

ORGANISED CRIME AND TERRORISM IN THE TRIPLE BORDER AREA

By **HORACIO CALDERON**¹
BUENOS AIRES, August the 24th, 2007

OVERVIEW

The so-called Triple Border Area (TBA) has been the focus of an intensive surveillance for a long time. These investigations and intelligence operations have been carried out by the U.S. and other countries' official agencies.

"This is an extremely rare geographic landmark, because it is the point from where one sees the border, to the South between the Iguazú River and Argentina; and to the West between the Parana River and Paraguay", says Adolpho Luce Neto, Tourism Director for Foz do Iguazú.



The population of the TBA is concentrated in three interacting border cities. Ciudad del Este -the largest city-, with a population of 240,000, is connected with the city of Foz do Iguazú in Brazil through the Bridge of Friendship. Foz do Iguazú's 190,000 inhabitants focus their activities on tourism and provide secure neighbourhoods for people who commute to Ciudad del Este from Brazil. The third border city, Puerto Iguazú, in Argentina, has a population of about 28,100 and even though it is isolated from Ciudad del Este by the Parana River, it has access to Brazil across the Iguazú River at the Tancredo Neves International Bridge.

¹ Expert in Middle Eastern and North African Affairs. Specialist in Counter-terrorism
www.horaciocalderon.com horaciocalderon@hotmail.com Buenos Aires - Argentina
54-9-11-5937-7694 - (011) 15-5937-7694



The Arab immigrants who represent a slice of the urban population in the TBA (mainly Ciudad del Este and Foz do Iguazú) are estimated to be nearly 30,000.

Albeit Latin American countries are only nowadays considering the threat of narcoterrorism (as the Colombian FARC, ELN and AUC and the Peruvian Shining Path, among others), the Argentine Republic has suffered two terrorist attacks, which were allegedly launched by Iran and the Lebanese Hizballah in a sort of special joint terrorist operations.

During the last years, the links among drug-trafficking, organised crime and terrorism have taken on renewed importance for the U.S. global “War on Terror” strategy. Nevertheless, TBA’s countries are often challenging the strong pressures brought by the George W. Bush Administration after the attacks on 11th of September, 2001, which are more based on geopolitical reasons than in an attempt to combat terrorism.

TERRORISM AND CRIMINAL ACTIVITIES IN THE TRI-BORDER AREA

INTRODUCTION

Paraguay -a landlocked country- is at the present time the centre of gravity for all kind of criminal activity in the TBA, which is helped by a market and unruly economy that is well known (marked/characterized) by a large informal sector. It includes contraband, drug and arms trafficking, money laundering, racketeering, counterfeiting and transshipment of illicit drugs (mainly from the Andean region to

Brazil, other South American countries and Europe), stolen goods (mainly cars) and chemical precursors.

ORIGIN AND DEPLOYMENT OF THE MAIN CRIME SYNDICATES:

- ✓ **Colombian**
- ✓ **Brazilian**
- ✓ **Chinese**
- ✓ **Lebanese**
- ✓ **Russian (mainly Chechnyans)**
- ✓ **Others: Nigerian, Ukrainian, Ivorian and Ghanaian**

INTRODUCTION

The flux of immigrants from different overseas countries and their insertion in the Paraguayan society were based on several advantages, mainly given by a weak law system that allow them to adopt new names, buying domestic birth certificates and all kind of personal documentation, including passports, ID cards, driving licenses, etc.

Despite of its special above-mentioned profile and a strong link among gangs and corrupt governmental officials, Paraguay was able to insert itself into the global economy. This environment are attracting not only criminal syndicates but also terrorist organisations, which consider this country an important centre of operation of their illegal activities and a safe location for resting, fundraising and avoiding to be easily prosecuted by foreign intelligence services and law enforcement organisations.

In fact, Paraguay has become a strategic hub that allows crime and terrorist organisations with global reach to conduct all kind of operations, including a convergence process between them. Besides, Ciudad del Este has been viewed during the past years, as the regional centre for illicit activities as drug trafficking and arms smuggling within the Tri-Border Area.

As a result of that situation and despite of the strong pressures made by the U.S. and other Western powers and world institutions as the UN, Paraguay remains a strategic South American hub for international drug trafficking, arms smuggling, money laundering and counterfeiting, among other crimes.

Notwithstanding, after a long term being the target of a wide international public and covert campaign against its illegal activities, both the criminal leadership and terrorism-related most observed people were and are still transferring their hubs from Ciudad del Este to cities as Paraguay's Pedro Juan Caballero, Brazil's Porto Alegre and Curitiba, and Argentina's Puerto Iguazu and other places, including the city of Buenos Aires and its neighbour homonymous province.

