trade with other global economies. When properly interpreted, however, the figures reflecting trade between Iran and Latin America—even among Iran's strongest allies in the region—reveal that Iran's economic relationship with the region is more symbolic than substantive.

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[13] Stephen Johnson, "Iran's Influence in the Americas," Center for Strategic and International Studies, March 2012. *http://csis.org/files/publication/120312_Johnson_Iran%27sInfluence_web.pdf*, 10.

[14] Simon Romero, "Iranian Adviser Accuses Brazil of Ruining Relations," *New York Times*, January 23, 2012. *http://www.nytimes.com/2012/01/24/world/americas/ahmadinejad-adviser-accuses-brazil-of-ruining-relations.html?_r=0*.

[15] "Rio +20 summit begins under a cloud of criticism," *Reuters*, June 21, 2012. *http://uk.reuters.com/article/2012/06/20/us-un-climate-idUKBRE85H19320120620*.

[16] Cynthia J. Arnson, "Cold Welcome for Iran in Latin America; 'Vigilance' Still Needed, Testimony before the Senate Foreign Relations Committee, Feburary 16, 2012. *http://www.wilsoncenter.org/article/cold-welcome-for-iran-latin-america-%E2%80%98vigilance%-E2%80%99-still-needed*.

Despite the strong personal friendship of Ahmadinejad and Venezuelan President Hugo Chávez of recent years, Venezuela does not even rank among Iran's top 50 trade partners, and in 2011 Venezuela imported less than $14 million of Iranian goods, ranking below countries like Afghanistan, Georgia, and Guatemala. Additionally, Venezuela in 2011 was ranked as Iran's 48th largest export partner at $8 million.[17] Nor does Iran export much to Venezuela, ranking as its 45th largest import partner, lower than even North Korea. Even those economic initiatives used to strengthen political ties between Iran and Venezuela are economically negligible, as it is reported that the joint automobile and tractor factories in Venezuela chronically under-produce what are deemed to be substandard products. Similar joint projects for dairy and cement production are also reported to lack economic viability.[18] These statistics give clear evidence that Iran's relationship with Venezuela is more political than economic, more rhetoric than real. The majority of the $17 billion in joint-venture agreements made between Iran and Venezuela throughout Chávez's 12-year rule never came to fruition.[19]

Cuba, Ecuador, and Bolivia, despite their warm diplomatic ties with Tehran over shared opposition to the United States, also lack any significant trade ties to Iran, as neither country counts Iran among their top 50 trade partners.[20] Ahmadinejad and Bolivian President Evo Morales have signed economic agreements worth $1.1 billion in mostly energy infrastructure, and it has been recently reported that Iran's national oil company is considering investing in Bolivian oil and natural gas sectors. To date, however, Iran's investment in Bolivia totals roughly $10 million—a figure, once again, more symbolic than economically viable.[21] Unfulfilled 2007 and 2008 pledges from Iran to contribute $350 million for the construction of a deep-water port in Nicaragua, additional funds for a large embassy in Nicaragua, and funding for an oil refinery in Ecuador are further examples of Iran's stagnant initiatives with its regional political allies.[22] These figures are perhaps the best indication that neither Iran's mullahs nor self-styled, Latin American emancipators are capable of effectively managing a modern economy. Unable to produce any desirable goods, other than natural resources, they have nothing to sell.

Ironically, those Latin American countries lacking warm diplomatic relations with Iran enjoy stronger trade links, precisely because their freer economies produce viable goods that Iran is eager to import. Nevertheless, when put in context this trade is also trifling at best. Brazil and Argentina, two of the region's largest economies, comprised a combined 3 percent of Iran's import partners. Despite the doubling of trade volume with Brazil since 2005, Iran's 2011 trade volume with Brazil and Argentina was at $2.3 billion and $1 billion, respectively. Statistics show that Iran relies more on this trade relationship than do Brazil and Argentina. While Brazil is Iran's 10th largest trade partner, Iran is only Brazil's 33rd largest. As Iran's 18th largest trading partner, Argentina only ranks Iran 26th on its list.[23] Further, trade volume between Iran and Latin America's largest economy behind Brazil, Mexico is a dismal $50 million. Given these statistics, the perceived threat of Iran's growing economic influence in the region is largely unsubstantiated.

These meager trade statistics led the U.S. State Department to report "Iran's influence in Latin America and the Caribbean is waning."[24] No doubt, the ebb of Iranian economic activity in the region is due in large part to sanctions imposed on Iranian firms and banks by the UN Security Council, United States, European Union, and other actors. But it is also precisely these barriers to the global marketplace that make Iran increasingly desperate to find willing trading partners. Most important to Tehran is to find buyers for its crude oil. Latin American countries,

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[17] "Iran: EU bilateral trade and trade with the world," European Union, May 23, 2013. *http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf*.

[18] Stephen Johnson, "Iran's Influence in the Americas," Center for Strategic and International Studies, March 2012, *http://csis.org/files/publication/120312_Johnson_Iran%27sInfluence_web.pdf*, 4.

[19] Martin Arostegui, "Iran's National Oil Company Eyes Bolivia Energy Investment," *Wall Street Journal*, May 27, 2013. *http://online.wsj.com/article/BT-CO-20130527-703663.html*.

[20] "Argentina: EU bilateral trade and trade with the world," *European Union*, May 23, 2013. *http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113344.pdf*; "Brazil: EU bilateral trade and trade with the world," *European Union*, May 23, 2013. *http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113359.pdf*.

[21] Martin Arostegui, "Iran's National Oil Company Eyes Bolivia Energy Investment," *Wall Street Journal*, May 27, 2013. *http://online.wsj.com/article/BT-CO-20130527-703663.html*.

[22] Joshua Goodman, "Iran Influence in Latin American Waning, U.S. Report Says, *Bloomberg*, June 26, 2013. *http://www.bloomberg.com/news/2013-06-26/iran-influence-in-latin-america-waning-u-s-report-says.html*.

[23] "Iran: EU bilateral trade and trade with the world," *European Union*, May 23, 2013. *http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf*.

[24] Ibid.

with abundant regional energy supplies, are unlikely to take up any of the drop in demand for Iranian oil created by sanctions. Thus, it is not probable that the region will provide Iran with economic salvation, but it can help to ease the pain. There might be Latin American countries willing to provide Iran with critical goods that it is increasingly unable to procure elsewhere: Refined petroleum products, especially gasoline, which it is unable to produce domestically; high-tech equipment for its nuclear program; or simply cash for its exports. It is therefore imperative to monitor Iran's economic ties with the region, to ensure they are not helping it undermine and circumvent the sanctions regime that is critical to stopping its nuclear program.

IRAN'S CRIMINAL AND TERRORIST ACTIVITIES IN THE WESTERN HEMISPHERE

Though Iran has been unable to find much political or economic purchase in the region, it does not require great influence to be able to inflict damage on the United States as well as its regional interests and allies. Evidence that Iran, but more often the Lebanese terrorist organization Hezbollah, one of Iran's favorite proxies, is establishing ties to the region's militaries, criminal syndicates, and terrorist groups suggests that it is seeking, and might have, the capability to conduct illicit operations in the Western Hemisphere.[25]

Iranian Military Cooperation with Regional Allies

While Iran's growing relationship with its Latin American allies is primarily diplomatic and economic, there has been some military cooperation, particularly with Venezuela. In 2008, in return for Venezuela's help in shipping missile parts to Syria—with whom Iran had signed a military cooperation pact—Iran provided IRGC and Quds Force members to train Venezuelan police and secret services.[26] Venezuela has reportedly purchased military equipment from Iran in addition to $23 million in military equipment upgrades and an explosives factory.[27] Iran-Bolivian military cooperation includes arms sales and the investment in the Venezuelan-led construction of a multinational military training center in the Bolivian town of Warnes, described by President Evo Morales at the center's 2010 opening as a tool to counter the influence of U.S. training programs in the region.[28]

Hezbollah Operations within the TBA

Hezbollah's presence in Latin America goes back to the mid-1980s, when its operatives established themselves in the crime-ridden Tri-Border Area (TBA) of Brazil, Paraguay, and Argentina, an ideal location for operatives seeking to build financial and logistical support networks within existing Shi'a and Lebanese diaspora communities.[29] Operating from here, Hezbollah has solicited donations for fake charities, extorted Arab merchants in protection schemes, smuggled arms and drugs, counterfeited and laundered money, and made and sold pirated goods. These illicit activities in the TBA were estimated in 2004 to earn Hezbollah $10 million annually; by 2009 that amount had doubled to around $20 million,[30] making these operations Hezbollah's most significant source of independent funding.[31]

In December 2006, the U.S. Treasury Department blacklisted nine individuals and two entities that provided extensive financial and logistical support to Hezbollah through narco-trafficking, selling counterfeit U.S. currency, and other illegal activity, sending funds to Hezbollah members in Lebanon and Iran through well-established lines of communication with the organization's top leadership.[32] One of these individuals—Hamza Ahmad Barakat, a Lebanese national and Hezbollah

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[25] Simon Romero, "Prosecutor in Argentina Sees Iranian Plot in Latin America," *New York Times*, May 29, 2013. *http://www.nytimes.com/2013/05/30/world/americas/prosecutor-in-argentina-says-iran-plotted-with-hezbollah-in-latin-america.html*.

[26] AFP, Iran Using Venezuela Ties to Duck UN Sanctions: Report, December 21, 2008. *http://www.google.com/hostednews/afp/article/ALeqM5h1fferlbgjsi06XFgTklru3hbatA*.

[27] Kenneth Katzman, "Iran: U.S. Concerns and Policy Responses," CRS, June 17, 2013, 51. *http://www.fas.org/sgp/crs/mideast/RL32048.pdf*.

[28] Brandon Fite, "U.S. and Iranian Strategic Competition: Peripheral Competition in Latin America and North Africa," *Center for Strategic and International Studies*, November 7, 2011. *http://csis.org/files/publication/111107_Iran_Chapter_XII_Peripheral_States.pdf*.

[29] Matthew Levitt, "South of the Border, a Threat from Hezbollah," Washington Institute for Near East Policy, 2013. *http://www.washingtoninstitute.org/uploads/Documents/opeds/Levitt20130515-JISA.pdf*.

[30] Arthur Brice, "Iran, Hezbollah mine Latin America for revenue, recruits, analysts say," *CNN*, June 3, 2013. *http://www.cnn.com/2013/06/03/world/americas/iran-latin-america*.

[31] Ibid.

[32] "Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay," U.S. Treasury Department, December 6, 2006. *http://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx*.

member operating a major Hezbollah ring in the TBA—was arrested in May 2013 by Brazilian authorities, showing that illicit activity aimed at funding Hezbollah remains an issue in the area.[33]

Hezbollah Beyond the TBA: Drug Trafficking and Other Activities

In addition to activities in the TBA, illicit Hezbollah activity includes the trafficking of South American cocaine throughout the region in cooperation with notorious cartels and criminal organizations such as Colombia's FARC and Mexico's Sinaloa Cartel. In 2008, U.S. and Colombian authorities executed Operation Titan, dismantling a cocaine-smuggling and money-laundering organization that allegedly paid 12 percent of its proceeds to Hezbollah. The operation led to the seizure of over $23 million and the arrest of over 130 individuals including Lebanese national Cherki Mahmoud Harb, one of the organization's kingpins who in 2010 pled guilty to conspiracy to manufacture and distribute cocaine.

In 2011, the Treasury Department identified the Lebanese Canadian Bank as facilitating the laundering of over $250 million of Hezbollah's proceeds from narcotics trafficking and indicted Lebanese citizen Ayman Joumaa for conspiring to coordinate sales and shipments of cocaine from Colombia to Mexican cartel Los Zetas and of laundering money and channeling profits from his drug operation to Hezbollah. A year later, Treasury designated three dual Lebanese-Venezuelan citizens for involvement in Joumaa's narcotics network and designated a Lebanese-Colombian national—Ali Mohamad Saleh—as a Specially Designated Global Terrorist for his role in directing Hezbollah's activities in Colombia. Nor is Hezbollah's narco-trafficking activity limited to Colombia, as 2009 testimony by former Southern Command chief Admiral James Stavridis identifies explicit Hezbollah-tied drug rings broken up in Ecuador in 2005 and Curacao in 2009.[34]

Hezbollah has also found ways to profit from other illicit activities in the region. In 2009, Hezbollah operatives were involved in the transfer of at least $329 million to purchase used cars from 30 car dealerships in the United States to be shipped to West Africa for sale, whereupon the cash proceeds would be transferred to Hezbollah in Lebanon.[35] That same year, Hezbollah affiliate and international arms trafficker Jamal Yousef was arrested for attempting to provide the Revolutionary Armed Forces of Colombia (FARC), a Marxist guerrilla group turned drug cartel, with a large cache of automatic rifles and hand and rocket-propelled grenades being stored in Mexico in exchange for over 8,000 kilograms of cocaine.[36]

This relationship with FARC is perhaps the most troubling of Hezbollah's activities in the region, as it marks the connection of its criminal and state-sponsored terrorist activities. Hugo Chávez created a permissive security environment, allowing FARC guerrillas to operate within Venezuelan territory, a freedom that Hezbollah and other terrorist groups might have partaken of as well. Of even greater concern is that Iran's close ties to Chávez and those of FARC to Hezbollah, also brought Venezuela closer to Hezbollah. In 2008 the Treasury Department imposed sanctions on two Venezuelans—Ghazi Nasr al Din and Fawzi Kan'an—for providing financial and other support to Hezbollah. And, in 2010, it was reported that Chávez hosted a summit for Hamas, Hezbollah, and Islamic Jihad leaders at the Venezuelan army headquarters.[37]

IRANIAN STRATEGY AND TACTICS

It is impossible, on the sole basis of this open-source data about Iranian activities in the Western Hemisphere, to determine how grave or imminent the threat to our homeland may be. It is clear that Iran has demonstrated a strong interest in building criminal connections and terrorist networks in the region. And the hostility of Iran's current regime to the United States is indubitable. But from these two data points it is difficult to ascertain either the extent of Iranian capabilities in the Western Hemisphere or, if they exist, how and when it might put them to use. The answer to the first of those questions can only be obtained through intelligence gath-

[33] "Businessman Linked by U.S. to Hezbollah is Arrested in Brazil in a Fraud Scheme," *New York Times*, May 20, 2013. *http://www.nytimes.com/2013/05/21/world/americas/man-linked-by-us-to-hezbollah-is-arrested-in-brazil.html?_r=0.*

[34] Admiral James G. Stavridis, Posture statement before the Senate Armed Services Committee, March 17, 2009. *http://www.armed-services.senate.gov/statemnt/2009/March/Stavridis%2003-17-09.pdf.*

[35] Representative Michael T. McCaul, "A line in the sand: Countering crime, violence, and terror at the Southwest Border," a majority report by the United States House Committee on Homeland Security Subcommittee on Oversight, Investigations, and Management, November 2012. *http://mccaul.house.gov/uploads/Final%20PDF%20Line%20in%20the%20Sand.pdf.*

[36] Ibid.

