

Senior DEA official who as head of Special Operations Division lobbied for support for [Project Cassandra](#) and its investigations.

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## P A R T I A GLOBAL THREAT EMERGES

*How Hezbollah turned to trafficking cocaine and laundering money through used cars to finance its expansion.*

**I**n its determination to secure a nuclear deal with Iran, the Obama administration derailed an ambitious law enforcement campaign targeting drug trafficking by the Iranian-backed terrorist group Hezbollah, even as it was funneling cocaine into the United States, according to a POLITICO investigation.

The campaign, dubbed Project Cassandra, was launched in 2008 after the Drug Enforcement Administration amassed evidence that Hezbollah had transformed itself from a Middle East-focused military and political organization into an international crime syndicate that some investigators believed was collecting \$1 billion a year from drug and weapons trafficking, money laundering and other criminal activities.

Over the next eight years, agents working out of a top-secret DEA facility in Chantilly, Virginia, used wiretaps, undercover operations and informants to map Hezbollah's illicit networks, with the help of 30 U.S. and foreign security agencies.

They followed cocaine shipments, some from Latin America to West Africa and on to Europe and the Middle East, and others through Venezuela and Mexico to the United States. They tracked the river of dirty cash as it was laundered by, among other tactics, buying American used cars and shipping them to Africa. And with the help of some key cooperating witnesses, the agents traced the conspiracy, they believed, to the innermost circle of Hezbollah and its state sponsors in Iran.

**T h e y   f o l l o w e d   c o c a i n e   s h i p m e n**

**tracked a river of dirty cash, what they believed to be the inner circle of Hezbollah and its sponsors in Iran.**

But as Project Cassandra reached higher into the hierarchy of the conspiracy, Obama administration officials threw an increasingly insurmountable series of roadblocks in its way, according to interviews with dozens of participants who in many cases spoke for the first time about events shrouded in secrecy, and a review of government documents and court records. When Project Cassandra leaders sought approval for some significant investigations, prosecutions, arrests and financial sanctions, officials at the Justice and Treasury departments delayed, hindered or rejected their requests.

The Justice Department declined requests by Project Cassandra and other authorities to file criminal charges against major players such as Hezbollah's high-profile envoy to Iran, a Lebanese bank that allegedly laundered billions in alleged drug profits, and a central player in a U.S.-based cell of the Iranian paramilitary Quds force. And the State Department rejected requests to lure high-value targets to countries where they could be arrested.

December 15, 2011

### **Hezbollah is linked to a \$483,142,568 laundering scheme**

The money, allegedly laundered through the Lebanese Canadian Bank and two exchange houses, involved approximately 30 U.S. car buyers.

[Read the document](#)

“This was a policy decision, it was a systematic decision,” said David Asher , who helped establish and oversee Project Cassandra as a Defense Department illicit finance analyst. “They serially ripped apart this entire effort that was very well supported and resourced, and it was done from the top down.”

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The untold story of Project Cassandra illustrates the immense difficulty in mapping and countering illicit networks in an age where global terrorism, drug trafficking and organized crime have merged, but also the extent to which competing agendas among government agencies — and shifting priorities at the highest levels — can set back years of progress.

And while the pursuit may be shadowed in secrecy, from Latin American luxury hotels to car parks in Africa to the banks and battlefields of the Middle East, the impact is not: In this case, multi-ton loads of cocaine entering the United States, and hundreds of millions of dollars going to a U.S.-designated terrorist organization with vast reach.

Obama had entered office in 2009 promising to improve relations with Iran as part of a broader rapprochement with the Muslim world. On the campaign trail, he had asserted repeatedly that the Bush administration's policy of pressuring Iran to stop its illicit nuclear program wasn't working, and that he would reach out to Tehran to reduce tensions.

The man who would become Obama's top counterterrorism adviser and then CIA director, John Brennan, went further. He recommended in a [policy paper](#) that "the next president has the opportunity to set a new course for relations between the two countries" through not only a direct dialogue, but "greater assimilation of Hezbollah into Lebanon's political system."



By May 2010, Brennan, then assistant to the president for homeland security and counterterrorism, confirmed in a speech that the administration was looking for ways to build up "moderate elements" within Hezbollah.