Argentina, Brazil, Paraguay and the U.S. agreed to create technical teams to share detailed information about historical and ongoing import-export operations made in each other country, in order to detect illegal commerce that could be linked to criminal and terrorist activities. The U.S. also gave a complex data-mining computer programme to the “Trade Transparency Unit” (the Institution that gathers the technical teams) in order to facilitate the joint tasks.

A very important Lebanese source has confidentially pointed out that the domestic and foreign intelligence services in Paraguay could be facing new problems to identify criminals and Islamist militants who recently arrived at the region. This source also says that Venezuela is supplying original personal identification cards documents with Spanish names to Near and Middle Eastern’s citizens. For example, instead of Hussein Assad, the passport’s new bearer could use the name of Juan or Jose or any other chosen by him, although the “candidates” could be also able to change his family name, buying birth certificates, etc.

The 5th Office of the Public Prosecution of Asuncion del Paraguay has a pair of cases of commercial societies whose owners are Venezuelan citizens who only speak Arabic and English, but not Spanish.

Colombian

All the main international intelligence services and drug enforcement agencies know very well the strong links between the main Colombian cartels and the Russian mafia, which included the building of a diesel-powered mini-submarine, together with Russian manuals translated into Spanish with the suspected helping of Russian engineers.

The American CIA has also identified Luis Fernando da Costa, alias Fernando Beira-Mar or “Fernandinho”, as a key player involved some years ago in the delivery of several Russian arms shipments to the Colombia’s FARC. A document issued by the Brazilian CPI assures that this capo mafia was taking drugs from Colombia and Bolivia to Paraguay using the city of Pedro Juan Caballero as an entry point, to then tranship them to several Brazilian states as Mina Gerais, Matto Grosso do Sul, Sao Paulo, Rio de Janeiro and Spiritu Santo.

Da Costa was captured by Brazilian authorities in 1996, but he escaped from a prison in Minas Gerais in March 1997, after paying several million dollars to police authorities and guards. After entering into Paraguay he joined the Morel family who leads the drug-trafficking in Paraguay and began operations out of the city of Pedro Juan Caballero. According to police and media records, da Costa’s brother, Marcelo, and other gangs as Ney Machado had been in charge of shipping and transhipping drugs within the TBA, reaching also Surinam with their criminal businesses.

The Colombian Army has made several arrests of Brazilian criminals and seized documents that demonstrated connections with FARC and how they interchange arms for cocaine.

Argentina’s Secretary of Intelligence (SI) is also aware of the links between Luis Fernando da Costa and some Lebanese businessmen affiliated or sympathisers to

Hizballah, as Fuad Jamil, who was developing his illegal activities in Pedro Juan Caballero and other Paraguayan cities.

One of the most emblematic and high-profile affairs that prove the Colombian FARC at operational or at least ideological and logistical levels in Paraguay was the kidnapping and murder of Cecilia Cubas, daughter of the former Paraguayan president Raul Cubas. “Cecilia is a symbol of what is happening today in Paraguay,” said Raul Cubas, on February the 17th, 2005, a day after his daughter’s body was found in a grave on the outskirts of Asuncion, the capital city.

Attorney General Diego Latorre declared that the kidnapping of Cecilia Cubas was planned and carried out by Osmar Martinez, leader of the small leftist Free Fatherland Party (PPL) and an enemy of Raul Duarte’s Colorado Party (PC). Latorre also mentioned several electronic messages, which allegedly linked Mr. Martinez to Rodrigo Granda -a sort of “Foreign Minister” of the Colombian FARC-, which in coded language gave some details of how this narco-terrorist organisation was given advice and training for handling the details of the kidnapped lady.

The FARC spokesman at that time denies that his organisation had had any involvement in the above-mentioned kidnapping.

Argentina’s police sources also say that they and Interpol have sensitive data regarding Russian involvement in a sort of barter trade (drug for arms) with Colombian, Peruvian and Paraguayan gangs. Notwithstanding, the sources are not sure -thanks to their lack of analytic capabilities and knowledge of foreign names and surnames- whether some of the suspected people are Russian or Chechnyans or not.

Brazilian

The Brazilian cities which are a part of the TBA have a continuing role as a major cocaine transit point, as a result of its up to date unprotected borders with Bolivia, Peru and Colombia.

Recent Argentine investigations in Ciudad del Este found out that criminals and suspected terrorists are taking money in buses and cars from Paraguay to Porto Alegre and other Brazilian cities, to avoid electronic surveillance from foreign intelligence services (mainly CIA). After reaching his destinations safely, the couriers were able to transfer the money to different unidentified overseas accounts.