[37] Johnson, *Iran's Influence*, 50.

ering; but some guidance on the second can be derived from careful analysis of Iran's evolving strategy and its possible intentions.

Iranian Strategic Ambitions

The foundation of Iran's strategic ambition derives the particular brand of revolutionary Shi'ism espoused by the regime's founder, Ayatollah Khomeini, but it is also reinforced by Persian's long history of imperial domination. He developed an interpretation of Shi'i doctrine according to which senior clergy could act as a place-holder for the Hidden Imam, a position which would force their direct involvement in governance. This innovation, called the doctrine of velayat-e faqih (guardianship of the jurisprudent), provided theological justification for the establishment of clerical rule in Iran after the 1979 Revolution. But by rendering Iran's Supreme Leader the will of God on earth, velayat-e faqih justifies his reign not only over Iran, but over all Muslims. And indeed, since coming to power, Iran's government has sought to extend its influence across the region.

This theological ambition is reinforced by the strength of Persian nationalism. With only brief interludes of foreign conquest, an Iranian entity has occupied the same area for more than 2,500 years. In that time, Persians have presided over empires that spanned from the edges of Europe to well into Asia. Iran's imperial legacy remains vital to Iranian self-awareness. Most Iranians, be they Islamist or secular, believe that Iran is a great civilization that deserves to be treated as a regional hegemon, if not a great power. Arabs, Afghans, and the Turkic peoples of Central Asia complain that Iranians treat them with disdain and as cultural inferiors. Iran's sense of superiority is a constant irritant between Iran and its neighbors.

Together, these two strands—religious and historical—have created an Iran determined to spread its brand of theological totalitarianism from the edge of the Mediterranean to Asia.

Iranian Tactics

This ambition requires the destruction of neighboring apostate Sunni regimes, but first and foremost translates into rooting out U.S. influence in the region and destroying the state of Israel. Iran has systematically pursued these aims for the three decades of its existence.

In doing so, it has shown a great predilection for the use of violence in achieving its ends. But its tactics have evolved. If the first half of the Islamic Republic of Iran's existence was dominated by brash actions and direct confrontation with its enemies, the second half has seen a marked turn toward subterfuge and asymmetric warfare. It is no coincidence that this pivot toward less visible operations occurred as the U.S. presence and involvement in the Middle East peaked during the Afghan and Iraqi wars.

Iran's experience during its own war with Iraq—a drawn-out and bloody conflict that over its 8-year course cost Iran as many as a million lives and ended in a stalemate, despite Iran's use of chemical weapons—caused the regime to rethink undertaking future conventional military campaigns. The complete defeat that Saddam's Hussein forces suffered at the hands of the U.S.-led coalition, in just a matter of days, several years later convinced Tehran that it could not afford a direct confrontation with the United States.

Out of those lessons grew a two-pronged approach. The first of those has been Iran's nuclear program. Multiple examples have demonstrated to Iran's leaders both that atomic weaponry can protect a country from external meddling (North Korea), but that it also enables a country to undertake aggressive campaigns in its neighborhood without fear of reprisal (Israel). A nuclear weapon would thus not just serve as a deterrent, but as cover for Iran to coerce its neighbors. Second, Iran has invested heavily in developing asymmetric warfare capabilities that can enable it to both take on a much larger and better-equipped opponent, but also stage attacks that could not be traced back to it. The most important asymmetric capabilities for this discussion are Iran's creation of the Quds Force within the Islamic Revolutionary Guard Corps (IRGC) and its strong ties to the Lebanese terrorist group Hezbollah.

The Quds Force

The IRGC was originally created to guard the Revolution and handle domestic threats, but has since become heavily involved in foreign intelligence operations. The Quds Force functions as the external operations wing of the IRGC and, while operating largely independently, is constitutionally mandated to share information it collects with the Ministry of Intelligence and Security (MOIS). The MOIS provides logistical support to the Quds Force and organizations that work with it, such as Hezbollah.

The Supreme Leader is commander-in-chief of the armed forces, controls intelligence, and sets the direction of foreign policy. Because of this, the MOIS and IRGC report directly to him. However, the president exercises some influence over MOIS. The president appoints the head of the ministry, although the Supreme Leader must approve the appointee, who then cannot be removed without the Supreme Leader's approval. The Supreme Leader strongly supports the IRGC and has elevated it to the most powerful entity in the political, military, and intelligence arenas. The IRGC and MOIS started to separate during Khatami's presidency in the early 2000s and continued after Ahmadinejad's election due to disagreements between him and the Supreme Leader. Effectively, the Quds Force and IRGC intelligence work parallel to MOIS and despite the constitutional requirement, do not always share information with MOIS.[38]

The Quds Force has been declared a Specially Designated Global Terrorist Organization by the U.S. Treasury and is heavily linked to Hezbollah, engaging in joint activities all over the world, and is similarly involved in the drug trade. Through the Quds Force, Iran is allegedly infiltrating "foreign embassies, charities, and religious/cultural institutions to foster relationships with people, often building on existing socio-economic ties with the well-established Shia Diaspora."[39]

Quds Force-Hezbollah Operations

In 2010, Iran and Hezbollah set out their larger plans and goals for their operations against the West. Both sides agreed to a three-tier system targeted to Israeli tourists, government figures, and targets broadly representative of Israel and Jewish communities, with Hezbollah focusing on the tourist tier and the Quds Force targeting Western interests and high-profile political and diplomatic targets using the newly-formed Special External Operations Unit, Unit 400.[40] The overarching goals of these operations was: Revenge for the assassination of high-level Hezbollah member Imad Mughniyeh, to carry out retaliatory attacks for those targeted towards Iran's nuclear program, and to repair Iran's image and convince the West that an attack on Iran would result in worldwide asymmetric attacks.[41]

This restructuring of international asymmetric warfare focused heavily on retaliatory, tit-for-tat attacks. Iran's counter-attacks are often quite literally tit-for-tat. Most recently this translated into a Quds Force and Hezbollah-planned 13-month series of attacks against diplomats in at least 7 countries in response to assassinations of Iranian nuclear scientists. Most of these plans fizzled. Hezbollah and Quds Force operatives killed an Israeli diplomat in a bombing in Turkey; however they did not kill their intended target, the Israeli consul-general to Istanbul. A series of raids in Azerbaijan stopped operations there.[42] Additionally, Hezbollah plans to attack Israeli tourists were thwarted in Bulgaria, Greece, and most dramatically in Thailand, where Israeli officials found a Hezbollah explosives-making hub. These failures can at least in part be attributed to the objective of the Quds Force and Hezbollah to stage quick responses to covert attacks against Iran's nuclear program; prioritizing speed over careful preparation has been the downfall of their operations.

Implications for the Western Hemisphere

There can be little doubt that Iran is determined to attack American interests. However, its recent known terrorist activities do not suggest that it will do so indiscriminately and haphazardly.

The most blatant attacks ascribed to the Quds Force and/or Hezbollah have largely been retaliatory in nature. This stems from its fear of U.S. conventional forces. It dares not risk a confrontation, whether against Israeli or American targets, that would be blatant or bloody enough to risk direct U.S. reprisals. Iran's leaders know that to provoke American ire now, when Iran is closing in on a nuclear weapons capability, would be to sacrifice what they have long been working towards.

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[38] Library of Congress, Federal Research Division, *Iran's Ministry of Intelligence and Security: A Profile,* December 2012, 15. *http://www.fas.org/irp/world/iran/mois-loc.pdf.*

[39] "Unclassified Report on Military Power of Iran," United States Department of Defense, April 2010, 7. *http://www.fas.org/man/eprint/dod_iran_2010.pdf.*

[40] Matthew Levitt, "Hizballah and the Qods Force in Iran's Shadow War with the West," Washington Institute for Near East Policy, Policy Focus 123, January 2013, 4. *http://www.washingtoninstitute.org/policy-analysis/view/hizballah-and-the-qods-force-in-irans-shadow-war-with-the-west.*

[41] Ibid., 4.

[42] Joby Warrick, "U.S. Officials among the Targets of Iran-Linked Assassination Plots," *Washington Post*, May 27, 2012. *http://articles.washingtonpost.com/2012-05-27/world/35458558_1_assassination-plots-nuclear-program-iran*; "Members of Group Accused of Terrorist Acts against Israeli Citizens Sentenced," *News.Az* (Azerbaijan), September 26, 2012. *http://news.az/articles/society/68967.*

Instead, its use of asymmetric capabilities, for now, will be limited to only those cases where Iran believes they can be used to bring its nuclear dreams closer to reality, predominantly warding off further Israeli covert activities. Thus, while Iran is perched just on this side of the nuclear threshold it is likely to hold off from directly attacking U.S. interests or the United States itself by any means that could be traced back to Tehran and require an armed response. The failure of its recent global campaign against Israel and the quick connection of those attacks to Hezbollah and Iran should deter similar acts in the Western Hemisphere.

There are several factors, however, that could make Iran more willing to engage in terror in America's backyard. First, the dwindling American presence in the Middle East might convince Tehran that the United States no longer has the ability or will to engage in another military region. If so, Iran's leaders might think they have license to once again take a more aggressive approach to their strategic ambitions. Second, the closer that Iran and the United States grow to direct conflict, the less hesitation Iran will have to unleash its terrorist proxies. If Iran's leaders are showing restraint to avoid such a conflict, the more likely it becomes the less inhibited they will be. Thus, we might expect Iran to attempt to use its terrorist connections in Latin America not only in the case of U.S. military strike against Iranian nuclear facilities, but also if the United States gets drawn further into the Syrian civil war. Finally, if Iran acquires a nuclear capability despite U.S. and international efforts, it is almost certain to be emboldened in its use of terror. It will no longer have to fear having its nuclear program destroyed and it will have the benefit of a nuclear deterrent to ward off any retaliation for its terrorist attacks.

COUNTERING THE THREAT

Although tactical considerations might dissuade Iran from attacking U.S. interests in the Western Hemisphere at the moment, it is possible that they will have less reason for restraint in the near future. There are several concrete steps that can be taken now to better prepare for the eventuality that Iran's tactical calculus changes.

Deny Permissive Environments

As proven by recently thwarted global Hezbollah operations against Israeli targets, good police work can successfully prevent terrorist plots. The United States has a strong track record of working with law enforcement agencies throughout the Western Hemisphere—particularly in Colombia—but these efforts should be further bolstered. Particularly critical to this task will be the Department of Homeland Security's Federal Law Enforcement Training Centers and their International Capacity Building Branch. These training programs are largely tailored towards drug interdiction and combating gang violence. New curricula that draw on the lessons learned also from the U.S. experience in training security forces to detect insurgent cells in Iraq and Afghanistan would help transform local police in allied regional countries into more effective counter-terrorism forces.

Establish Intelligence Sharing

One of the lessons of 9/11 has been the need for better sharing of intelligence across agencies. Great strides have been made in this regard, thanks in no small part to work of this committee. Expanding U.S. intelligence sharing with regional partners could further contribute to our ability to detect and prevent Iranian terrorist plots. One way to do this is to expand the representation of foreign countries at the El Paso Intelligence Center (EPIC) a multi-agency law enforcement center that houses 25 Federal, State, and local agencies in addition to representatives from Mexico and Colombia. Already EPIC has contributed to the seizure of $150 million in connection with Hezbollah's money-laundering activity through the Lebanese Canadian Bank.

Mr. DUNCAN. Thank you so much, Mr. Misztal.

I will now recognize Mr. Farah for 5 minutes for his testimony. Welcome back.

STATEMENT OF DOUGLAS FARAH, PRESIDENT, IBI CONSULTANTS

Mr. FARAH. Thank you, Chairman Duncan, Congressman O'Rourke, and the subcommittee, for holding this hearing, which I also agree is one of the most pressing National security issues that

we face. I want to clarify I am speaking on behalf of myself and not CSIS.

My assessment is that contrary to the State Department's recent statement that Iran's influence in Latin America is waning, it is in fact growing. To understand how this is happening, one must understand the changing context in which Iran is operating in Latin America and the threat that it represents. The threat, as outlined in my written testimony, now includes not only traditional transnational organized crime activities such as drug trafficking but the potential for WMD-related trafficking. Iran is allied with regional state actors whose leaders are deeply enmeshed in criminal activity. These same leaders have publicly articulated a doctrine of asymmetrical warfare against the United States and its allies that explicitly endorses as legitimate the use of weapons of mass destruction. I wanted to underscore that this remains a clear statement of intention rather than a statement of capabilities. But history has shown that intention can come to fruition if left unchecked.

Iran's direct influence comes through its 11 embassies, in its intelligence services, as well as through proxy states in the self-described ALBA alliance, as others have mentioned here, led by Venezuela, including Ecuador, Bolivia, and Nicaragua. Argentina, under the government of Cristina Fernández de Kirchner, is rapidly becoming one of Iran's most important allies in the hemisphere. The ALBA states provide a host of services to Iran, including the granting of citizenship to hundreds and perhaps thousands of Iranian nationals. The extensive use of banking structures to allow Iran to move and hide resources and avoid sanctions and a hospitable environment in which to operate unimpeded in their intelligence activities. In addition to state allies, Iran relies on non-state actors and sympathizers often tied to Hezbollah, Iran's proxies, and often through its cultural centers, as mentioned before.

As Dr. Nisman had eloquently laid out in his recent report, the radical theocratic regime of Iran has a long-standing highly-developed structure in Latin America whose primary purpose is to spread the Iranian Revolution by any means necessary, including terrorist attacks. This is shown by the AMIA bombings, as mentioned earlier, and at least three publicly-known failed attacks inside the United States, exploding the myth that we often have that Iran will not attack the U.S. homeland. This includes the 2007 attempt to bomb gas pipelines beneath JFK Airport in New York City in 2007, the October 2011 plot by elements of the Quds Force to hire a hit man from a Mexican cartel to assassinate the Saudi Ambassador inside the United States, and attempts to hack into and launch cyber attacks on U.S. defense and intelligence facilities in coordination with Cuba and Venezuela as shown in the December 2011 investigative piece by Univision, the Spanish language TV network. It is important to note that all three efforts were authorized at the highest levels of the Iranian government.