"Hezbollah is a very interesting organization," Brennan told a Washington conference, saying it had evolved from "purely a terrorist organization" to a militia and, ultimately, a political party with representatives in the Lebanese Parliament and Cabinet, [according to a Reuters report](#).

"There is certainly the elements of Hezbollah that are truly a concern to us what they're doing," Brennan said. "And what we need to do is to find ways to diminish their influence within the organization and to try to build up the more moderate elements."

In practice, the administration's willingness to envision a new role for Hezbollah in the Middle East, combined with its desire for a negotiated settlement to Iran's nuclear program, translated into a reluctance to move aggressively against the top Hezbollah operatives, according to Project Cassandra members and others.

Lebanese arms dealer Ali Fayad, a suspected top Hezbollah operative whom agents believed reported to Russian President Vladimir Putin as a key supplier of weapons to Syria and Iraq, was

arrested in Prague in the spring of 2014. But for the nearly two years Fayad was in custody, top Obama administration officials declined to apply serious pressure on the Czech government to extradite him to the United States, even as Putin was lobbying aggressively against it.

Fayad, who had been indicted in U.S. courts on charges of planning the murders of U.S. government employees, attempting to provide material support to a terrorist organization and attempting to acquire, transfer and use anti-aircraft missiles, was ultimately sent to Beirut. He is now believed by U.S. officials to be back in business, and helping to arm militants in Syria and elsewhere with Russian heavy weapons.

March 26, 2014

### **Indictment of Ali Fayad**

The indictment alleges Fayad, along with his co-conspirators, agreed to provide the FARC with weapons to kill U.S. and Colombian officials.

Project Cassandra members say administration officials also blocked or undermined their efforts to go after other top Hezbollah operatives including one nicknamed the ‘ Ghost ,’ allowing them to remain active despite being under sealed U.S. indictment for years. People familiar with his case say the Ghost has been one of the world’s biggest cocaine traffickers, including to the U.S., as well as a major supplier of conventional and chemical weapons for use by Syrian President Bashar Assad against his people.

And when Project Cassandra agents and other investigators sought repeatedly to investigate and prosecute Abdallah Safieddine , Hezbollah’s longtime envoy to Iran, whom they considered the linchpin of Hezbollah’s criminal network, the Justice Department refused, according to four former officials with direct knowledge of the cases.

The administration also rejected repeated efforts by Project Cassandra members to charge Hezbollah’s military wing as an ongoing criminal enterprise under a federal Mafia-style racketeering statute, task force members say. And they allege that administration officials declined to designate Hezbollah a “significant transnational criminal organization” and blocked other strategic initiatives that would have given the task force additional legal tools, money and manpower to fight it.

Former Obama administration officials declined to comment on individual cases, but noted that the State Department condemned the Czech decision not to hand over Fayad. Several of them, speaking on condition of anonymity, said they were guided by broader policy objectives, including de-escalating the conflict with Iran, curbing its nuclear weapons program and freeing at least four American prisoners held by Tehran, and that some law enforcement efforts were undoubtedly constrained by those concerns.

But the former officials denied that they derailed any actions against Hezbollah or its Iranian allies for political reasons.

“There has been a consistent pattern of actions taken against Hezbollah, both through tough sanctions and law enforcement actions before and after the Iran deal,” said Kevin Lewis, an Obama

spokesman who worked at both the White House and Justice Department in the administration.

Lewis, speaking for the Obama administration, provided a list of eight arrests and prosecutions as proof. He made special note of a February 2016 operation in which European authorities arrested an undisclosed number of alleged members of a special Hezbollah business affairs unit that the DEA says oversees its drug trafficking and other criminal money-making enterprises.

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Project Cassandra officials, however, noted that the European arrests occurred after the negotiations with Iran were over, and said the task force initiated the multinational partnerships on its own, after years of seeing their cases shot down by the Justice and State departments and other U.S. agencies.