The Argentine personnel saw that nobody controlled any of the buses and cars that crossed to Foz do Iguacu from Ciudad del Este; but when they were detected, custom and police personnel then suddenly appeared to control the entry points.

The links among foreign and domestic drug dealers and the Brazilian corrupt politicians, officials and members of the security and police forces, have helped to build the current sensitive situation, which is characterised by a State that appears to be very weak to deal with the drug cartels and the organised crime. The current unrests and attacks in mayor urban areas as San Paulo and Rio de Janeiro are leading the country to be just few steps before a key threat to its own national security.

Regarding the Russian organised crime groups, the above-mentioned situation allowed them to expand itself in association with Brazilian counterparts, taking a great advantage of the pervasive official corruption.

The government of Brazil was starting to be greatly concerned about the increasing organised crime in the frontier zone, but although it has promised to take severe measures, its authorities will have to fight not only against strong crime and terrorist regional and global organisations, but also a wide network of corrupt officials.

Chinese

The Chinese immigration was facilitated by the Paraguayan government since 1980 to boost the commercial activities in Ciudad del Este. The majority of the newcomers have immediately taken advantage of the special criminal environment to work in illicit business.

They are currently working in a wide profitable range of business, as “protection” to Chinese people who live in the city and also obliged them to buy different kind of merchandise imported from China (including Honk Kong) under very hard mafia rules if someone refuses to do it.

As far as Hong Kong is concerned, their gangs are exporting pirated products to Paraguay and engaging with TBA-based Lebanese people who belong to Hizballah.

The convergence among Chinese triads and terrorist organisation is not limited to Hizballah, because the regional intelligence services admit that they also work with the Egyptian Gama Islamiyah (Islamic Group), among others. It is noteworthy to mention that the Chinese “families” Ming and Sung-I were engaged in transferring illegal money and exporting weapons to Gama Islamiyah.

The same above-mentioned pattern could also be applied to other cities where Chinese gangs reign and have strong contacts and businesses in several cities of Brazil, Paraguay, Bolivia and Argentina, including the City and the Province of Buenos Aires.

Lebanese

It is very difficult if not a mission impossible to separate normal Lebanese businessmen from Islamist-related militant activity, because the majority of citizens from this origin are contributing -voluntarily or not- to fundraising operations in favour of Shiites organisations as Hizballah and Amal.

TBA-based Islamic militants obtain local financing from mosques, rich Arab businessmen and criminal activities as drug trafficking, smuggling and racketeering, as it was mentioned in other previous paragraphs.

Argentine intelligence and security services, as well as independent experts believe that Hezbollah activities in the TBA involve narcotics, smuggling and terrorism. Besides, local Arab citizens or residents make no secret about their sympathy and

financial support for Hezbollah, which they say is a legitimate Lebanese political party, but not a terrorist organisation.

Although this part of the report is dedicated to crime organisation, the fact that an important percentage of the TBA's Lebanese community are engaged in illegal commercial activities should be mentioned.

Russian

The illegal practice of TBA states as Paraguay that were selling citizenship documents to foreign gangs as the Chinese, Italians and Ghanaians was also granted to Russian crime groups to establish themselves in the hemisphere.

Interpol reports indicate that a variety of Russian criminal organizations, operating through literally "hundreds" of small cells, are engaged in a wide range of illegal activities in Mexico, reaching neighbouring countries and the TBA as well.

Amid Russian mafia groups are the Poldolskaya, Mazukinskaya, Tambovskaya and Izama ilovskaya, which are linked to Vory v Zakone, one of Russia's major transnational criminal organizations.

The Moscow-based Solntsevskaya gang is also reported to be present in Mexico and reaching the TBA as other mafia gangs from Chechnya, Georgia, Armenia, Lithuania, Poland, Croatia, Serbia, Hungary, Albania and Rumania.

The Russians organised crime groups -mainly from Chechnya- are involved in drug trafficking, arms smuggling, money laundering and prostitution, profiting the state of weakness that characterise the lack of capacity to enforce the law by all the TBA's governments.

Foreign and Argentine Secretary of Intelligence (SI) sources say that the Russian mafia's main objective is displacing the Chinese and Brazilian gangs or at least gaining a good portion of their illegal business in the TBA. Members from the Russians "families", who are very strong not only in Colombia but also in Mexico were detected in cities such as Ciudad del Este, Foz do Iguacu and Pedro Juan Caballero.