These are manifestations of the core belief of every Iranian government since the 1979 revolution, including the current so-called moderate leadership. In a declassified terrorism review from October 22, 1987, now posted on its website, the CIA stated that Iranian leaders view terrorism as an important instrument of foreign

policy that they use both to advance National goals and to export the regime's Islamic revolutionary ideals. They use terrorism selectively and skillfully in coordination with conventional diplomacy and military tactics. We believe most Iranian leaders agree that terrorism is an acceptable policy option, although they may differ on the appropriateness of a particular act of terrorism.

This is a fundamental reality enshrined in the preamble to the Iranian Constitution itself, which explains much of the relationship between Iran and the ALBA nations in Latin America. The preamble states that the Iranian Revolution is "a movement for the victory of all oppressed peoples who are confronted with aggressors and shall pave the way for the perpetuation of this revolution within and outside Iran, particularly in terms of the expansion of international relationships with other Islamic and popular movements. This Constitution seeks to lay the groundwork for the creation of a single world nation and perpetuate the struggle to make this Nation a reality for all of the world's needy and opposed nations."

It is indisputable that Iran has been unable to fulfill the vast majority of its public promises made in the Western Hemisphere, but it is a mistake to think that those economic agreements were ever meant to be fulfilled. Rather, they were designed to allow the ALBA nations and Iran to carry out state-to-state transactions of mutual benefit, including trafficking in illicit substances, acquisition and transportation of important mineral resources and dual-use technology, and the free movement of people.

As requested, I have dealt with the Iranian recruitment of students in the Western Hemisphere, now numbering well over 1,000, in my written testimony, and I will be happy to address that in questions. I would like to emphasize the importance of the banking structures that Iran is taking advantage of in the ALBA nations as well. I have outlined much of that in my written testimony.

Measuring how many memorandums of understanding or trade agreements are fulfilled while omitting the multiple other covert and overt activities in which Iran is engaged does not give the full picture of Iran's influence. The United States should focus on impairing Iran's financial activities in Latin America. There are multiple banks and joint investment companies established in Venezuela, Bolivia, and Ecuador that allow Iran to move hundreds of millions of dollars into the world's financial markets and avoid sanctions.

Another recommendation would be to focus on the thousands of passports being issued by ALBA nations to Iranian citizens, to make it more difficult for them to travel and particularly to enter the United States.

Finally, I would recommend a clear focus on the triangulated deals among Argentina, Venezuela, and Iran which seem designed to help Iran gain access to Argentina's nuclear know-how while allowing Iran to sell petroleum.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Farah follows:]

PREPARED STATEMENT OF DOUGLAS FARAH

JULY 9, 2013

Chairman Duncan, Ranking Member Barber, and Members of the committee, thank you for the opportunity to testify today on what I believe is one of the most important issues facing the United States and its security. I am speaking for myself and not on behalf of CSIS.

The subcommittee asked me to address several specific issues relating to Iran's expanding influence in the Western Hemisphere, each of which is complex, and the threat that this influence might present to the U.S. homeland. My testimony will address them as themes, with a focus on the areas where, in my experience, our policy is operating on incorrect assumptions or where the true dangers are misunderstood or downplayed. I spend a great deal of time in Latin America, where I have worked for almost 40 years, and much of the information here comes from trusted sources who have proved reliable in the past and who are deeply concerned not only for the welfares of their own countries but of the United States.

My assessment is that, contrary to the State Department's recent statement that Iran's influence in Latin America and the Caribbean is waning, it is in fact growing on multiple fronts. To understand how this is happening one must understand the changing context in which Iran is operating in Latin America, including the bloc of nations allied with Iran and the transnational criminal pipelines that traverse the hemisphere and successfully breach our Southern Border thousands of times each day.

This threat includes not only traditional transnational organized crime (TOC) activities such as drug trafficking and human trafficking, but others, including the potential for WMD-related trafficking. These activities are carried out with the participation of Iran with regional state actors whose leaders are deeply enmeshed in criminal activities. These same leaders have a publicly articulated doctrine of asymmetrical warfare against the United States and its allies that explicitly endorses as legitimate the use of weapons of mass destruction.

I want to underscore that at this point this remains a clear statement of intention, rather than a statement of capabilities. But as Iran, al-Qaeda and other regimes and non-state armed groups have shown, intention will come to fruition if left unchecked.

Iran's influence is wielded both directly and indirectly: The direct influence is through Iranian embassies, intelligence services and economic interests, as well as through proxies the self-described Bolivarian bloc of nations (ALBA) led by Venezuela and including Ecuador, Bolivia, and Nicaragua. Argentina under the government of Cristina Fernández de Kirchner, while not formally a member of ALBA, is rapidly becoming one of Iran's most important allies in the hemisphere and strongly allied with the ALBA nations.

The ALBA states, each of them highly criminalized in which senior members of the government are directly involved in transnational organized crime ventures, provide a host of services to Iran, including the granting of citizenship and travel documents to hundreds—and perhaps thousands—of Iranian nationals; the extensive use of banking structures to allow Iran to move and hide resources while using the money to evade sanctions and purchase sanctioned goods on the international market; and a hospitable environment in which to operate unimpeded in their intelligence activities.[1]

Fernández de Kirchner, in an opaque process, has taken a series of steps with Iran clearly aimed at absolving senior Iranian leaders of their responsibility in a major terrorist attack. At the same time her government, riddled with corruption and facing growing popular dissatisfaction, has embraced a series of seemingly irrational economic and political policies that favor transnational organized crime, are overtly hostile to U.S. interests, and could offer Iran a lifeline in both its economic crisis and its nuclear program.

In addition to state allies, Iran relies on non-state actors and sympathizers, often tied to Hezbollah, Iran's proxy in the region. These include non-governmental organizations (NGOs) tied to Hezbollah and often funded by Venezuelan oil money; Islamic cultural centers and mosques that act as centers for indoctrination and training for a growing number of students; the recruitment of young people to study and

[1] For a full discussion of the concept of criminalized states and their functioning in Latin America see: Douglas Farah, "Transnational Organized Crime, Terrorism and Criminalized States in Latin America: An Emerging Tier-One National Security Priority," Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA, August 2012, accessed at: *http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1117*.

train in Iran in intelligence, counter-intelligence, and theology; and links to drug trafficking organizations that provide millions of dollars to support radical Islamist activities, as the Ayman Jumaa case clearly shows.[2] This includes the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia–FARC*), the hemisphere's oldest insurgency and a designated terrorist organization by the United States and the European Union.

As I wrote in 2012:

"This emerging combination of threats comprises a hybrid of criminal-terrorist, and state- and non-state franchises, combining multiple nations acting in concert, and traditional TOCs and terrorist groups acting as proxies for the nation-states that sponsor them. These hybrid franchises should now be viewed as a tier-one security threat for the United States. Understanding and mitigating the threat requires a whole-of-government approach, including collection, analysis, law enforcement, policy and programming. No longer is the state/non-state dichotomy viable in tackling these problems, just as the TOC/terrorism divide is increasingly disappearing."[3]

As Dr. Nisman has so eloquently laid out in both his 2006 indictment of senior Iranian figures for the 1994 AMIA attack and his subsequent report released earlier this year on Iran's activities in the region, the radical theocratic regime of Iran has a long-standing, highly-developed structure in Latin America whose primary purpose is to fuse state and non-state force to spread the Iranian revolution by any means necessary, including terrorist attacks, as shown by the AMIA bombing and two failed attacks on the United States.

The fallacy of the current conventional wisdom is the belief that Iran does not already engage in specific attempts to carry out terrorist attacks inside the United States. There are three clear cases that show that is not true:

- The 2007 attempt to bomb pipelines underneath JFK airport in New York City, as Dr. Nisman has outlined;
- The October 2011 plot by elements of the Quds Force, the elite arm of the Iranian Revolutionary Guard Corps, to hire a hit man from a Mexican cartel to assassinate the Saudi ambassador in the United States;[4]
- Attempts to hack into U.S. defense and intelligence facilities and launch widespread cyber attacks in the United States in coordination with Cuba and Venezuela, as shown in the December 2011 investigative piece by Univision, the Spanish-language TV network.[5]

All three efforts were authorized by senior Iranian government officials, and were not operations of some rogue agents.

These are the manifestations of the core belief of each and every Iranian government since the 1979 revolution, including the current "moderate" leadership, that informs my view of Iran's activities in the region, and why I believe metrics other than purely economic or diplomatic are necessary in order to discern Iran's actions and motivations.

As far back as 1987 the U.S. intelligence community shared this assessment. In a declassified Terrorism Review from October 22, 1987 now posted on its website, the Central Intelligence Agency reported that:

"Iranian leaders view terrorism as an important instrument of foreign policy that they use both to advance national goals and to export the regime's Islamic revolutionary ideals. They use it selectively and skillfully in coordination with conventional diplomacy and military tactics. We believe most Iranian leaders agree that terrorism is an acceptable policy option, although they may differ on the appropriateness of a particular act of terrorism."[6]

This is a fundamental reality, enshrined in the preamble to the Iranian constitution, which states that:

"With due consideration for the Islamic Element of the Iranian Revolution, which has been a movement for the victory of all oppressed peoples who are confronted with aggressors, the constitution shall pave the way for perpetuation of this revolution within and outside the country, particularly in terms of the expansion of international relationships with other Islamic and popular movements. The Constitution

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[2] Sebastian Rotella, "Government says Hezbollah Profits From U.S. Cocaine Market via Link to Mexican Cartel," *ProPublica,* December 11, 2011.

[3] Farah, op cit., p. 2.

[4] Evan Perez, "U.S. Accuses Iran in Plot: Two Charged in Alleged Conspiracy to Enlist Drug Cartel to Kill Saudi Ambassador," *Wall Street Journal*, October 12, 2011.

[5] "La Amenaza Iraní," *Univision Documentales,* aired December 8, 2011.

[6] Central Intelligence Agency, Directorate of Intelligence, "Terrorism Review," October 22, 1987, p. 11.

seeks to lay the groundwork for the creation of a single world nation . . . and perpetuate the struggle to make this nation a reality for all the world's needy and oppressed nations."

It goes on to say that:

"In establishing and equipping the country's defense forces, we will allow for the fact that faith and ideology constitute the foundation and the criterion we must adhere to. Therefore, the army of the Islamic Republic of Iran and troops of the Revolutionary Guard will be created in accordance with the objective mentioned above, and will be entrusted with the task not only of protecting and preserving our borders, but also an ideological mission, that is to say, Jihad in the name of Allah and the world."[7]

Today Iran enjoys more state and non-state support in the region than ever before, giving the regime ample room to maneuver, create alliances, and expand its network. The expansion is observable not only in Argentina, but in Bolivia and Ecuador, where the Iranian presence has grown and become more identifiable.

While formal trade and other traditional metrics may indicate a less robust presence or Iran's inability to carry out its formal commitments, these activities were never the primary purpose or focus of Iran's activities in the region.

It is true that Iran has fulfilled few of the hundreds of promises it has made for investment and completed few of myriad Memorandums of Understanding signed across the region. Yet the underlying purpose was to benefit the Iranian regime in ways formal trade statistics and MOUs never touched.

Now Iran has a disproportionately large diplomatic corps—far larger than regional superpower Brazil—in most ALBA countries, staffed with hundreds of "economic attachés" despite negligible commerce; a growing number of embassies; and diplomatic and non-diplomatic safe havens for Quds Force, MOIS, and other intelligence services to operate, plan, network and reap significant financial gain. Dr. Nisman's latest report lays out in great detail the role each of these intelligence institutions plays in furthering Iran's revolutionary interests in the hemisphere, which can include the use of terrorism as an acceptable methodology.

Iran is able to do this because the ALBA-Iran relationship has far deeper roots and is a much broader alliance that is usually recognized. But understanding the depth of the relationship is fundamental to understanding Iran's actions in the Western Hemisphere and the threat it poses to the United States.

While Iran's revolutionary rulers view the 1979 revolution in theological terms as a miracle of divine intervention in which the United States, the Great Satan, was defeated, the Bolivarians view it from a secular point of view as a roadmap to defeat the United State as the Evil Empire. To both it has strong political connotations and serves a model for how asymmetrical leverage, when applied by Allah or humans, can bring about the equivalent of David defeating Goliath on the world stage.

Among the first to articulate the possible merging of radical Shite Islamic thought with Marxist aspirations of destroying capitalism and U.S. hegemony was Illich Sánchez Ramirez, better known as the terrorist leader "Carlos the Jackal", a Venezuelan citizen who was, until his arrest in 1994, one of the world's most wanted terrorists.

In his writings Sánchez Ramirez espouses Marxism tied to revolutionary, violent Palestinian uprisings. In the early 2000s after becoming a Muslim, turned to propagating militant Islamism. Yet he did not abandon his Marxist roots, believing that Islamism and Marxism combined would form a global "anti-imperialist" front that would definitively destroy the United States, globalization, and imperialism.

In his 2003 book *Revolutionary Islam*, written from prison where he is serving a life sentence for killing two French policemen, Sánchez Ramirez praises Osama bin Laden and the 9/11 attacks on the United States as a "lofty feat of arms" and part of a justified "armed struggle" of Islam against the West. "From now on terrorism is going to be more or less a daily part of the landscape of your rotting democracies," he writes.[8]

In this context, the repeated, public praise of the late Hugo Chávez for Sánchez Ramirez can be seen as a crucial element of the Bolivarian ideology and an acceptance of his underlying premise as important to the Bolivarian ideological framework. In a 1999 letter to Sánchez Ramirez, Chávez greeted the terrorist as a "Distinguished Compatriot" and wrote that:

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[7] Preamble to the Iranian Constitution of 1979, accessed at: *http://parliran.ir/index.aspx?siteid=84&pageid=3053#preamble*.

[8] "'Jackal' book praises bin Laden," BBC News, June 26, 2003.

"Swimming in the depths of your letter of solidarity I could hear the pulse of our shared insight that everything has its due time: time to pile up stones or hurl them, to ignite revolution or to ignore it; to pursue dialectically a unity between our warring classes or to stir the conflict between them—a time when you can fight outright for principles and a time when you must choose the proper fight, lying in wait with a keen sense for the moment of truth, in the same way that Ariadne, invested with these same principles, lays the thread that leads her out of the labyrinth . . .

"I feel that my spirit's own strength will always rise to the magnitude of the dangers that threaten it. My doctor has told me that my spirit must nourish itself on danger to preserve my sanity, in the manner that God intended, with this stormy revolution to guide me in my great destiny."