The Justice Department, they pointed out, never filed corresponding U.S. criminal charges against the suspects arrested in Europe, including one prominent Lebanese businessman formally designated by the Treasury Department for using his “direct ties to Hezbollah commercial and terrorist elements” to launder bulk shipments of illicit cash for the organization throughout Asia, Europe and the Middle East.

A former senior national security official of the Obama administration, who played a role in the Iran nuclear negotiations, suggested that Project Cassandra members were merely speculating that their cases were being blocked for political reasons. Other factors, including a lack of evidence or concerns about interfering with intelligence operations could have been in play.

“What if the CIA or the Mossad had an intelligence operation ongoing inside Hezbollah and they were trying to pursue someone . . . against whom we had impeccable [intelligence] collection and the DEA is not going to know that?” the official said. “I get the feeling people who don’t know what’s going on in the broader universe are grasping at straws.”

The official added: “The world is a lot more complicated than viewed through the narrow lens of drug trafficking. So you’re not going to let CIA rule the roost, but you’re also certainly not going to let DEA do it either. Your approach to anything as complicated as Hezbollah is going to have to involve the interagency [process], because the State Department has a piece of the pie, the intelligence community does, Treasury does, DOD does.”

Nonetheless, other sources independent of Project Cassandra confirmed many of the allegations in interviews with POLITICO, and in some cases, in public comments.

One Obama-era Treasury official, Katherine Bauer, in little-noticed written testimony presented last February to the House Committee on Foreign Affairs, acknowledged that “under the Obama administration ... these [Hezbollah-related] investigations were tamped down for fear of rocking the boat with Iran and jeopardizing the nuclear deal.”

February 16, 2017

### **Katherine Bauer testimony to the House Committee on Foreign Affairs**

Former Treasury official criticizes the Obama administration.



As a result, some Hezbollah operatives were not pursued via arrests, indictments, or Treasury designations that would have blocked their access to U.S. financial markets, according to Bauer, a career Treasury official, who served briefly in its Office of Terrorist Financing as a senior policy adviser for Iran before leaving in late 2015. And [other “Hezbollah facilitators”](#) arrested in France, Colombia, Lithuania have not been extradited — or indicted — in the U.S., she wrote.

Bauer, in an interview, declined to elaborate on her testimony.

[Asher](#) , for one, said Obama administration officials expressed concerns to him about alienating Tehran before, during and after the Iran nuclear deal negotiations. This was, he said, part of an effort to “defang, defund and undermine the investigations that were involving Iran and Hezbollah,” he said.

“The closer we got to the [Iran deal], the more these activities went away,” Asher said. “So much of the capability, whether it was special operations, whether it was law enforcement, whether it was [Treasury] designations — even the capacity, the personnel assigned to this mission — it was assiduously drained, almost to the last drop, by the end of the Obama administration.”

With much fanfare, Obama announced the final agreement on implementation of the Iran deal on Jan. 17, 2016, in which Tehran promised to shelve efforts to build a nuclear weapons program in exchange for being released from crippling international economic sanctions.

Within months, task force officials said, Project Cassandra was all but dead. Some of its most senior officials, including [Jack Kelly](#) , the veteran DEA supervisory agent who created and led the task force, were transferred to other assignments. And Asher himself left the task force long before that, after the Defense Department said

his contract would not be renewed.

As a result, the U.S. government lost insight into not only drug trafficking and other criminal activity worldwide, but also into Hezbollah's illicit conspiracies with top officials in the Iranian, Syrian, Venezuelan and Russian governments — all the way up to presidents Nicolas Maduro, Assad and Putin, according to former task force members and other current and former U.S. officials.

The derailment of Project Cassandra also has undermined U.S. efforts to determine how much cocaine from the various Hezbollah-affiliated networks is coming into the United States, especially from Venezuela, where dozens of top civilian and military officials have been under investigation for more than a decade. Recently, the Trump administration designated the country's vice president, a close ally of Hezbollah and of Lebanese-Syrian descent, as a global narcotics kingpin.

Meanwhile, Hezbollah — in league with Iran — continues to undermine U.S. interests in Iraq, Syria and throughout wide swaths of Latin America and Africa, including providing weapons and training to anti-American Shiite militias. And Safieddine, the Ghost and other associates continue to play central roles in the trafficking of drugs and weapons, current and former U.S. officials believe.