As far as the Argentine Government is concerned, its security, police forces and Secretary of Intelligence (SI) are not yet prepared to understand neither the sensitive nature of the foreign organised crime nor the increasing threat of the convergence between criminal and terrorist organisations, as occurs in the TBA and other Latin American countries in the Andean and Caribbean regions.

Although some captures of Russian gangs took place in regional countries, all the reports made by the Argentine State intelligence service assure that there is not an important and immediate threat from criminal Russian organisation to the national security.

The above-mentioned assertions do not have to be taken very seriously because of the increased lack of well-trained and capable Argentine analysts in both organised crime and terrorism.

The current “Russian mafia” in Argentina is in fact a serial of Chechen gangs that are using the country for transshipment of Andean cocaine to Europe, using fishing trawlers and cargo ships. The Chechnyans are also selling arms to Brazilian gangs, taking advantage of the porous borders and corrupt Argentine officials who work in the frontier. Regarding the TBA, Argentine intelligence sources have detected contacts between Chechnyan groups and “Islamic terrorists”. They also suspect that Chechnyans are using these networks for arms smuggling purposes, because the Argentine border with Paraguay is notorious for all type of contraband and provides virtually ideal conditions for Russian mafia operations.

CRIMINAL ACTIVITIES

The main criminal activities in the TBA are the following:

Drug Trafficking

The drug trafficking techniques in the TBA are very often changing in order to avoid detection and seizures by law enforcement agencies, which must always be in state of alert to identify the criminal rings and transport systems.

Argentineans and Paraguayan criminals are continuously joining efforts to trade drugs and arms in the TBA, buying or renting farms to use them as bases for its activities.

The Argentine security forces (“Gendarmería” and “Prefectura”) detected that traffickers are using the Tabaya Creek to enter Argentina from Paraguay, often splitting the original cargo of hundreds of kilos in smaller quantities packed in sacks and bricks.

Other transport systems are used in different routes, which have been demonstrated when Brazilian Military Police seized 388 kg of marijuana from an unidentified Argentine citizen some days ago in Rio Grande do Sul, who was transporting the drug within the State.

Money Laundering

Paraguay and Brazilian cities are also centres where criminals are organising and establishing their financial schemes for laundering the money earned from drug-trafficking (mainly Colombian cocaine) to European markets.

Only one of the rings led by the Colombian citizen Alexandre Pareja Garcia (which was dismantled in Brazilian territory by “Operation Platina” that took place in September 2006), owned multi-millionaire properties and assets, as petrochemical and fuel transporting companies, gas stations, farms, houses and luxury apartments. The investigated system allowed the enforcement agency to know that the cocaine was buying in Colombia and flying to Uruguay, a transshipment point by sea to Europe.

Then, the money raised by the traffickers was sent back to Brazil via Uruguay, taking advantage of a legal system that encourages the entry of foreign capital for investment purposes.

The advantages of the legal, banking, financial and commercial Uruguayan interconnected systems are allowing the money launderers to buy real estates and all kind of goods in third countries, including U.S., Argentina, Mexico, etc.

The Brazilian legal system allows foreign capital to be invested in the country without being sure whether or not it is clear and clean from criminal origin. Nevertheless, the money was in several cases gained from criminal activities and the same is occurring in Argentina, a country that has not strict rules and methods to combat the drug-trafficking, money laundering and the selling of counterfeiting products.

Criminal and terrorist organisations, as the Colombian drug cartels and the FARC, are using the above-mentioned systems not only to transport drugs but also for clearing the money raised from criminal activities.

Such systems are often used by other ethnic groups, as Chinese and the Arab different communities.

“Hawala” Transfer System

Despite the stories written by journalists, the “Hawala” transferring system that is often used jointly by Islamist and terrorist organisations’ fundraisers, technically

consists of a transaction of liabilities, not money; which means that in such operations the original money does not pass through frontiers and is not being changed into other foreign currencies. Notwithstanding, in cash economies where people profit from illegal activities, the informal systems include human couriers carrying hard currencies, banking documents, gold and other kind of goods, crossing the borders in porous areas, as in the TBA.

A typical case might be: a Russian migrant living in Ciudad del Este would pay U\$S 2,500 to Intermediary A (or “Hawaladar” A), who could be a shop owner. “A” contact and associate or a friend (Intermediary or “Hawaladar” B) in Moscow or in a Chechnyan city, for example, who then pays the migrant’s family, friend or contact the transferred amount in local currency.

A legal expert who was consulted for this report says that the difference is whether the money goes through an officially authorised company or via an unofficial system. Notwithstanding, terrorism-related organisations continue transferring funds using both of these systems.