"With profound faith in our cause and our mission, now and forever!"[9]

In fact, the Bolivarian fascination with militant Islamist thought and Marxism did not end with the friendship between Chávez and the jailed terrorist. Acolytes of Sánchez Ramirez continued to develop his ideology of Marxism and radical Islamism rooted in the Iranian revolution.

The emerging military doctrine of the "Bolivarian Revolution," officially adopted in Venezuela and rapidly spreading to Bolivia, Nicaragua, and Ecuador, explicitly embraces the radical Islamist model of asymmetrical or "fourth generation warfare," and its heavy reliance on suicide bombings and different types of terrorism, including the use of nuclear weapons and other WMD. This is occurring at a time when Hezbollah's presence in Latin America is growing and becoming more identifiable.[10]

Venezuela has adopted as its military doctrine the concepts and strategies articulated in *Peripheral Warfare and Revolutionary Islam: Origins, Rules, and Ethics of Asymmetrical Warfare* (*Guerra Periferica y el Islam Revolucionario: Origenes, Reglas y Etica de la Guerra Asimetrica*) by the Spanish politician and ideologue Jorge Verstrynge.[11] The tract is a continuation of and exploration of Sánchez Ramirez's thoughts, incorporating an explicit endorsement of the use of weapons of mass destruction to destroy the United States. Verstrynge argues for the destruction of United States through series of asymmetrical attacks like those of 9/11, in the belief that the United States will simply crumble when its vast military strength cannot be used to combat its enemies.

Although he is not a Muslim, and the book was not written directly in relation to the Venezuelan experience, Verstrynge moves beyond Sánchez Ramirez to embrace all strands of radical Islam for helping to expand the parameters of what irregular warfare should encompass, including the use of biological and nuclear weapons, along with the correlated civilian casualties among the enemy.

In a December 12, 2008 interview with Venezuelan state television, Verstrynge lauded Osama bin Laden and al-Qaeda for creating a new type of warfare that is "de-territorialized, de-stateized and de-nationalized," a war where suicide bombers act as "atomic bombs for the poor."[12]

This ideological framework of Marxism and radical Islamic methodology for successfully attacking the United States is an important, though little examined, underpinning for the greatly enhanced relationships among the Bolivarian states and Iran. These relationships are being expanded and absorb significant resources despite the fact that there is little economic rationale to the ties and little in terms of legitimate commerce.

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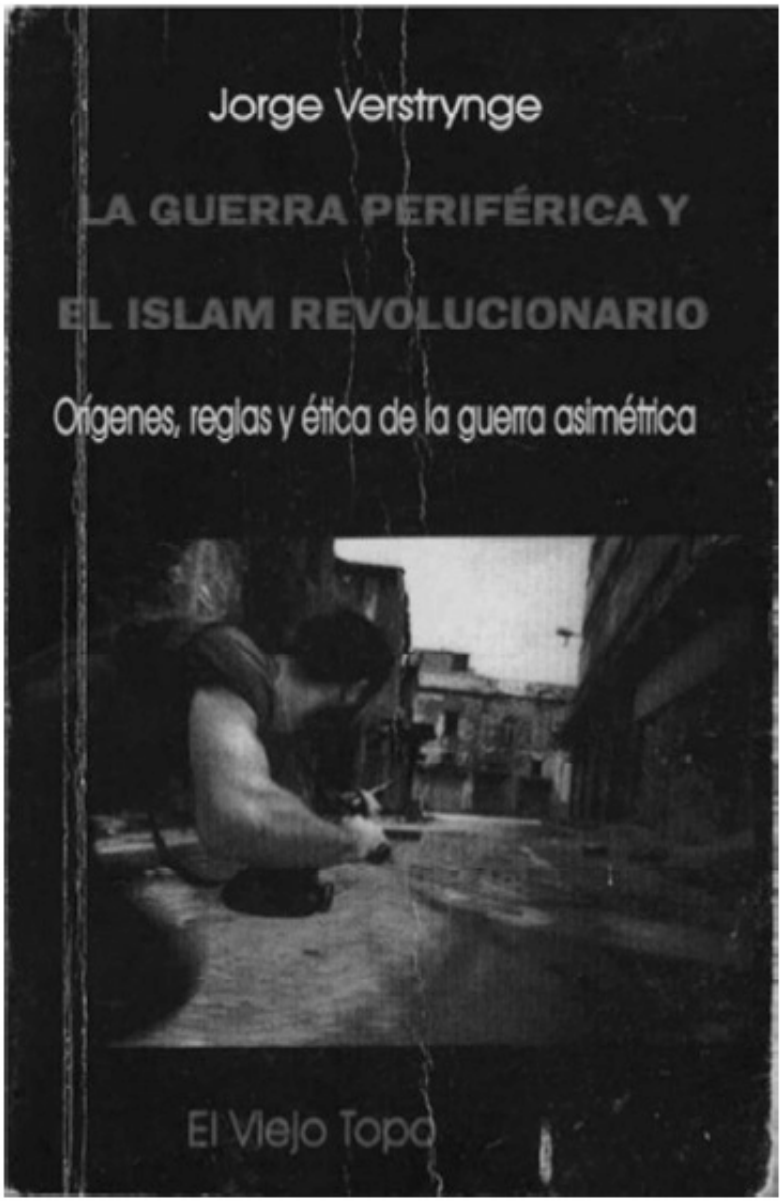
[9] Paul Reyes (translator) and Hugo Chávez, "My Struggle," from a March 23, 1999 letter to Illich Ramirez Sánchez, the Venezuelan terrorist known as "Carlos the Jackal", from Venezuelan president Hugo Chávez, in response to a previous letter from Ramirez, who is serving a life sentence in France for murder. Harper's, October 1999, *http://harpers.org/archive/1999/10/0060674*.

[10] In addition to Operation Titan there have been numerous incidents in the past 18 months of operatives being directly linked to Hezbollah have been identified or arrested in Venezuela, Colombia, Guatemala, Aruba, and elsewhere in Latin America.

[11] Verstrynge, born in Morocco to Belgian and Spanish parents, began his political career on the far right of the Spanish political spectrum as a disciple of Manuel Fraga, and served as a national and several senior party posts with the Alianza Popular. By his own admission he then migrated to the Socialist Party, but never rose through the ranks. He is widely associated with radical anti-globalization views and anti-U.S. rhetoric, repeatedly stating that the United States is creating a new global empire and must be defeated. Although he has no military training or experience, he has written extensively on asymmetrical warfare.

[12] Bartolomé, op cit. See also: John Sweeny, "Jorge Verstrynge: The Guru of Bolivarian Asymmetric Warfare," *www.verisis.com,* Sept. 9, 2005; and "Troops Get Provocative Book," *Miami Herald*, Nov. 11, 2005.



It is indisputable that the economic sanctions have had an impact on Iran, and that Iran has generally been unable to fulfill the vast majority of the public obligations it has assumed in the Western Hemisphere. But it is a mistake to think those economic agreements were ever meant to be fulfilled. Rather, they were designed to allow the ALBA nations and Iran to carry out state-to-state transactions of mutual benefit, including trafficking in illicit substances, acquisition and transportation

of important mineral resources and dual use technology, and the free movement of people.

My field research over the past 5 years has found that the actions and lines of effort of Iran and the governments of the Bolivarian states, in conjunction with non-state armed actors in the region designated as terrorist entities, comprise a pattern of activity designed primarily for three purposes: Create mechanisms that allow Iran to blunt the impact of international sanctions; aid Iran's nuclear ambitions and facilitate the potential movement of WMD components, including dual-use technology; pre-position personnel and networks across Latin America both to help spread Iran's revolutionary vision and to carry out attacks against the U.S. and Israeli targets, particularly in retaliation if there were a strike on its nuclear facilities.

Contrary to some other reporting, I have found no evidence that uranium was being mined, a view shared in reporting by the International Atomic Energy Agency.[13]

More specifically these activities include:

- The clandestine or disguised extraction of minerals useful for nuclear and missile programs, largely of the coltan family, useful for missile production and other military applications;
- Access to a series of "safe havens" currently controlled by non-state actors for illicit trafficking activities, particularly in border regions, that would allow for the free movement of virtually any product across the northern tier of South America through Central America and across the homeland's Southern Border;
- The creation of numerous financial institutions and monetary mechanisms designed to aid Iran in avoiding the impact of multilateral sanctions;
- The expansion of diplomatic ties across the region with credible reports that these facilities are being used as sanctuary for accredited diplomats who belong to the Quds Force and other Iranian intelligence services;
- The establishment of multiple agreements to permit economically unwarranted Iranian shipping activities in the region, primarily run by sanctioned shipping lines controlled by the IRGC and known to be used to further Iran's illicit nuclear ambitions;
- The acquisition by hundreds and perhaps thousands of Iranian nationals of legitimate, original passports, codulas, and other national identity documents from Ecuador, Panama, Venezuela, and Bolivia. These are generally granted to Quds Force operatives, Ministry of Intelligence (MOIS) operatives, and other intelligence services that move across the region relatively undetected because they are no longer identifiable as Iranians.[14]

Given this background, I would like to focus on three specific issues the subcommittee asked me to address.

The first is the recruitment of students in the Western Hemisphere. I have had the opportunity in Central America to interview a handful of students who have been recruited and trained in Qom, Iran. My contacts were all recruited in El Salvador. Univision, the TV network, also documented the recruitment and sending of Mexican students to Qom, and other researchers have interviewed students from other Latin American nations. Each independently have told similar and consistent stories of their recruitment and training.

The recruitment is initially done through individuals linked to the ALBA governments, often in mosques or cultural centers such as the Islamic Cultural Center in San Salvador. Most are presented with the opportunity to attend "revolutionary" indoctrination courses in Venezuela dealing with revolutionary ideology. These meetings bring together several hundred students at one time from across Latin America, all with their travel fees and expenses paid by the Venezuelan government.

During the youth festivals in Venezuela a much smaller group of is selected to attend training in Iran, where Venezuelan instructors (because of the need for the training to be in Spanish), under the direction of Moshen Rabbani, sort the small group into even smaller units. Training can range from 30–120 days, and specializa-

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[13] Author interview with IAEA member in November, 2011. The official said the agency had found Iran had enough uranium stockpiled to last a decade. Rather, he said, the evidence pointed to acquisition of minerals useful in missile production. He also stressed that dual-use technologies or items specifically used in the nuclear program had often been shipped to Iran as automotive or tractor parts. Some of the principal investments Iran has made in the Bolivarian states have been in a tractor factory that is barely operational, a bicycle factory that does not seem to produce bicycles, and automotive factories that have yet to be built.

[14] For a fuller elaboration of these lines of efforts see: Farah, "Transnational Organized Crime, Terrorism and Criminalized States in Latin America: An Emerging Tier-One National Security Priority," op cit.; and Douglas Farah, "Iran and Latin America: Strategic Security Issues," Defense Threat Reduction Agency, Advanced Systems and Concepts Office, May 2011.

tions include intelligence, counter-intelligence, theology, crowd control, and how to incite crowd violence in street marches. Regardless of the topic, each course contains strong components of radical Shi'ite theology and anti-U.S. preaching, including statements of the United States as the great Satan, the enemy of humanity, while justifying its destruction and that of Israel.

While most of those attending the training are university-aged, there are also some older individuals, generally sent by their governments. They are given different, more specialized training that my contacts were not privy to. These reports primarily center on Nicaragua.

These students, upon their return to their home countries, are generally not registered as arriving from Iran. They pass through Venezuela on their return, thus their travels register a round trip to Caracas. This in turn makes it difficult to track who has been there and what they do on their return to Latin America.

What is the potential threat? That Iran is creating a small group of sleeper cells across the region, people with specialized training who are not Iranian citizens and therefore subject to much less scrutiny both by their home governments and the United States should they travel here. The clandestine nature of the recruitment, the use of cultural centers as meeting points to exchange lessons learned and build networks, and the ability of these students to plug into existing Hezbollah and radicalized networks are all significant dangers. The recruitment efforts have been continuous and on-going since at least 2007, and each year hundreds of recruits—and possibly into the thousands—are taken to Iran for training. After 6 years, well over 1,000 people have made the trip and, even if only a relatively small group remains loyal to the Iranian regime, it is a significant network.

Since Dr. Nisman is not here, I think it is worth highlighting the growing ties of Iran and Argentina on a number of issues much broader than the AMIA bombing. Much of the ties, particularly on missile technology and possibly nuclear technology, also run through Venezuela. In February 2013, one of Argentina's leading newspapers published an investigation saying that, beginning in September 2012, the missile technology was being shared with CAVIM (Compánia Anónima Venezolana de Industrias Militares), the industrial component of Venezuela's military. The exchanges are part of the new strategic military agreement signed between Argentina and Venezuela.[15]

In turn CAVIM, under sanction by the U.S. State Department for aiding Iran's missile program,[16] is already jointly manufacturing Unmanned Aerial Vehicles (UAVs or drones) with Iran.[17] Iran has many other technological exchanges with Venezuela, many suspected of aiding—or intended to aid—Iran's nuclear and missile programs. Knowledgeable observers have said for several years that Iran is trying to acquire solid fuel missile technology around the world in order to enhance its delivery systems for a potential nuclear weapon.

"The way it works is that Argentina gives Venezuela the technology, and Venezuela passes it on to Iran," said one source familiar with the program. "The argument from Cristina's government will be, if caught, that they are not responsible for where the technology ends up once it gets to Venezuela. But they are aware of how it will be shared." Argentina's planning minister Julio de Vido categorically denied there was any plan to "make missiles with Venezuela, much less with Iran."[18]

There are other indications that Argentina's warming with Iran could be predicated on aiding the Islamic republic's nuclear program. There is a precedent for such cooperation, but new forms of working together would represent a clear rupture with the international community aligned with the United States and Europe.

While many international analysts view the possibility of nuclear cooperation as remote, the little-studied precedents make such collaboration feasible, particularly when seen in the light of the possible technology transfer on the missile front described above.

At the time of the 1992 bombing of the Israeli Embassy, Argentina was engaged in discussions about training Iranian scientists at Argentina's nuclear facility, and, through 1993, it delivered promised shipments of low-enriched uranium for Iran's

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[15] Daniel Gallo, "El proyecto de un misil liga al país con Irán: El plan avanze con acuerdo de una firma venezolana sancionada por EEUU," *La Nación*, February 17, 2013, accessed at: *http://www.lanacion.com.ar/1555490-el-proyecto-de-un-misil-liga-al-pais-con-iran*.