"They were a paramilitary organization with strategic importance in the Middle East, and we watched them become an international criminal conglomerate generating billions of dollars for the world's most dangerous activities, including chemical and nuclear weapons programs and armies that believe America is their sworn enemy," said Kelly, the supervisory DEA agent and lead coordinator of its Hezbollah cases.

"If they are violating U.S. statutes," he asked, "why can't we bring them to justice?"

May, 31, 2017

### **Indictment of Samer El Debek**

From roughly 2008 to 2015, Debek allegedly received military training from training in surveillance, explosives and firearms.

[Read the document](#)

Kelly and Asher are among the officials involved in Project Cassandra who have been quietly contacted by the Trump administration and congressional Republicans, who said a special POLITICO report April 24 on Barack Obama's hidden Iran deal concessions raised urgent questions about the need to resurrect key law enforcement programs to counter Iran.

That won't be easy, according to former Project Cassandra members, even with President Donald Trump's recent vow to crack down on Iran and Hezbollah. They said they tried to keep the project on life support, in hopes that it would be revived by the next administration, but the loss of key personnel, budget cuts and dropped investigations are only a few of many challenges made worse by the passage of nearly a year since Trump took office.

“You can’t let these things disintegrate,” said Kelly. “Sources evaporate. Who knows if we can find all of the people willing to testify?”

Derek Maltz , who oversaw Project Cassandra as the head of the DEA’s Special Operations Division for nine years ending in July 2014, put it this way: “Certainly there are targets that people feel that could have been indicted and weren’t. There is certainly an argument to be made that if tomorrow all the agencies were ordered to come together and sit in a room and put all the evidence on the table against all these bad guys, that there could be a hell of a lot of indictments.”

But Maltz said the damage wrought by years of political interference will be hard to repair.

“There’s no doubt in my mind now that the focus was this Iran deal and our initiative was kind of like a [fly in the soup](#),” Maltz said. “We were the train that went off the tracks.”

Project Cassandra had its origins in a series of investigations launched in the years after the 9/11 attacks which all led, via their own twisted paths, to Hezbollah as a suspected global criminal enterprise.

Operation Titan , in which the DEA worked with Colombian authorities to explore a global alliance between Lebanese money launderers and Colombian drug trafficking conglomerates, was one. Operation Perseus, targeting Venezuelan syndicates, was another. At the same time, DEA agents in West Africa were investigating the suspicious flow of thousands of used cars from U.S. dealerships to car parks in Benin.

Meanwhile, in Iraq, the U.S. military was probing the role of Iran in outfitting Shiite militias with high-tech improvised explosive devices known as Explosively Formed Penetrators, or EFPs, that had already killed hundreds of U.S. soldiers.

All of these paths eventually converged on Hezbollah.

This wasn’t entirely a surprise, agents say. For decades, Hezbollah — in close cooperation with Iranian intelligence and Revolutionary Guard — had worked with supporters in Lebanese communities around the world to create a web of businesses that were long

suspected of being fronts for black-market trading. Along the same routes that carried frozen chicken and consumer electronics, these businesses moved weapons, laundered money and even procured parts for Iran's illicit nuclear and ballistic missile programs.

As they pursued their investigations, the DEA agents found that Hezbollah was redoubling all of these efforts, working urgently to raise cash, and lots of it, to rebuild its south Lebanon stronghold after a 2006 war with Israel had reduced it to rubble.

Dating back to its inception in the early 1980s, Hezbollah, which translates to "Party of God," had also engaged in "narcoterrorism," collecting a tariff from drug dealers and other black-market suppliers who operated in territory it controlled in Lebanon and elsewhere. Now, based on the DEA's extensive network of informants, undercover operatives and wiretaps, it looked like Hezbollah had shifted tactics, and gotten directly involved in the global cocaine trade, according to interviews and documents, including a confidential DEA assessment.

"It was like they flipped a switch," Kelly told POLITICO. "All of a sudden, they reversed the flow of all of the black-market activity they had been taxing for years, and took control of the operation."