In any case, there is no doubt that Paraguay-based Arab businessmen and merchants were transferring huge amounts of money from Ciudad del Este thanks to a network of accomplices from the Central Bank of Paraguay.

Despite of the evidences that are at the hands of Paraguayan prosecutors and the SEPRELAD (Money Laundering Prevention Secretariat) all the investigations appear to be frozen by corrupt domestic officials at highest level. Nevertheless, one of the most important assessments that secretly reached the U.S. agencies and Departments is the involvement of Lebanese and Syrian businessmen who hold Paraguayan citizenship or that are legal residents in the Tri-Border Area.

According to several Argentine security and police sources, which are monitoring the above-mentioned illegal financial activities, those Arab groups are transferring unmeasurable millions of U.S. dollars per year to foreign accounts.

That is not only a theory, because responsible people as Nassar Hichan Mohamad, IND 2,186,044 and a relative whose name is Atef Ali Walav were duly identified as committing such illegal operations, among others.

Such actions allowed to disclose other facets of the money-laundering systems in Paraguay, which were by-passing laws that oblige to report transfers over U\$S 10,000. The Lebanese were signing sworn statements that did not undergo any investigations, but were instead covering up huge amounts of money that might have been transferred to terrorist organisation via charitable societies. It is very important to stress that in some cases the money was transferred to suspected financial havens in the same U.S. territory, using several illegal arbitrage methods.

Leaving aside the suspected beneficiaries, security Argentinean forces say that the bulk of the detected transfers come from smuggling, piracy, tax evasion, money laundering and other criminal activities.

The representative from the Public Prosecutor's Office also has another money laundering case that includes the clandestine money changers, in which, despite the evidence of illicit activity, the representative from the Public Prosecutor's Office has not intervened.

There are many difficulties in generating statistics to measure the scale of the informal transfer system, because it is very difficult to quantify TBA flows because of the sensitive criminal business nature and the methods that are being used to clean and clear the illegal profit.

The U.S. Department of Homeland Security's Office of Immigration and Customs Enforcement (ICE) and the Department of the Treasury are pressing the Government of Paraguay to continue examining all the existing discrepancies in trade data that could be indicative of customs fraud or trade-based money laundering. Trade-based systems such as Hawala and black market exchanges often use fraudulent trade documents and over and under-invoicing schemes to provide countervaluation in transferring value and settling accounts. Also, the U.S. is pressing to improve all the legal system in order to combat criminal activities and the long-standing structural corruption of the Paraguayan Administration.

The Islamic Zaqat Handling

The Islamic "Zaqat" is a religious duty that consists in an annual tithe of a tenth part of some personal income, which the pious Muslims are offering for the poor. Preferably, the Zaqat is being given directly and can be donated to charitable institutions, which will redistribute the money to the needy and other worthy causes like disaster relief.

Normally, the collected sums flow to the local mosque (mosques are very often collecting money after the praying, but are alms -saddaqa in Arabic-, not tithes) for the above-mentioned purposes; notwithstanding, Shiite and Sunni terrorist organisations are manipulating the Zaqat since a long time to raise funds for its activities.

Abdallah bin Bajad, who was monitoring the activities of radical Islamic groups in the Saudi Interior Ministry, reveals the fundraising methods used by Islamic terrorist groups operating inside and outside his country. He very well explained in a public document how Muslim terrorists inside and outside Saudi Arabia misuse funds donated for charitable causes to finance Islamic terrorist activities.

It should be important to study the unprecedented measures taken by Saudi authorities against the financial structure of terrorist organizations, on the disbandment of Saudi charitable society Al-Haramain, as part of tightening existing control policies over the terrorist organizations' sources of funding, without relinquishing the aim of spreading radical Wahhabi Islam.

Al-Rahman al-Rashed, a reputable journalist and former editor-in-chief of a Saudi daily, asserts that funds collected for charitable causes, including funds for the poor and the needy and for fast-breaking feasts, eventually find their way to terrorist hands. The report states that many cases have been uncovered where the people's money -Riyals and Dollars- was found in the terrorists' pockets, some of it still inside charity boxes labelled "Palestine" and "Chechnya".

As far as the TBA is concerned, some sources that have been interviewed appeared to know that the collected money does not flow to the needy, but to Lebanese Shiite Hizballah and clerics.

ARMS TRAFICKING AND GOODS CONTRABAND

Contraband in the TBA includes drugs, liquor, cigarettes, weapons, and forged documents.