[16] U.S. Department of State, *"Iran, North Korea and Syria Nonproliferation Act: Imposed Sanctions,"* February 12, 2013, accessed at: *http://www.state.gov/t/isn/inksna/c28836.htm*.

[17] Brian Ellsworth, "Venezuela says building drones with Iran's help," *Reuters,* June 14, 2012, accessed at: *http://www.reuters.com/article/2012/06/14/us-venezuela-iran-drone-idUSBRE85D14N20120614*.

[18] "De Vido negó un pacto con Venezuela para hacer un misil," *La Nación*, February 18, 2013, accessed at: *http://www.lanacion.com.ar/1555695-de-vido-nego-un-pacto-con-venezuela-para-hacer-un-misil*.

nuclear program. All collaboration was cut off after the AMIA attack, but in 2002 Iran made additional overtures to Argentina on the nuclear front, which were rebuffed. In 2007, Chávez reportedly interceded with Kirchner on behalf of Iran in order to acquire nuclear technology.[19] In 2009, Iran publicly stated its willingness to buy nuclear fuel from "any supplier, including Argentina." As *Asia Times* reported, there are multiple reasons for what on the surface seems an unusual statement:

The Tehran reactor, though initially built by the United States, was redesigned and had its core refitted by Argentina in the 1980s. This means that for all practical purposes, it is an Argentinean-made, and -fueled, reactor. In 1988, the IAEA governing board approved Argentina's delivery of highly-enriched uranium (19.75%) to Iran, which was delivered in the autumn of 1993.

Second, during 1993–1994, Iran and Argentina engaged in serious negotiations on further nuclear cooperation. Among the issues discussed were the training of Iranian scientists at an Argentinean nuclear institute, and a fuel fabrication plant for Iran. These discussions, as well as the distinct and deepening nuclear relations between Iran and Argentina, came to a sudden halt in July 1994 with the bombing of the Jewish center.

Third, despite negative comments such as those by Kirchner that overlook the irrefutable record of the nuclear talks between Tehran and Buenos Aires in early 1994—talks that raised Iranian hopes that the fuel delivery of 1993 would be followed up with more extensive deals—the idea of replenishing the Tehran reactor with fuel from Argentina has never quite disappeared from Iran's nuclear energy policy. Iran has adamantly rejected allegations that it played any role in the bombing.[20]

Given this history, in addition to the growing ties between Fernández de Kirchner and Venezuela's Chávez and now Maduro goverments, which publicly have stated their desire to help Iran with its nuclear program regardless of international sanctions, the assumption that Iran is pressing its relationship with Argentina for nuclear advantage is plausible. The dangers of such a relationship were already demonstrated in the history of the AMIA bombing.

I would also like to touch briefly on the banking structures that Iran is taking advantage of, both to highlight the role of Ecuador in Iran's strategy and to address the issue of loopholes or laxness in our policies that allow Iran's financial structures to operate with relative freedom in the hemisphere.

One case that I have looked at in detail is that of COFIEC Bank and Ecuador's largely-ignored role in helping Iran evade international sanctions, with no penalties for its actions.

Since November 2008, when the Central Bank of Ecuador agreed to accept $120 million in deposits from the internationally sanctioned Export Development Bank of Iran (EDBI), Iran's desire to use the Ecuadoran financial system to access the world banking system has been evident. In 2008 EDBI was sanctioned by the U.S. Treasury's Office of Foreign Assets Control (OFAC) for "providing financial services to Iran's Ministry of Defense and Armed Forces Logistics (MODAFL)," in an effort to "advance Iran's WMD programs."[21]

When this relatively straightforward plan was uncovered by investigative journalists in Ecuador, President Rafael Correa received a formal demarche from the U.S. Embassy and denied any deposits had been made, although the two banks at the very least maintained SWIFT communications capabilities for at least 2 years after the denial. It seemed the efforts had halted.

Yet what has emerged since early 2012 is a far more sophisticated plan to use a little-known Ecuadoran bank in state receivership known as COFIEC to open correspondent accounts with sanctioned Iranian banking institutions through a state-owned Russian bank. There have also been serious discussions of clandestinely selling the Ecuadoran bank to sanctioned Iranian banks, talks that senior government officials have acknowledged are still underway.

If successful, (and the record to date, while inconclusive suggests that at least parts have been), the impact of these new moves could be significant, opening up new and relatively easy ways for Iran's banks, largely shut out of the Western bank-

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[19] Pepe Eliaschev, "Argentina negocia con Irán dejar de lado la investigación de los atentados," *Perfil* (Argentina), March 26, 2011; Casto Ocando, "Possible Nuclear Cooperation Between Venezuela, Argentina and Iran," *Univision Noticias*, July 12, 2011, accessed at: *http://univisionnews.tumblr.com/post/7546036783/possible-nuclear-cooperation-between-venezuela*.

[20] Kaveh L. Afrasiabi, "Iran Looks to Argentina for nuclear fuel," *Asia Times*, November 6, 2009, accessed at: *http://www.atimes.com/atimes/Middle_East/KK06Ak02.html*.

[21] "Export Development Bank of Iran Designated as a Proliferator," U.S. Department of Treasury, Oct. 22, 2008.

ing exchanges, to move large sums of money in ways that would be almost impossible to detect.

The COFIEC case, which I have written on extensively, *(http://www.strategycenter.net/research/pubID.304/pub_detail.asp)*[22] offers a template for understanding how Iran is working around international banking sanctions that are badly hurting its economy. Given Iran's documented strategy of using the same sanctions-busting methodology in different countries until those avenues are shut down, it is likely a methodology that is being repeated in multiple other venues.

The COFIEC case illustrates (as the BID case in Venezuela did) that dealing with sanctioned Iranian banks, is far from being the work of a few rogue officials trying to take unauthorized activities without the knowledge of their superiors. Rather, the efforts at banking collaboration are part of multi-state coordinated and publicly articulated policy of aiding Iran in to break its international political and economic isolation.[23]

Ecuador plays a unique and vital role in the Bolivarian structure and Iran's efforts in the Western Hemisphere because it offers a singular advantage—the U.S. dollar is the official currency of the country. This means that any banking transactions are already in dollars, not a currency that needs to be converted to dollars for use on the international market. This process of conversion is both costly and a key point of vulnerability and detection in international transactions. It also gives any country or institution doing business there access to dollars, something Iran is desperate for.

The specific case of COFIEC shows that President Rafael Correa engaged directly with Iranian president Mahmoud Ahmadinejad on the banking issue and that, based on those presidential conversations and authorization, the president of the Central Bank of Ecuador and other senior officials have:

- Systematically and repeatedly sought to engage with Iranian banks sanctioned by the United States, the European Union, and the United Nations to help blunt the impact of international trade sanctions regime on Iran;
- Met with the leadership of the Iranian banks despite clearly understanding the banks were under international sanction and writing risk analysis reports before the meetings;
- Engaged in activities that would allow Iran to operate through state-owned Ecuadoran banks and explored ways of encrypting communications and other ways of hiding the relationship and communications;
- Worked with Iran to set up correspondent bank accounts in the same bank in a third country, so no activities between two accounts would be reported as an international transaction. In this case the bank was in Russia, one of the few countries that has banks that maintain correspondent relationships with Iranian banks.

Given Iran's growing engagement with Argentina, the expansion of Iran's use of ALBA nations' financial institutions and its growing recruitment efforts, its presence may be changing but it is not waning. In a time of intense economic difficulties in Iran and the Bolivarian nations, both sides continue to put resources into the relationship, indicating the priority both sides place on maintaining and expanding the relationship.

The failure to take significant action against Ecuador for its flagrant violation of international sanctions on Iran, under direct presidential orders, is one example of the lacunas in U.S. policy toward Iran's presence in the hemisphere. As in the past, there have been moderate U.S. Government protests, yet no consequences for the action.

In the case of Argentina there is considerable reluctance to take a more direct approach with the Fernández de Kirchner government on Iran, drug trafficking, or any other issue of bi-national importance, fearing that any confrontation would drive Argentina into the arms of Iran and/or China. But this ignores the fact that the Argentine president has already made her decision to curtail DEA activities, publicly and repeatedly attack the United States as an imperialistic, war-mongering nation, and re-open relations with Iran that make a mockery of the rule of law. What has not confronting these issues gained U.S. interests in the region?

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[22] See: Douglas Farah, "Ecuador's Role in Iran's Latin America Financial Structure: A Case Study in the Use of COFIEC Bank," International Assessment and Strategy Center, February 2013, accessed at: *http://www.strategycenter.net/research/pubID.304/pub_detail.asp*.

[23] In a joint statement the foreign ministers of Venezuela, Bolivia, Ecuador, Nicaragua, and other members of the Chávez-led ALBA alliance vowed to "continue and expand their economic ties with Iran." "We are confident that Iran can give a crushing response to the threats and sanctions imposed by the West and imperialism," Venezuelan foreign minister David Velásquez said at a joint press conference in Tehran. See: "Venezuela/Iran ALBA Resolved to Continue Economic Ties with Iran," Financial Times Information Service, July 15, 2010.

In order to address Iran's strategy, operations, capabilities, and intentions in the Western Hemisphere there first has to be a clear and common understanding of the issues. This understanding has to be based on an understanding of the Iranian revolutionary regime's underlying acceptance of terrorism as a legitimate method to achieve its goals, including the overriding goal of regime survival.

My first recommendation would be to look at Iran's presence in Latin America in a more holistic manner, using the significant understanding gleaned by the intelligence community in the years following the AMIA bombing, of what the Iranian network is, how it operates and the threat it poses.

Measuring how many MOUs or trade agreements are fulfilled, while omitting the multiple other covert and overt activities in which Iran is engaged in does not give the full picture of Iran's influence.

My second recommendation would be to use every available tool, and the Treasury Department and others in the government have a significant array of options, to impair Iran's banking activities in the region. There are multiple banks and joint investment companies established in Venezuela, Bolivia, and Ecuador that allow Iran to move hundreds of millions of dollars into the world market. These financial instruments are little understood or monitored yet they are vital economic lifelines for the Iranian regime.

My third recommendation would be to focus on the thousands of passports being issued by ALBA nations to Iranian citizens, to make it more difficult for them to travel and, particularly to enter the United States. The vast bulk of the hundreds or thousands of people receiving these passports by complicit governments are not tourists. They are intelligence agents whose primary objective is to find vulnerabilities and points of entry into the United States, identify vulnerable targets in the region, and prepare a military response if Iran's nuclear program were to be attacked.

Finally, I would recommend a clear focus on the deals that triangulate among Argentina, Venezuela, and Iran, which seem designed to help Iran gain access to Argentina's nuclear know-how while allowing Iran to sell petroleum. Iran is desperate for Argentine support in its nuclear program, while Argentina is paying $12 billion a year to import energy, while sinking into economic chaos. Venezuela is already brokering numerous deals between the two, and China also seems to be playing a role through its recently acquired bank in Argentina. This represents a potential threat that would make keeping a nuclear warhead from Iran much more difficult.

Thank you and I look forward to any questions you may have.

Mr. DUNCAN. Thank you Mr. Farah.

I thank the witnesses for their testimony.

We are going to back up a little bit and recognize the Chairman of the full committee, the gentleman from Texas and my good friend, Chairman McCaul, who has been following this issue along with me over the last 2 or 3 years. So Chairman McCaul is recognized for an opening statement.

Mr. MCCAUL. I thank the Chairman and my good friend Mr. Duncan and the Ranking Member for holding this hearing. I view Iran as one of the greatest threats to the Western Hemisphere. The Chairman and I had a great honor to go down to Latin America, Argentina to visit the Jewish Community Center down there, saw where the bombing took place, participated in a ceremony. We were briefed by the Israeli delegation there. What I was concerned most about was the difference in the narratives, the narrative of the State Department downplaying the threat of Iran versus the narrative of other intelligence services and the IC in particular that viewed Iran as a much greater existential threat to the United States and the Western Hemisphere.

I wanted to just personally stop by this hearing today to also register my disappointment that the government of Argentina has silenced the special prosecutor in the Jewish Community Center investigation who was honored by letter to appear here today, was planning to appear here today. But at the last minute, the attorney general for Argentina—I am assuming going to the highest levels—

Argentina decided to silence him and not allow him to come to this country to testify about the truth and what happened in the bombing that took place at the Jewish Community Center and also the truth about the extent of Iran's involvement in Latin America, which I believe he would have told us is very extensive. I received a letter from the general prosecutor basically stating that the attorney general of Argentina, chief of all public prosecutors in our country, has considered the subject of this subcommittee's hearing has no relation to the official mission of the general attorney's office and, therefore, under those grounds permission was denied by highest Argentine competent authority with legally binding capacity to provide the needed endorsement to allow my testimony before the authorities of a foreign country, in this case the United States.

I consider this to be a slap in the face not only to this committee but to the United States Congress, and I hope that the Secretary of State will take notice of this, and I certainly hope the Secretary of Homeland Security will also take notice of this.

So with that, I want to thank, again, the Chairman for having this very, very important hearing. We all know after the Saudi Ambassador plot—and I just met with him. I just came from my office with him. We know how big of a threat Iran is not only in the Middle East but in this hemisphere as well.

So I look forward to the questions. I know the witnesses will provide us with very valuable testimony in determining what this Nation can do to better protect itself from the threat of Iran. With that, I yield back.

Mr. DUNCAN. I thank the Chairman for his participation and for leading the trip to Argentina to investigate this and Argentina, the tri-border region as well. I think you hit on it, the narrative, the differences in the narrative, and we are seeing the differences in the narrative with Argentina's refusal to allow the special prosecutor to come to America to share his information, not to be on the stand to be interrogated but to share his information with this committee and with America about what he has learned. So I am disappointed and I share that sentiment. So thanks for being here.

The Chairman recognizes himself for 5 minutes for questions.

The March 2013 posture statement of the U.S. Southern Command to Congress stated this, quote, Members and supporters of Iran's partner, Lebanese Hezbollah, have an established presence in several countries in the region. We witnessed that presence in the tri-border region in Paraguay, the Ciudad del Este, where we were told by the intelligence and security forces of the Paraguayan Government about all the financial transactions that were taking place within that city to fund terrorist operations around the world for Hezbollah. We were told about the connection of Hezbollah operatives possibly coming into that area and changing out documents so that they could travel more freely throughout the region. That concerns me.

However, the May 2013 release of the U.S. State Department's *2012 Country Report on Terrorism* stated there were no nonoperational cells of either al-Qaeda or Hezbollah in the hemisphere, and international terrorist organizations do not have a known operational presence in Mexico.