Operating like an organized crime family, Hezbollah operatives would identify businesses that might be profitable and useful as covers for cocaine trafficking and buy financial stakes in them, Kelly and others said. "And if the business was successful and suited their current needs," Kelly said, "they went from partial owners to majority owners to full partnership or takeover."

Hezbollah even created a special financial unit that, translated into English, means "Business Affairs Component," to oversee the sprawling criminal operation, and it was run by the world's most wanted terrorist after Osama bin Laden, a [notoriously vicious](#) Hezbollah military commander named [Imad Mughniyeh](#), according to DEA interviews and documents.

Mughniyeh had for decades been the public face of terrorism for Americans, orchestrating the infamous attack that killed 241 U.S. Marines in 1983 in their barracks in Lebanon, and dozens more Americans in attacks on the U.S. Embassy in Beirut that year and an

annex the year after. When [President Ronald Reagan](#) responded to the attacks by withdrawing peacekeeping troops from Lebanon, Hezbollah claimed a major victory and vaulted to the forefront of the Islamist resistance movement against the West.

Over the next 25 years, Iran's financial and military [support](#) for Hezbollah enabled it to amass an army with tens of thousands of foot soldiers, more heavy armaments than most nation-states and approximately 120,000 rockets and ballistic missiles that could strike Israel and U.S. interests in the region with devastating precision.

Hezbollah became an expert in soft power, as well. It provided food, medical care and other social services for starving refugees in war-torn Lebanon, winning credibility on the ground. It then evolved further into a powerful [political](#) party, casting itself as the defender of poor, mostly Shiite Lebanese against Christian and Sunni Muslim elites. But even as Hezbollah was moving into the mainstream of Lebanese politics, Mughniyeh was overseeing a secret expansion of its terrorist wing, the Islamic Jihad Organization. Working with Iranian intelligence agents, Islamic Jihad continued to [attack](#) Western, Israeli and Jewish targets around the world, and to conduct surveillance on others — including in the [United States](#) — in preparation for future attacks.

Hezbollah mostly left the United States alone, in what was clearly a strategic decision to avoid U.S. retaliation. But by 2008, the Bush administration came to believe that Islamic Jihad was the most dangerous terrorist organization in the world, capable of launching instantaneous attacks, possibly with chemical, biological or low-grade nuclear weapons, that would dwarf those on 9/11.

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By funding terrorism and military operations through global drug trafficking and organized crime, Mughniyeh's business affairs unit within Islamic Jihad had become the embodiment of the kind of threat the United States was struggling to address in the post-9/11 world.

The DEA believed that it was the logical U.S. national security agency to lead the interagency effort to go after Mughniyeh's drug trafficking networks. But within the multipronged U.S. national security apparatus, this was both a questionable and problematic assertion.

Established by President Richard Nixon in 1973 to bring together the various anti-drug programs under the Department of Justice, the DEA was among the youngest of the U.S. national security agencies.

And while the DEA had quickly proven itself adept at working on the global stage — especially in partnerships with drug-infested countries desperate for U.S. help like Colombia — few people within the U.S. government thought of it as a legitimate counterterrorism force.

In the final years of the Bush administration, though, the DEA had won the support of top officials for taking down two major international arms dealers, a Syrian named [Monzer al-Kassar](#) and the Russian “[Lord of War](#),” Viktor Bout. And thanks to supportive Republicans in Congress, it had become the beneficiary of a new federal [law](#) that empowered its globe-trotting cadre of assault-weapon-toting Special Operations agents.

The statute allowed DEA agents to operate virtually anywhere, without permission required from other U.S. agencies. All they needed to do was connect drug suspects to terrorism, and they could arrest them, haul them back to the United States and flip them in an effort to penetrate “the highest levels of the world’s most significant and notorious criminal organizations,” as then-Special Operations chief [Maltz](#) [told Congress](#) in November 2011.

As they crunched the massive amounts of intel streaming into the DEA’s Counter [Narco-Terrorism Operations Center](#) in Chantilly, Virginia, the agents on [Operation Titan](#), Perseus and the other cases began to connect the dots and map the contours of one overarching criminal enterprise.