A Brazilian SRF (Federal Revenue Secretariat) recent report shows that customs authorities seized contraband and pirated goods in Foz do Iguacu, Parana, over a three-month period, from January to March 2007, or 27% more than the amount seized in the same period last year. According to the SRF, 44% of the goods seized were cigarettes and electronic equipment was second on the seizure list. During the same period, authorities seized 475 kg of marijuana, 187 kg of cocaine, 4.11 kg of crack, and 2,110 bullets.

One of the disclosed reports (confirmed by the media) says that a 747 Jumbo freighter airplane undergoes sheet metal, painting, and parts replacement work, outdoors, at a Paraguayan airport. A Frenchman and a Colombian citizens were identifies as owners of the aircraft of doubtful origin. Another aircraft, a DC-8 cargo plane, will likewise be painted. The air terminal does not have any kind of authorisation for that type of task nor the infrastructure to carry out that work and would therefore be putting the flight of other planes and passengers in danger. A group of 15 unidentified Bolivian citizens were observed while doing the repairing and overhaul work.

KIDNAPPING

Several TBA cities as Ciudad del Este are being the focus of several kidnappings in this region, helped by a wide network of corrupt judges and prosecutors, who cooperated in kidnapping cases and in the release of the known criminals, who were engaged in the abductions of Julio Cesar Teixeira Portillo, Adriana Mabel Abdallah Oviedo, Patricia Raquel Torales Sosa and Pablo Gonzalez Morel in November of last year. Some of them are confirmed members of mafia "families".

One of the main members of the Barakat clan, who are engaged in transferring money to the Lebanese Hizballah, was also recently kidnapped and freed after his family paid a ransom, although it still is a very suspicious case.

Other sources related to the investigation of the abduction of Japanese businessman Hirokazu Ota on 1 April in Caaguazu Department, have informed that a team of approximately 10 Japanese police officers specialized in kidnapping and counterterrorism arrived in Paraguay on 11 and 12 April to help in the investigation. However, Japanese Embassy authorities neither confirmed nor denied the fact.

TERRORISM-RELATED SUSPECTED ACTIVITIES

INTRODUCTION

Although it is not fully proven that the TBA enshrines Islamist terrorist attack cells, there are corroborated data regarding sensitive activity developed by religious organisations as Hizballah and Hamas, and secular ones as FARC and the Peruvian Shining Path.

One of the main problems being faced by the Argentine intelligence services personnel (and very especially its “experts” in risks assessments) raise as a result of the lack of academic and training to deal with threats as the Islamic terrorism’s and organised crime convergence in the TBA. They are very often informing their superiors that there is no terrorist threat neither in the TBA nor in the interior of Argentine territory, because security and police forces could not detect attack cells, forgetting that the terrorist “system” includes recruiters, logistic cells, fundraising activities, drug for arms barter operations and all kind of illegal activities. Also, that the experience shows that a well-trained logistic cell could switch into an attack one, if decided.

TERRORIST ORGANISATIONS AND SOME OF ITS DETECTED NETWORKS IN THE TBA

The two major sympathisers (if not cadres) of terrorist organizations that exist in the Tri-Border Area of Paraguay, Argentina, and Brazil belong to Hizballah and the Palestine HAMAS. The members of these organizations are assimilated into the local Arab community and they very often appear as businessmen and merchants in shopping centres to conceal their illegal activities. Intelligence indicates that Islamic fundamentalist terrorist cells operate out of strongholds in the Tri-Border Area of Paraguay, Brazil and Argentina. They generate significant income by controlling the sale of various types of contraband in these areas, as it was already explained.

Intelligence also suggests that a large sum of the earnings from illegal activities goes in support of the Lebanese organisations, which are being transferred from the TBA and some Brazilian cities using the “Hawala” and money transfer systems to charitable foundations and front institutions.

The Barakat Clan and other Hizballah connexions

After the attacks on September 11th, 2001, U.S. Departments and Agencies have increased its monitoring of individuals and groups with suspected links to terrorist organisations in the TBA, which are considered a threat to the global and internal security by the American Government.

Argentine security and police sources are sharing the view that the TBA is a safe haven of thousands of individuals who have taken advantages of the porous borders but very especially of Paraguay's immigration laws to develop the already described illegal activities.

The special environment that was created thanks to the relaxed way of law enforcement in Paraguay allowed the growth of several important mafia "families" in the TBA, which have suspected connections with the Lebanese Hizballah.

The Barakat Clan and accomplices were making use of a part of the profit made with drug trafficking (mainly cocaine) to transfer a huge amount of money (or liabilities) to Middle Eastern suspected accounts. Many of the businessmen connected to this clan had gained a great political influence in the TBA, which allow them to have a network of corrupt officials at their disposal within the regional state's bureaucracies and Paraguayan judges, prosecutors, intelligence services, security and police forces and some journalists as well.