So we have got a dichotomy there of opinions about the real threat, one from the Southern Command that says there is an established presence, and one from the State Department that says: Well, there is really not any known presence in the region.

How can both assessments be true, Mr. Berman?

Mr. BERMAN. Thank you, Mr. Chairman. I think it is a very interesting question. It is also a very politically sensitive question. So let me answer this as diplomatically as I can.

In judging the veracity of these statements, obviously I think the ground truth tends to be with those folks that are actually on the ground, that have spent time in theater that have taken a look at the presence not simply from documents or from cables and reports but have actually traveled to these regions. One of the most important aspects of the research that I have done in Iran and Latin America involves actually going to these places to take a look firsthand at the regional presence and whether or not the footprint matches up with the press reporting that you see here in the United States. In many cases, it does not. But in many cases it does and it goes beyond what is being reported here. I think in an accurate assessment of intelligence in terms of Iran's presence in the region, there is no substitute for an on-the-ground presence.

Mr. DUNCAN. Okay. Well, I appreciate that. I will shift gears just a minute. I want to say that this investigation isn't just about Argentina, although the largest loss of life from an act of terror in the Western Hemisphere prior to 9/11 happened in Buenos Aires. So we can't go through this type of hearing looking at threats in this hemisphere with blinders on and not acknowledge the fact that that operation was hatched in the tri-border region, and it did happen in Buenos Aires, and we did have Mr. Nisman and his excellent 502-page report that identifies who originated the act and where it came from and that is Iran.

Mr. Farah, you say in your testimony that Argentina and Iran recently signed a new strategic military agreement but that there are other indications that Argentina's warming with Iran could be predicated on aiding the Islamic Republic's nuclear program. So with Argentina's refusal to allow the general prosecutor of the AMIA case to testify today, do you believe that Argentina wants to assist Iran in its illicit nuclear activities?

Mr. FARAH. Thank you, Chairman. I don't know if I can say what Argentina's motivations are. I think that if you look closely at what they have done since January of this year when they signed the memorandum of understanding with Iran that is aimed at basically exculpating major Iranian leaders from their guilt in that particular attack and getting the red notices issued by Interpol for their arrest lifted plus a series of other very opaque dealings that the Argentinean Government has carried out with Iran and given the fact that Argentina does in fact have a very robust nuclear program and a very robust space program that has so far, since their inception, remained relatively insulated from the outside political pressures of the central government, I think that Iran clearly wants to get its hands on that technology. You have to remember that the nuclear reactors in Tehran, when they first began in the 1980s, were retrofitted and are, in fact, Argentine reactors. One of the triggers for the 1994 AMIA bombings, according to Mr.

Nisman, was the fact that Argentina had cut off nuclear cooperation. After training many Iranian scientists for many years, they cut off the cooperation. That triggered the AMIA bombings. Argentina very much wants to get back into that.

What is confusing I think to many people in the region and myself who have spent a lot of time down there is what Argentina could possibly be thinking in doing this. Here you have a well-documented, as you noted, the largest terrorist attack carried out by the state of Iran using Hezbollah and other proxies to carry out the attack. It would be akin in my mind to us deciding that we could just let bin Laden's attack in New York just go and move on as if nothing had happened. It is really sort of a starkly dysfunctional response to what has happened in that country.

Mr. DUNCAN. Thank you.

Mr. Berman, you may not be the best one to ask this question. But we have Chávez gone. We have got the new Maduro government in Venezuela. How do you see that relationship between Tehran and Caracas evolving under this new government?

Mr. BERMAN. I think that is an excellent question because the Iranian intrusion into Latin America has been very much a function of personality politics between Chávez on the one hand and Mahmoud Ahmadinejad, the Iranian president, on the other. Both sides of that coin are now reshuffled in a sense. Chávez is dead. Ahmadinejad has left the political scene. But I think there are indicators that there is at least a desire on both sides for political continuity, for the relationship to continue into perpetuity if possible. Nicolás Maduro, the new Venezuelan president, as Foreign Minister under the Chávez regime actually spearheaded and oversaw contacts with Iran. So he can be expected to take a sympathetic attitude towards continuing this conversation. He does have, as I mentioned before, political and economic constraints but I think that the desire is there.

On the Iranian side, it is not clear yet whether the new Iranian president, the incoming Iranian president Hassan Rowhani, is going to make outreach to Latin America as high of a priority as his predecessor did. But it is useful to remember that ultimate strategic decision making in Iran doesn't rest with the president. It rests with the Supreme Leader. The Supreme Leader has demonstrated over time that Latin America does not rank at the highest level of Iranian foreign policy, but it is certainly up there in terms of its significance because of the potential benefits that could accrue to the ballistic missile program, to the nuclear program.

I think there is sort of a note of nuance that needs to be injected here. If you look at what Iran has experienced in diplomatic terms over the last 2½ years, its involvement in the Syrian civil war has had a significant effect upon its global posture in general both in terms of the available cash that it has to invest in outreach to different regions and also in terms of the receptiveness with which it is accepted in these various regions.

That said, I think Latin America will continue to remain an area of priority for Iran. How high is a matter of some dispute. But it seems to me that what we are looking at is a period where there is going to be more continuity than change.

Mr. DUNCAN. Thank you for that. My time has expired. I would like to get Mr. Humire to opine on that just for a second.

Mr. HUMIRE. Thank you, Mr. Chairman. I just want to expand on what Mr. Berman was saying.

I think one of the misconceptions of the Iranian-Latin America relationship was that it started with Hugo Chávez. It actually started, according to Mr. Nisman's heavily detailed reporting, that the relationship started since the dawn of the revolution in 1979. The main primary actor at that time the gateway was Cuba and to this day in a post-Chávez world remains with Cuba. Nicolás Maduro, his base of power in Venezuela is predicated upon his alliance with the Cuban regime that has penetrated his intelligence services as well as with his security apparatus. So I think looking forward, a lot is dependent on which way the trajectory of Cuba and their political power maneuvering in the region will go.

If you permit me just to say one quick comment on the distinction of why the State Department said there is no known Hezbollah cells but the narrative in the region is that there is active terrorist cells in Latin America. I think this actually presents a challenge and an opportunity. On one end, the challenge is that in Latin America—and this is according to the research at the American Foreign Policy Council—there is 22 countries in the region and about half have anti-terrorism legislation. So the majority of the countries don't have anti-terrorism legislation. What that means is there is no legal framework to identify a terrorist group for what it is, a terrorist group. Brazil is a case in point. In Brazil, if you ask Brazil, are there Islamic terrorist groups in your country? They will say "no" because they are legally in their country. They don't designate Hezbollah, al-Qaeda, or any other group that are designated by many other countries, including the United States, as terrorist groups in their own country. Just a few months ago, there was a known Hezbollah agent, one of the infamous Barakat brothers that was arrested for a fraudulent contraband scheme that he was doing within the clothing industry. He was actually arrested and condemned as a criminal but never once mentioned as a terrorist. I think that might be one of the distinctions that is often confusing when looking at the narrative in the region relative to the narrative of some of the U.S. policy analysts today. But it presents an opportunity because I think the U.S. Homeland Security as well as the U.S. Government as a whole can help a lot of Latin American countries to understand the legal, technical, and other know-how about how to create anti-terrorism legislation.

Mr. DUNCAN. Thank you for that. My time has expired. I will now recognize the Ranking Member, Mr. O'Rourke, for 5 minutes.

Mr. O'ROURKE. I want to start by again thanking the Chairman for his leadership on this issue, for focusing us on the threat that Iran poses in the Western Hemisphere, Latin America, and at our borders and within our country. So I appreciate that. I am learning a lot today and will continue to do so with the answers from these questions.

For Mr. Berman, I want to better understand the threat and disconnect between your analysis and that from the State Department and even some of our other witnesses today. SOUTHCOM's assessment was also mentioned earlier, and quoting from General Kelly,

Commander of SOUTHCOM, this year he said that Iran's outreach has been only marginally successful and that the region as a whole has not been receptive to Iranian efforts. Mr. Misztal said that he felt it was unlikely that Iran would precipitate a direct response from the United States by doing something egregious or bloody enough to have a reaction directly from our country. You know, within recent history, this country has gone to war because of sensational, unsubstantiated threats from countries in this region.

I will add to that by saying closer to the homeland and more in concert with our purview, following 9/11, we built 600 miles of wall between us and Mexico, we doubled the size of the Border Patrol, and we are thinking about doing the same thing again as part of another piece of legislation right now. This could add fuel to the fire.

So especially in my role and my responsibility in this committee, I want to understand precisely what you view as a threat to the homeland and what you think the proportionate response to that threat should be.

Mr. BERMAN. Sir, I think that is an excellent question, and let me just start by saying that I think it is useful, exactly as you mentioned, to put it in proper context. The sum of a threat is both capability and intent, so it is useful to understand both the capabilities that Iran has in the region and also when it might be incentivized to activate those capabilities.

I would quibble a little bit with Mr. Misztal's statement, because he did talk about restraint in the Iranian context, but as you heard from Mr. Farah, the Iranian regime has not shied away from targeting the U.S. homeland or individuals within—residing or operating within the U.S. homeland over the last decade, and I think it is useful to understand that that constitutes in and of itself a shift in Iranian policy.

A decade ago we could talk about Latin America serving as a support theater for Iranian activities, but in increasingly over the last decade, you have seen Iran build the necessary capacity to reach out and touch the United States or touch individuals within the United States in a malicious way, and I think that shouldn't be underestimated, it shouldn't be overblown, as you said, but when we talk about proportional responses, I think that that is precisely where we should focus.

It seems to me that there are three areas of potential improvement that we could work on. One has to do with, as Mr. Humire said, counterterrorism legislation. The edifice of U.S. counterterrorism policy rests upon a 1996 law called the Antiterrorism and Effective Death Penalty Act, which is the founding legislation for the State Department's foreign terrorist organizations list and all sorts of ancillary judgments that we now make about terrorist entities.

In not the vast majority of the region, but a plurality of the countries in Latin America, you don't have such a lodestone for counterterrorism policy. You have movement towards it. Brazil, as Mr. Humire mentioned, exists in this state of grace, but future events, such as the FIFA World Cup next year, the Olympics in 2016, present an opportunity for the United States to reach out and engage with our allies in those governments and talk to them about

the need for a more robust counterterrorism framework that would criminalize and also incentivize regional law enforcement to go after what is now essentially an unaddressed threat.

The second has to do with transshipment and smuggling. When I was in Panama recently and I was told first-hand about the level of expansion that is now undergoing—the Panama Canal is now undergoing, by the end of next year the Panama Canal is going to have a five-fold increase in potential container volume. That container volume currently is at 4 million containers a day. It is about to go up by the end of next year to 20 million containers a day. That is poorly regulated, it is poorly understood what is actually in those containers, in part because we don't have proper eyes upon the transshipment routes. It also has—there is a potential nexus for very significant, very significant illicit activity because of the adjacent nature of the Colon Free Trade Zone with the Panama Canal.

The third avenue of approach is something that the Chairman mentioned in his opening statement, discussions about stronger border security, stronger oversight over visa regulations, and the tightening of what is now in many places in the region a lax visa regime that allows Iranian agents, Iranian operatives to move around.

A case in point is in Ecuador, where Ecuador, despite being a dollar-ized economy with very intimate bonds with the U.S. economy, now allows visa-free travel for Iranian individuals and it also allows—has a lax oversight environment that encourages Iran to exploit the Ecuadoran economy.

So I think in those areas as well as others, there is real room to improvement and there is room for improvement on the part of not only the Department of the Homeland Security, but other agencies in the U.S. Government as well.

Mr. O'ROURKE. Just real quickly, because my time has expired, for Mr. Misztal, with the new election—or the election of a new president in Iran, Mr. Rowhani, and Mr. Maduro in Venezuela and the fact that it is clear Iran does have an anchor in Latin America through these countries there, including Venezuela, what is our opportunity to work diplomatically, economically to find some way to compel these countries to do what we want them to do, which is to tighten the—to increase the pressure on Iran economically, afford it less avenues to trade, to bank, to survive the sanctions that we are leading globally and meet the threat in that way?

Mr. MISZTAL. Thank you, Mr. O'Rourke. As you know, the United States, largely through the initiative of the Congress, has been passing ever-more-stringent sanctions against Iran over the course of the last 5 years. As, Mr. Chairman, you pointed out in your opening statement, they have had a significant impact on Iran's economy, but in asking whether we can have those same sanctions applied to the relationship of Iran apply to America, we have to first understand sort of the nature of the countries and the regimes that we are dealing with in Latin America. On the one hand, we have regimes that have close ties with the United States and are generally democratic and friendly to us. I am thinking here primarily of countries like Columbia, Chile, Peru, which cooperate with the United States. We have sort-of regimes on the opposite

end of that spectrum that are undemocratic and unfriendly to the United States, which is the ALBA block that Mr. Humire mentioned, led by Venezuela, Cuba, with Bolivia and Ecuador in that mix. Then we have countries that are sort of in the gray zone in between, Argentina, more recently Brazil, at times in the past have sort-of not been clear where they stand.

I think that in order to be able to get countries to want to adopt those sanctions and help us in imposing tighter controls on Iran, we first have to move them towards being democratic. If we have regimes that are in place, as we do with President Maduro in Venezuela or in Cuba or in Bolivia or Ecuador where they pride themselves on standing up to the United States, where not following the lead of the United States in the international community, and in fact six United Nations security council resolutions, is a point of pride and seen as a sign of strength, that gives them greater legitimacy domestically, then we are not going to be able to successfully work with them to try to get those sanctions imposed.

So I think this is first and foremost a question of the sort of regimes that we find in the region. In fact, as I think all of us have pointed out today, the sort of the common bond of anti-Americanism and the anti-imperial rhetoric that we hear, whether it is in Tehran or Caracas, is the form of this bond between Iran and countries in the Western Hemisphere.

So I think if we are looking to break Iran's footprint in the hemisphere and try to get sanctions imposed ever more stringently by ever more countries on Iran, then we really have to think about how we talk more about democracy and creating better institutions in these countries first.

Mr. DUNCAN. Thank you, Mr. O'Rourke. The Chairman will now recognize the gentleman from Pennsylvania, Mr. Barletta, for 5 minutes.

Mr. BARLETTA. Thank you, Mr. Chairman.

Mr. Farah, in your testimony, you claim that Iran's influence in Latin America and the Caribbean is growing. How safe do you believe our territorial borders are, especially the U.S. Virgin Islands and Puerto Rico?