PART I R T I I



On Feb. 12, 2008, CIA and Israeli intelligence detonated a bomb in Mughniyeh's car as he was leaving a celebration of the 29th anniversary of the Iranian revolution in Damascus, Syria. He was killed instantly. It

*From its headquarters in the Middle East, Hezbollah extends its criminal reach to Latin America, Africa and the United States.*

was a major blow to Hezbollah, but soon after, wiretapped phone lines and other U.S. evidence showed that his criminal operation was busier than ever, and overseen by two trusted associates, according to interviews with former Project Cassandra officials and DEA documents.

One was financier **Adham Tabaja**. The other, the interviews and documents reveal, was Safieddine, the key link between Hezbollah — which was run by his cousin, Hassan Nasrallah and his own brother Hashem — and Iran, Hezbollah's state sponsor, which saw the group as its strategic ally in defending Shiite Muslims in the largely Sunni Muslim states that surrounded it.

Investigators were also homing in on several dozen key players underneath them who acted as “superfacilitators” for the various criminal operations benefitting Hezbollah, Iran and, at times, their allies in Iraq, Syria, Venezuela and Russia.

But it was Safieddine, a low-key, bespectacled man with a diplomatic bearing, who was their key point of connection from his base in Tehran, investigators believed.

The Colombia and Venezuela investigations linked him to numerous international drug smuggling and money laundering networks, and especially to one of the biggest the DEA had ever seen, led by Medellin-based Lebanese businessman **Ayman Joumaa**.

Joumaa's network rang alarm bells in Washington when agents discovered he was working with Mexico's brutal **Los Zetas** cartel to move multi-ton loads of cocaine directly into the United States, and washing \$200 million a month in criminal proceeds with the help of 300 or so used car dealerships. The network would funnel huge amounts of money to the dealerships to purchase used cars, which would then be shipped to Benin, on Africa's west coast.

As the task force investigators intensified their focus on Safieddine, they were contacted out of the blue by **Asher**, the Defense Department official, who was at Special Operations Command tracking the money used to provide ragtag Iraqi Shiite militias with



sophisticated weapons for use against U.S. troops, including the new and lethal IED known as the “Explosively Formed Penetrator.” The armor-piercing charges were so powerful that they were ripping M1 Abrams tanks in half.

“Nobody had seen weapons like these,” Asher told POLITICO. “They could blow the side off a building.”

Asher’s curiosity had been piqued by evidence linking the IED network to phone numbers intercepted in the Colombia investigation. Before long, he traced the unusual alliance to a number allegedly used by Safieddine in Iran.

“I had no clue who he was,” Asher recalled. “But this guy was sending money into Iraq, to kill American soldiers.”

**“ I h a d n o c l u e w h o h e w a s . B u t  
w a s s e n d i n g m o n e y i n t o I r a q , t  
A m e r i c a n s o l d i e r s . ”**

— David Asher on Abdallah Safieddine.

Thanks to that chance connection, the Pentagon’s then-head of counternarcotics, William Wechsler, lent Asher and a few other Defense Department experts in tracking illicit money to the DEA to see what they might find.

It was a fruitful partnership. Asher was accustomed to toiling in the financial shadows. During his 20-plus years of U.S. government work, his core expertise was in exposing money laundering and schemes to avoid financial sanctions by rogue nation states, terrorist groups, organized-crime cartels and weapons proliferation networks.

Usually, his work was strictly classified. For Project Cassandra, however, he got special dispensation from the Pentagon to build networks of unclassified information so it could be used in criminal prosecutions.

Asher and his team quickly integrated cutting-edge financial intelligence tools into the various DEA investigations. With the U.S. military’s help, agents translated thousands of hours of intercepted

phone conversations from Colombia in Arabic that no one had considered relevant until the Hezbollah links appeared.

When the translations were complete, investigators said, they painted a picture of Safieddine as a human hub of a criminal enterprise with spokes emanating from Tehran outward into Latin America, Africa, Europe and the United States via hundreds of legitimate businesses and front companies.

Safieddine did not respond to requests for comment through various intermediaries including Hezbollah's media arm. A Hezbollah official, however, denied that the organization was involved in drug dealing.