Some of the suspected people who were officially identified by the Government of the U.S. and their profiles are the following:

Muhammad Yusif Abdallah

He is considered a senior Hizballah member in the TBA and an important contributor to this Lebanese organisation. He did not only host a Hizballah's fundraiser who visited the region in 2004, but also he personally carried money to Lebanon to be given to this organisation. Likewise, Abdallah has also received money from Hizballah to support the Hizballah network in the TBA. According to the U.S. Department of State, Muhammad Yusif Abdallah travelled to Lebanon to hold meetings with the Hizballah hierarchy and members of its security division.

Abdallah owns and manages the Galleria Page building in Ciudad del Este, Paraguay, a shopping Centre with several businesses owned by Hizballah members. He reportedly pays a percentage of his income (Islamic Zaqat) to Hizballah, based on profits he receives from Galleria Page. In addition to his Hizballah-related activities, Abdallah has also been involved in the import of contrabanded stuff, including electronics, passport falsification, credit card fraud, and trafficking counterfeit U.S. dollars.

Hamzi Ahmad Barakat

Member of the Hizballah in the TBA and suspected of trafficking in narcotics, counterfeit U.S. dollars, arms and explosives. He has owned and held the position of general manager of Casa Hamze, a store in the Galleria Page shopping Centre that has employed Hizballah members and also served as a source of funding for this organisation, the U.S. officially said. Hamzi Ahmad Barakat and Assad Ahmad

Barakat, who is in the list of Specially Designated Global Terrorist (SDGT) by the U.S. Treasury Office of Foreign Asset Control are brothers and have been partners at Casa Hamze. It is noteworthy that the name “Clan Hamze” was often mentioned by investigators after the bombing that levelled the Israeli Embassy in Buenos Aires in March 1992.

Hatim Ahmad Barakat

Information passed from the Barakat network to Hizballah in Lebanon was going mainly through two individuals: SDGT Assad Ahmad Barakat and his brother Hatim Ahmad Barakat. The U.S. DOS also denounces that Hatim Ahmad Barakat has travelled to Chile to collect funds intended for Hizballah, and as of early 2003, he was reported to be a significant shareholder in at least two businesses in Iquique, Chile and suspected of generating funds in support of Hizballah. Hatim Ahmad Barakat travelled frequently to Iquique and is possibly managing or assisting a group of suspected Hizballah members. Hatim Ahmad Barakat reportedly oversees the sending of funds from Iquique to Hizballah in Lebanon.

Hatim Ahmad Barakat has maintained business relationships with senior Hizballah leaders in the TBA and is deeply involved in Assad Ahmad Barakat's business affairs, having co-owned several companies with him. Hatim Ahmad Barakat co-owned SDGT Casa Apollo with brothers Assad and Hamzi Ahmad Barakat.

Muhammad Fayez Barakat

Muhammad Fayez Barakat is responsible for the Barakat network's finances in the TBA, and in this capacity he arranges the transfer of money from the TBA to the Middle East. As recently as July 2006, Muhammad Fayez Barakat collected money on behalf of Hizballah in the TBA, hosting fundraisers for Hizballah in the region and sending money to the terrorist group in Lebanon. Muhammad Fayez Barakat has also provided financial assistance to his cousin, SDGT Assad Ahmad Barakat.

Muhammad Tarabain Chamas

Muhammad Tarabain Chamas is a member of Hizballah in the TBA, more specifically one of its counterintelligence agents, in charge of providing security information on residents in this region. Muhammad Tarabain Chamas is the private secretary for senior TBA Hizballah leader Muhammad Yusif Abdallah and the principal administrator of the Galleria Page building in Ciudad del Este, Paraguay. In addition to maintaining close contacts with TBA Hizballah members, Muhammad Tarabain Chamas has had daily contact with Hizballah members in Iran and Lebanon and also transported funds from Hizballah members in the TBA to this organisation's headquarters in Lebanon.

Saleh Mahmoud Fayad

Saleh Mahmoud Fayad has served as a counterintelligence operative for Hizballah in the TBA, and he also collected money on behalf of the Lebanese organisation. In 2000, Saleh Mahmoud Fayad reportedly travelled to Lebanon and Iran and met with senior Hizballah members.

Sobhi Mahmoud Fayad

Sobhi Mahmoud Fayad has been a senior TBA Hizballah official who served as a liaison between the Iranian embassy and the Hizballah community in the area. He has also been a professional Hizballah operative who has travelled to Lebanon and Iran to meet with Hizballah leaders. Fayad received military training in Lebanon and Iran and was involved in illicit activities as drug trafficking and counterfeit U.S. dollars. Sobhi Mahmoud Fayad has also served as Assad Ahmad Barakat's executive assistant.