Mr. FARAH. Thank you, Congressman. I would say that if there is not a particular economic benefit to be derived from—I think—Puerto Rico, I think, is much more of a concern because it is part of the U.S. homeland. I think if you look at how Iran is operating in the acquisition of travel documents from other countries in the region, they are not getting false documents, they are getting legitimate, real Ecuadoran, Bolivian, Venezuelan passports, which we have—we cannot stop them, because they are actually legitimate travel documents.

I think passing through territories where the scrutiny will be far less and where we have detected on occasion this type of use being done, it is usually at places where the Homeland Security personnel is much more experienced and much more alert. I think as a point of penetration, those would be ideal. I think what you are seeing now looking out at Iran's experience in the region is in particularly the Hezbollah operatives that are second-, third-generation Latin Americans, you have people that will pass through completely unnoticed. I think the more remote and the more isolated

the places are, the less experienced they are in looking for this type of activity, the higher probability of getting across is.

Mr. BARLETTA. We know that the Dominican illegal immigrants have tried to cross into Puerto Rico. Do you know if Iran has tried to exploit this weakness in any way through the Dominican?

Mr. FARAH. I have examined for—with the Department of Homeland Security the Dominican phenomenon and am intimately familiar with it. I have not seen in my experience Iran using that.

Mr. BARLETTA. Again, do you believe that Hezbollah has been able to enter the United States through our open borders, Southern Border, or through visas?

Mr. FARAH. Sir, I think there are numerous now open-source accounts of Hezbollah operatives being apprehended crossing the U.S.-Mexican border. I think that as the access to other Government travel documents becomes more available, that is much less a necessary option. I think if you can get on an airplane and fly into New York with a legitimate passport, it is a lot less risky than going across the Mexican desert and trying your luck crossing the border. So, yes, I think that they come. I think that we have seen—I have seen flight manifests from countries in the region where you have Iranian nationals with Ecuadoran passports flying out of New Jersey, Newark airport, multiple U.S. airports into the region and flying back to the region, Iranian nationals with other folks' travel documents, so I think it happens every day and routinely, yes, sir.

Mr. BARLETTA. I think it is a good point here today, why it is so important that as we consider immigration reform here in Washington and the policy, that we really focus on making sure we are protecting our National security. You know, I am troubled by the lack of focus on the background checks that are being proposed or won't be done on 11 million, since we already know there are people who want to do America harm who have already entered the country, why it is so important that whatever we do here that we are making sure that we are doing background checks into the country of origin, not just simply sending paperwork in that could be stamped by some bureaucrat here, but doing proper background checks to protect the American people. Why when we talk about border security we must include visa, the loopholes in the visa system here and visa overstays as part of border security if we really want to protect the American people.

Thank you, Mr. Chairman, for this very important hearing today.

Mr. DUNCAN. Absolutely. Thank you so much.

I ask unanimous consent that the gentlelady from Texas and the Ranking Member of the Border and Maritime Security Subcommittee, Ms. Jackson Lee, be allowed to participate in today's hearing. Without objection, so ordered.

The Chairman will now recognize Ms. Jackson Lee, who I spent some time with down at the Summit of the Americas a year or so ago investigating some of these same issues.

Ms. JACKSON LEE. Very much so.

Mr. DUNCAN. Talking with our Latin American neighbors about some of these things, so I thought it was enlightening, and I recognize you for 5 minutes.

Ms. JACKSON LEE. Mr. Chairman, I thank you very much for this hearing, and I thank the Ranking Member, Mr. Barber, and offer

to him, as I know we would, enormous concern and sympathy for the loss of 19 firefighters. It seems like this has been a year for firefighters, west Texas and then Houston, Texas, of recent that we know, and we certainly want to keep them in our prayers.

Just as an aside for being in the Homeland Security, Mr. Chairman, I hope that our committee, I know the Chairman of the full committee and the Ranking Member are very concerned about firefighters. I hope we will have an opportunity to look at how we can be helpful to them as well.

Let me thank the witnesses. I think this is a very important hearing, and I am delighted to have it. As my time goes away, I do want to make just a comment. I think our friends in Latin America have been friends with the United States for a very long time, and we were meant for each other. It is North and South America. There is a lot of commonality. I want to make it very clear that I hope we can get past who can be the toughest on America. We are all—with our diplomatic challenges, this hemisphere has worked with each other through trade and a number of other issues, and so as I watch the occurrences with Mr. Snowden and the alleged acceptance of his travels based upon who can be the strongest against the United States, might I say on the record, I don't view that as being constructive. I think we are better when we work together and I think we are better when we understand each other's sovereign rights, and I certainly respect the sovereign rights of any Latin American country, but I hope they will likewise respect ours and we will find a way to address Mr. Snowden based upon his citizenship and his rights to due process. I think his family would like that.

I take issue with the fact of America being, in essence, the actor of inappropriate behavior. I think that we are trying to do what is best in securing the American people and keeping with the civil liberties and due process rights of any citizen.

So I think this is important, because we are talking about relationships with Iran, but also with Latin America, so let me pose this question to Mr. Misztal about Iran's capacity for nuclear weaponization and how far along do you think they are and how great a threat are they, Mr. Misztal?

Mr. MISZTAL. Thank you. I think the question of how far along is wrong. To put it another way, how close is Iran, is one of the trickier questions today, because people ask the question about timing but don't really ask the question time until what. I think people count down to a lot of different thresholds, and so really it should be a discussion about what is the nuclear threshold that we should be worried about with Iran. To that extent, it is important to know that a nuclear weapon consists of three different elements: One is the delivery mechanism by which you get the weapon to its target, whether that is a missile or some unconventional means; the second is the weapon itself, what actually makes the explosion; and the third is the fissile material, which makes the weapon nuclear.

Often when people talk about weaponization, they are talking about the construction of all three of those elements into a working interconnected ballistic missile. How far along Iran is in that process is hard to know, because it depends on getting access to their

military program, which we do not have access to. They have denied IAEA inspectors access to those facilities numerous times, as therefore, largely discussed based on classified information, which I do not possess.

However, an argument that I think is important to make is that Iran becomes dangerous not at the moment at which it has assembled all three of those—all of those elements, but at the point at which we no longer know whether we are able to detect that they actual—whether they have put those elements together or not.

The case of North Korea is instructive. The United States intelligence community made the assessment in 1996 that North Korea might have already a nuclear weapons capability, at which point our military planning had to change to——

Ms. JACKSON LEE. So are we at that point? My time is running out. Are we at that point with Iran? Might you also comment on the impact of sanctions as opposed to a combination of sanctions and diplomatic engagement?

Mr. MISZTAL. So very quickly, I think the appropriate question to ask is: How quickly is Iran capable of producing enough highly enriched uranium for a nuclear weapon? My assessment is that within the next year, their time for being able to do that will drop to between 6 weeks to 1 month, which would be faster than I think we would be able to detect through open investigations by the IAEA, which I think would be very troubling.

The effect on sanctions has been, I think very hard for the Iranian people and the Iranian economy. It has done absolutely nothing to slow down Iran's nuclear program. In fact, it has been speeding up remarkably over the time that sanctions have been getting tougher.

Ms. JACKSON LEE. Well, can I just pose, if I might just follow up, Mr. Chairman. Then—and I may have missed your testimony—what should we get our hands around in terms of working with Iran in this context? Do we look to youth and technology? Do we look to the middle class? Do we look to the idea of a newly-elected leader? What is it that may be a, if I use the word stabilizing, but a slowing process for where Iran is today and where it might be in terms of nuclear weaponization?

Mr. MISZTAL. I think the question of how do we get Iran's leadership to take a different tack towards America is a very important one. I don't think that we have the tools or mechanisms to do anything about that within the time frame in which their nuclear program becomes very, very worrisome and very dangerous to the United States.

I think in that respect the most important thing we can do is to continue to stand up for democratic principles and values in the greater Middle East. I think from the prospect of the youth and the people who might want to see a change in the Iranian government, the lack of our response to the 2009 Green Revolution was very troubling. So to the extent that we can continue to support democracy as people fight for it in the rest of the region, that will send a strong signal to the people in Iran who might want to see a change of government.

Ms. JACKSON LEE. Okay. I thank the Chairman, and I reluctantly yield back.

Mr. DUNCAN. Okay. I will be glad to give you some leeway, Ms. Jackson Lee, if you would like.

Ms. JACKSON LEE. If I could just get one more in, I would appreciate it.

I am struggling to pull on to Mr. Misztal's comments, so let me try to just pose that question to both Mr. Farah and Mr. Berman. The last question that I have is, you know: What form of intervention should there be? I appreciate Mr. Misztal in terms of he mentioned the 2009 Green Revolution. Where are we now with Iran in sort of getting his question, which is changing their attitude or helping to change their attitude toward the West or toward the United States?

Mr. BERMAN. Let me start. Thank you very much for the question. It is actually the $64,000 question when it comes to formulating policy towards Iran. I think Mr. Misztal is entirely correct when he talks about the fact that sanctions have been in effect a tactical success but a strategic failure. Tactically they have had a lot of moving parts and a lot of progress in terms of diminished oil capacity, diminished exports, increase in the rate of inflation, sort of all of these different empirical metrics. Strategically, though, that inflection point, the point at which the Iranian regime calculates that its nuclear effort is more trouble than it is worth, hasn't been reached yet. It is not clear that sanctions alone will be able to do that.

I think it is abundantly evident to those of us that have followed sanctions over the last decade or so that, while that is the aspiration and while we hope that that is the objective and that is sort of the ultimate resolution, it may not be possible to achieve this simply with economic pressure alone.

The human terrain question, I think, is decisive. There was tremendous initial promise from what we now know colloquially as the Green Movement when it coalesced in the summer of 2009, but I think because of our inattention and because of the systematic repression of the Iranian regime, those hopes have really been dashed. The way we know this definitively is because in the run-up to the last Iranian election, which took place last month, when the green movement did come out, it didn't come out to advocate a different pathway for Iranian politics, it came out to simply argue about whether or not it was going to participate in the election or it was simply going to boycott. That is not a sign of relevance. That leaves us, quite frankly, with very few actionable choices.

I am sort-of not in the business of saying that I know better than the U.S. Government what those choices should be. I would only point out that for the Iranian regime to become convinced that there is no day after nuclearization, we need to be more robust both on the economic front, but also to present convincingly that all options do actually in fact remain on the table.

Right now the Iranian regime is operating from the assumption that if they move fast enough, if they are resilient enough, there is a day after sanctions, because after all, sanctions are intended to prevent them from going nuclear. If they cross the threshold, it is back to business as usual.

We need, both through diplomatic measures, but also through the way we posture ourselves militarily, to convince them beyond

a shadow of a doubt that that day, frankly, will not come, and if they don't comply with U.S. and European policy currently, there are worse options in the offing.

Mr. FARAH. Thank you. I would just add that I think that there are many things that we could be doing to weaken the Iranian regime economically that we are not doing. I think that is one of the hearts of the issues in Latin America, where you see hundreds of millions of dollars flowing through Ecuadoran and Venezuelan banks into the Panama Colon Free Trade Zone and others, where sanctions are being broken, busted with impunity, where we know and understand what is happening and where no action is taken. So I think if you wanted to, instead of going after the—or not necessarily going—changing the current sanctions policy, but requiring compliance with actual current international re-acceptance sanctions, you could hurt Iran a great deal more than we are doing without going to the next step that Mr. Berman talked about the military side.

I think also one of the things that has weakened the United States tremendously in this process is that at every issue where they have acted, including the attempt to kill the Saudi Ambassador to the United States, we have done essentially nothing, which convinces them, as one Iranian expert told me, that there is no line in the sand that they cannot cross.

We keep saying they won't attack in the United States. We have multiple documented attacks—or attempted attacks within the United States territory, and there has been no consequence attached to that. Until they believe there are consequences for their action, including attacking inside the U.S. homeland, I don't think we have much chance of persuading them to behave differently.

Ms. JACKSON LEE. Mr. Chairman, I want to thank you. I just want to conclude by just making this point on the record. I noticed that you were looking as I was speaking, and I guess we were dealing with parts south of the capital and South, Central America. You know I am from a border State. We engage a lot. Though this may not be directly to the point, I think it has been brought to a point both with this discussion, but also with the travels of Mr. Snowden, I am not prepared to give up on the diplomacy and interaction with South and Central America, we have a lot of allies there. I am not sure why we have come to a point where countries believe that they have to show a challenge to the United States when we have worked together over the years. So we have got to find—as we relate to protecting the homeland, we have got to penetrate what is going on in South and Central America, Latin America when we have had so many allegiances. Iran has found an opening, and it is an opening based on divisiveness and threat, and I think we have to recognize that, but I do believe that we cannot throw out diplomacy, we cannot throw out having a way to assert democracy without the next step being war.

Certainly non-proliferation is not the direct topic here, but we need to be very direct on what Iran is doing since we understand that they are seconds away from possible success, but I think we have to be aggressive in both our diplomacy and the protection of the people of the United States of America.

So I yield back, Mr. Chairman.

Mr. DUNCAN. Yeah. I thank the gentlelady from Texas for her comments. Just for a second round of questions, if the witnesses don't mind, because it looks like it is going to be me, and so I have got some questions to ask to further this conversation.

To follow up on what Ms. Jackson Lee said about diplomacy, when I reviewed the State Department's report, and I am not finished with it yet, much of which is classified, but one thing and one question I had for the Assistant Secretary Jacobson was what other countries in Latin America did they talk to as they put together that report. Her answer was none. It took me aback.

So when I think back about the Iranian influence and activity in this hemisphere, I think about the Lebanese Canada Bank, which was more of a financial transaction. I think about the foiled assassination attempt on the Saudi Ambassador, where we got lucky. We had a DEA agent in the right place at the right time. They were trying to contact—the Iranians were trying to contact a Mexican drug cartel member to transit the porous Southern Border to come into this country to assassinate the Ambassador from Saudi Arabia in this town at a local restaurant. That was the plan. We thwarted that, because I felt like we had the right assets at the right place.

I think about the Venezuela hacking attempt and the outing of the consulate general, I believe, from Miami over that. Univision reported on, I think it was talked about that earlier. I think about the JFK attempt that we talked about earlier.

Then the State Department fails to contact and communicate and ask questions of our neighbors in this hemisphere and Latin America about what they are seeing on the ground, what they are seeing, what are their intelligence services picking up; is this threat real? They just relied on our intelligence services.

So I am going to start with Mr. Berman. Why do you think that the State Department failed to communicate or at least talk with our neighbors here in the Western Hemisphere?