Sobhi Mahmoud Fayad was sentenced to a six and a half year prison sentence in Paraguay for tax evasion. During his trial in 2002, the counterterrorism unit of the Paraguayan National Police described Sobhi Mahmoud Fayad's money transfers to a Hizballah-controlled charity in Lebanon.

Ali Muhammad Kazan

According to information available to the U.S. Government, Ali Muhammad Kazan possibly succeeded Assad Ahmad Barakat as the leader in the political structure of Hizballah in the TBA. He also reportedly served as a commanding member of counterintelligence for Hizballah in the TBA. Since August 2006, Ali Muhammad Kazan has helped to raise more than \$500,000 for Hizballah from Lebanese businessmen in the area. Since 2001, he travelled frequently to Lebanon to receive guidance and instructions from Hizballah leaders, including a message from Hizballah Secretary General Hassan Nasrallah. Ali Muhammad Kazan also maintained close commercial ties to SDGT Assad Ahmad Barakat.

Farouk Omairi (Captured in Foz do Iguacu on August the 15th, 2007)

Farouk Omairi is one of the main members of the Hizballah community in the TBA and served as a coordinator for Hizballah members in the region. Farouk Omairi has been a key figure in the procurement of false Brazilian and Paraguayan documentation and has assisted individuals in the TBA with obtaining Brazilian citizenship illegally through the submission of false documentation. Farouk Omairi was also involved in narco-trafficking operations between South America, Europe, and the Middle East.

Casa Hamze

Casa Hamze is an electronics company located at the Galleria Page shopping Centre in Ciudad del Este, Paraguay. The store is owned by Hizballah member Hamzi Ahmad Barakat and has employed Hizballah members in the TBA. Money was reportedly sent from Casa Hamze to Hizballah.

Galleria Page

Galleria Page, a shopping Centre in Ciudad del Este, Paraguay, serves as a source of fundraising for Hizballah in the TBA and is locally considered the central headquarters for Hizballah members in the TBA. Galleria Page is managed and

owned by TBA Hizballah members, including those of the Barakat network. Local Hizballah members operate businesses within Galleria Page and funds generated from these operations are being used to support their organisation. Muhammad Yusuf Abdallah, a manager of Galleria Page, paid a regular quota (Zaqat) to Hizballah based on profits he received from Galleria Page. Shops in the building have also been involved in illicit activity, including the sale of counterfeit U.S. dollars.

POINTS IN COMMON BETWEEN CRIME AND TERRORISM-RELATED GROUPS

This report did not intent to examine in depth the rise of transnational crime and terrorism and the links between the two phenomena. It is nevertheless important to emphasize that they are using similar methods to conceal all their illegal activities, which were previously described.

Criminal organisations in the TBA with regional and global reach, as the Lebanese, Colombian, Brazilian, Chinese, Russian and gangs from other origins, share several common points with terrorist movements and groups, while concealing and transferring illegal profit from criminal origin: drug-trafficking, fundraising, kidnappings, contraband, extortions, money laundering, etc.

- ✓ Criminals and terrorists have millions of U.S. dollars and other hard currencies, which are mainly in cash and must be transferred from their physical deposits to foreign accounts or people, therefore relying on front organisations and very complex transferring systems.
- ✓ Criminals and terrorists use fraudulent passports and all kind of travelling documents, companies' credentials and driving licenses.
- ✓ Criminals and terrorists are using the same methods and routes to smuggling narcotics, weapons, counterfeited merchandise, etc.
- ✓ Criminals and terrorists are using "ghost" companies, front men, trusted couriers and communications to conduct their operations and businesses. The Al-Qaeda networks and prime transnational crime organisations, for example, are always looking for new state-of-the-art technologies to hide their assets and conducting businesses using sophisticated measures and countermeasures, to avoid detection, monitoring and punitive actions from enemy intelligence and law enforcement agencies.
- ✓ Amid other improved technologies adopted by both prime transnational organised crime and terrorists organisations, are satellite and multiple cell phones and communications-security practices and Internet encrypted messaging systems. It includes telephone systems as the Private Automatic Branch Exchange (PABX), which is used for connecting among telephone networks. It allows criminal and terrorist users to prevent any satellite monitoring from foreign organisation as the sophisticated and ultra secret U.S. National Security Agency (NSA). Notwithstanding and to avoid any risk, the Al-Qaeda Central's leadership, for example, bases its communications on a trusted networks and chains of couriers.