Mr. BERMAN. Well, let me answer this a little bit obliquely, sir, because I certainly don't know the decision-making process that went into the internal deliberations in the formulation of the report. I can tell you that I am constantly admonished by colleagues of mine——

Mr. DUNCAN. Just take it that they did not talk to a single other country. That is what Ms. Jacobson told me, so——

Mr. BERMAN. To that point, I am constantly admonished by friends of mine in the intelligence community that there is no such thing as bad intelligence, there is just bad questions. This seems to me to be a case where there were questions, legitimate questions about Iranian diplomatic presence in places like Bolivia, Iranian economic activity in places like Ecuador. These are beyond the level of Iranian activity in—on the territory of allied countries like Chile and Columbia, that where there would have been very salient data points that would have been uncovered had there been that line of questioning. It seems to me that the State Department report, at least the unclassified annex that I have seen, is poor for not having had that line of questioning.

Mr. DUNCAN. They didn't even talk to our neighbors in Canada, our largest and best trading partner, about the Iranians that are

using fraudulent documentation and refugee status that are coming through Latin America generally to Canada. The Canadians understand that there is fraud, and with an attempt of Iranians to infiltrate Canada.

So Mr. Humire, what do you make? Why do you think that our State Department didn't talk to our neighbors here?

Mr. HUMIRE. Thank you, Mr. Chairman. Unfortunately, I don't think this is actually a coincidence. This Bolivarian project that we have all alluded to, this ALBA alliance, has systematically and asymmetrically found ways to create an anti-access strategy to the United States.

You know, I have spent over a decade in the region developing sources and talking to numerous individuals from different constituencies, from civil society, to the media, to others. You know, when I come up with information data points related to the Iranian threat in the hemisphere, I generally ask them has anyone from the U.S. embassy or any U.S. official contacted you, and generally, unfortunately, the answer is no.

I think in most instances, the United States has—you know, this is all related to booting out the Drug Enforcement Administration, booting out the United States Agency of International Development, booting out—and basically creating an aura of anti-U.S. access into these countries. This is done essentially by driving—and this is a principal component of any asymmetric conflict, is the narrative. This is a conflict that is not managed by bombs or bullets. This is a conflict that is managed by words, images, and ideas. The Bolivarians have been able to create an image that the United States is anti-Latin American, is anti-endogenous, that they just want to manipulate through their multinational and imperialist companies to exploit the marginalized and the oppressed. In their terms, in Bolivarian terms, they view themselves as a liberation movement, and that message has been resonating. But as Mr. Misztal mentioned, there is an inflection point, there is weaknesses, they aren't perfect, they have made mistakes. There is an alliance forming today, and endogenous alliance in Latin America that, you know, the United States could definitely use and partner with to be able to counter this counter-narrative, and that is called the Pacific Alliance. The Pacific Alliance is made up of the countries of Mexico, Colombia, Chile, and Peru. Now, this is, in honesty, in its infancy stage, but has basic—a lot of growth potential.

Unfortunately, when I go to these countries and I ask, you know, what is their relationship with the United States, yeah, they have normal bilateral relations, in some cases there is trade and there are other things that indicate, but actions without a message, without a narrative are just that, are just actions. You have to develop a narrative that the people can resonate with and so that the wave of popular opinion and public opinion moves towards their side.

Each one of these countries is facing internal struggles, if it is the peace process in Colombia, the resurgence of the Shining Path, a decade-long revolutionary movement in Peru, the socialist activists in Chile, or the drug trafficking in Mexico, it has a fragile balance, and at any given moment, the Bolivarians can subvert these countries and shift that to go back into their favor, but—you know, so I would just say that there is opportunities, but the United

States has to be aware of them and has to act on them in order to capitalize on it.

Mr. DUNCAN. I agree with you there is opportunities here, and I understand some of the instability in the economy in Argentina and that the president has her hands full down there, and some of the things you made, the comments you made about Chile and other countries.

So I want to highlight one thing that you said, though, in your written statement, is that, I think it was detailed in Mr. Nisman's report that Iran's sophisticated use of cultural activity as a means to blur the lines between political and covert activity, as well as to establish state to non-state relationships. A lot of this isn't, you know, Iranian embassy and activity around the embassy. It is cultural centers, it is mosques, it is some of the things that they are using that are just sort of below the radar screen. I get some of that.

Let me just shift gears real quick, and we will finalize this, this hearing, but we talked in the earlier statement about the Other Than Mexicans, OTMs, that have been apprehended coming across our Southern Border or actually inside the country. So, Mr. Farah, you talked about in your written statement that Iran's influence in Latin America and the Caribbean is growing on multiple fronts, with a threat coming not only from transnational organized crime with a potential for WMD-related trafficking.

So would you explain how the government of Iran exploits the criminal networks and what types of materials are trafficked and which could be trafficked?

Mr. FARAH. Thank you, Mr. Chairman. I think that the basic—my basic premise is that there are multiple trans-criminal, organized criminal-type lines that cross the northern part of South America through Central America, across Mexico and cross our borders with impunity thousands of times every day. It doesn't make much difference to the people trafficking that if it is 30 illegal Chinese or 30 illegal AK–47's or 30 kilos of cocaine. That product will move and will be delivered on our side of the border with probably a higher rate of effectiveness than UPS or FedEx.

So I think that if you—given that those pipelines exist and given the stated motivation—or the stated doctrine of the Bolivarian Alliance, the ALBA nations, that—of the use—of legitimacy of the use of weapons of mass destruction against the United States, that you cannot rule out, given the access that Venezuela has, that Argentina has, that others have to different types of nuclear materials for dirty bombs and other things, that that could easily—relatively easily be transported across our borders, because we don't catch about 90 percent, 95 percent of what comes across.

The counter-argument, and I have been dealing with the U.S. Government with this, is that nobody would take a bomb across the United States, and I think that that is true. If you walked up to someone and said, I am Hezbollah. Please take this bomb across and blow up the United States, they would say no, thank you. If you look like me and speak native Spanish, like I do or as Joseph does, and you have enough money to pay for your package to be delivered and you hand it over or you hand yourself over to be trafficked, you will arrive. I think that that is one of the core threats

and one of the core challenges, because you are dealing with multi-networked pipelines that are interrelated, they are not all the same thing, they are doing different things, they are moving different products, but basically the products will cross the same choke points across the same countries, cross our border the same ways. Once—and if you have that—so you have that element in there, and then you also have the element of the submersible craft that they are finding in Ecuador and Colombia that are primarily used by drug traffickers that can carry 10 tons of anything from the coast of Ecuador to California. They don't even have to stop to refuel in Central America. If you can carry 10 tons of cocaine, you can carry 10 tons of just about anything else you want in those things. Our inability to detect the movement of those ships, our inability to—the submersibles, our inability to get a handle on how they are moving and where they are moving is deeply troublesome.

I think if you take those factors together with the statement of intent, that is why I keep going back to statement of intent, by the Bolivarians themselves with Iran that weapons of mass destruction are not only acceptable, are necessary to inflict great damage on the United States, I don't think you can discount the statement of intent and rationale that they have and what they might move.

Mr. DUNCAN. Thank you so much.

I want to thank all the witnesses today for your valuable testimony, and the Members of the committee for their questions. Some of the Members of the committee may have additional questions. We are going to leave the record open and ask you guys, if you will, to respond to any questions in writing that may come forth. Without any further ado and without objection, the subcommittee will stand adjourned.

[Whereupon, at 3:35 p.m., the subcommittee was adjourned.]

APPENDIX

QUESTIONS FROM CHAIRMAN JEFF DUNCAN FOR ILAN BERMAN

Question 1. According to your written statement, "Iran's activities in Latin America follow the same broad pattern as its outreach in other areas of the world, including Asia and Africa." What are Iran's patterns in these regions and how can the United States better recognize them?

Answer. Iran's current efforts in Latin America are clustered around three main areas. The first deals with diplomatic and economic outreach, which is designed to lessen the Iranian regime's international isolation and expand its political maneuver room in the face of mounting Western sanctions. The second is resource acquisition, including efforts to acquire strategic minerals for both its nuclear and ballistic missile programs. The third is the creation of an asymmetric presence by regime or regime-linked elements—such as the Iranian Revolutionary Guard Corps (IRGC) and Lebanon's Hezbollah militia.

To a very large extent, these priorities transcend the Latin American theater, and are present in Iran's outreach to other parts of the globe. For instance, in Asia, Iran has focused heavily upon the procurement of nuclear and ballistic missile-related technologies via its strategic partnership with North Korea, and on the creation of a robust paramilitary capability in the region (visible through recent Hezbollah and IRGC activities in India, Thailand, and elsewhere). In Africa, too, Iran has sought to engage countries such as Nigeria and The Congo in the acquisition of uranium ore, and has manifested an asymmetric presence by the IRGC in Sudan.

Underlying these efforts are several key factors. The Iranian nuclear program, although robust and increasingly mature, still requires both technological and resource inputs to continue its functioning. Likewise, Iran consistently seeks to augment its diplomatic and political engagement in a given region with a paramilitary presence on the part of the IRGC and its proxies. Finally, Iran is now weathering significant domestic instability as a result of Western sanctions, and has sought to "leapfrog" over its immediate geographical periphery to engage with various sympathetic governments throughout the world in an effort to maintain its economic and political solvency. Understanding these dynamics can help the U.S. Government to better monitor Iranian activities and, even more importantly, to more accurately predict Iran's next steps in the international arena.

Question 2. In 2009, Iran and Ecuador signed a mining agreement that could involve uranium cooperation. Have you seen any measurable progress from that agreement or Iran's acquisition of other raw materials in Latin America that may aid Iran's illicit nuclear program?

Answer. With regard to Iranian-Ecuadorian relations specifically, it is fair to say that they remain mostly aspirational. Although the government of Rafael Correa in Quito has taken pains to express its support for the Iranian regime, and has expanded both its political and economic ties with Tehran considerably over the past decade, in the main these ties remain limited. Despite apparent readiness on both sides, the Iranian regime has not yet fully engaged Ecuador, and much of its initial promises—including its plans to begin mining and resource exploration there—have yet to be realized.

The same, however, cannot be said of Iran's mining activities elsewhere in the region. Most glaringly, Iran is believed to be mining for uranium in eastern Venezuela's Roraima Basin. However, also notable have been Iran's recorded efforts to acquire strategic minerals, including tantalum, thorium, and lithium, from Bolivia. These initiatives suggest that the Iranian regime is actively exploring the feasibility of Latin America becoming a resource base for its strategic programs.

Question 3. According to your written testimony, you recommend three dimensions for U.S. strategy to counter Iran's presence in the Western Hemisphere. Can you provide more detail on how DHS can help Panama strengthen its container security initiatives in preparation for the multi-year expansion of the Canal?

Answer. The expansion of the Panama Canal, which is currently slated to be completed by the end of 2014, poses a considerable international security risk, insofar as there is currently no comprehensive strategy in place by Panama to increase intelligence sharing with allied nations as the volume of commerce carried by the Canal increases. This will make the Canal an increasingly attractive transshipment point for proliferation-related technologies by interested states, including Iran. (Indeed, the July apprehension of a North Korean vessel transiting the Canal carrying missile system components suggests that such activities are already taking place—and that they are likely to expand greatly as Canal traffic expands).

A large part of this problem originates in Panama City. Authorities there have proven willing to investigate suspect containers and vessels when prompted by the U.S. Government to do so, and when provided with actionable intelligence to that effect. But my first-hand investigation in the country and conversations with Panamanian officials leave me with serious doubts about the proactive ability of the Panamanian government to do such screening. As important, there appears to be little appetite on the part of the Martinelli government to identify potential "bad actors" (such as shipping companies that do business with Iran, and could be carrying illicit cargo as a result), or to more closely monitor commerce in the adjoining free trade zone of Colon, where a large percentage of the cargo transshipped via the expanded Canal is expected to be warehoused.

The U.S. Government in general, and DHS specifically, can take concrete steps to assist in this regard. These include: (1) Closer intelligence cooperation with Panamanian authorities on proliferation-related activities that have been flagged by U.S. intelligence agencies, as they pertain to the Western Hemisphere; (2) briefings for Panamanian authorities regarding the strategic programs of threat actors such as North Korea and Iran, to increase awareness of components and resources those countries might be seeking in Latin America, and (3) where possible, a greater on-the-ground oversight presence by relevant specialists, to augment oversight over Canal traffic and activity.

QUESTIONS FROM CHAIRMAN JEFF DUNCAN FOR JOSEPH M. HUMIRE

Question 1. According to your written testimony, "Iran's investments in the region are very strategically placed in particular sectors, such as energy, agriculture, transportation, and banking." Why is Iran seeking to make these types of investments? How many of them have come to fruition?

Answer. Response was not received at the time of publication.

Question 2. Since the release of Alberto Nisman's recent investigation, have any Latin American countries taken any new actions to secure their borders?

Answer. Response was not received at the time of publication.

Question 3. According to your written testimony, you stated that Iran has been able to exploit free trade zones (FTZs) in the Tri-Border Area as well as others in Peru, Chile, Colombia, Panama, and Venezuela. How is Iran exploiting these FTZs? What types of materials are usually smuggled through these routes? What can the United States and its regional allies do to prevent this exploitation?

Answer. Response was not received at the time of publication.

QUESTIONS FROM CHAIRMAN JEFF DUNCAN FOR DOUGLAS FARAH

Question 1. Your testimony stated that "Iran has a disproportionately large diplomatic corps—far larger than regional super power Brazil—in most ALBA countries, staffed with hundreds of 'economic attachés' despite negligible commerce." Why does Iran have such a large cadre of diplomatic corps? What are they doing in Latin America?

Answer. Response was not received at the time of publication.

Question 2. Your testimony referred to Iranian recruitment of students in the Western Hemisphere to train in Qom, Iran, noting that recruitment efforts have been "continuous and on-going since at least 2007" and that "after 6 years, well over 1,000 people have made the trip" to Iran for training. What is the role of the governments of Venezuela and Nicaragua in sending these students to train in Iran? Are there any other countries involved? How can DHS better identify individuals in Latin America who have traveled to Iran for training?

Answer. Response was not received at the time of publication.

Question 3. Venezuela, Belize, Cuba, Bolivia, Ecuador, and other countries in the region have proven to have the ability to create fraudulent identities (passports) for Islamic radicals. While every embassy and consulate has a fraud prevention manager responsible for a post-specific fraud prevention program, how can DHS and the CBP's National Targeting Center do a better job to prevent this type of fraud?

Answer. Response was not received at the time of publication.