"Sheik Nasrallah has confirmed lots of times that it is not permitted religiously for Hezbollah members to be trafficking drugs," the official said. "It is something that is preventable, in that we in Islam have things like halal [permitted] and haram [prohibited]. For us, this is haram. So in no way is it possible to be done."

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The accusation that Hezbollah is involved in drug trafficking, the representative said, "is part of the campaign to distort the image of Hezbollah as a resistance movement against the Israelis. Of course, it is possible to have Lebanese people involved in drugs, but it is not possible for them to be members of Hezbollah. This is absolutely not possible."

Asked about Safieddine's role in the organization, the official said, "We don't usually expose the roles everyone plays because it is a jihadi organization. So it is a little bit secret."

Safieddine's cousin Nasrallah, the Hezbollah leader, has publicly rejected the idea that Hezbollah needs to raise money at all, through drugs or any other criminal activity, because Iran provides whatever funds it needs.

Safieddine himself, however, suggested otherwise in 2005, when he defiantly refuted the Bush administration's accusations that Iran

and Syria supplied Hezbollah with weapons. Those countries provided “political and moral” support only, he told Agence France-Presse. “We don’t need to arm ourselves from Tehran. Why bring weapons from Iran via Syria when we can procure them anywhere in the world?”

**“We don't need to arm ourselves from Tehran. Why bring weapons from Iran via Syria when we can procure them anywhere in the world?”**

— Abdallah Safieddine to Agence France-Presse in 2005.

Safieddine may have been right. Agents found evidence that weapons were flowing to Hezbollah from many channels, including networks that trafficked in both drugs and weapons. And using the same trafficking networks that hummed with drugs, cash and commercial products, agents concluded, Safieddine was overseeing Hezbollah efforts to help Iran procure parts and technology for its clandestine nuclear and ballistic missile programs.

“Hezbollah operates like the Gambino crime family on steroids, and he is its John Gotti,” said Kelly, referring to the infamous “Teflon Don” crime boss who for decades eluded justice. “Whatever Iran needs, Safieddine is in charge of getting it for them.”

**“Hezbollah operates like the Gambino crime family on steroids, and he is its John Gotti.”**

— Jack Kelly on Abdallah Safieddine.

The Bush administration had made disrupting the networks through which Iran obtained parts for its weapons of mass destruction programs a top priority, with then-Deputy National Security Adviser [Juan Zarate](#) personally overseeing an interagency effort to map out the procurement channels. A former Justice Department prosecutor, Zarate understood the value of international law enforcement operations, and put DEA’s Special

Operations Division at the center of it.

But even then, other agencies were chafing at the DEA's role.

## **A S E R I E S O F R O A D B L O C K S**

Much of the early turbulence stemmed from an escalating turf battle between federal law enforcement and intelligence agencies over which ones had primacy in the global war on terrorism, especially over a so-called hybrid target like Hezbollah, which was both a criminal enterprise and a national security threat.

The “cops” from the FBI and DEA wanted to build criminal cases, throw Hezbollah operatives in prison and get them to turn on each other. That stoked resentment among the “spooks” at the CIA and National Security Agency, who for 25 years had gathered intelligence, sometimes through the painstaking process of having agents infiltrate Hezbollah, and then occasionally launching assassinations and cyberattacks to block imminent threats.

Further complicating the picture was the role of the State Department, which often wanted to quash both law-enforcement actions and covert operations due to the political backlash they created. Hezbollah, after all, was a leading political force in Lebanon and a provider of human services, with a sincere grass-roots following that wasn't necessarily aware of its unsavory actions. Nowhere was the tension between law enforcement and diplomacy more acute than in dealings with Hezbollah, which was fast becoming a key part of the Lebanese government.

Distrust among U.S. agencies exploded after two incidents brought the cops-spooks divide into clear relief.

In the waning days of the Bush administration, a DEA agent's cover was blown just as he was about to become a Colombian cartel's main cocaine supplier to the Middle East — and to Hezbollah operatives.

A year later, under Obama, the State Department blocked an FBI-led Joint Terrorism Task Force from luring a key eyewitness from Beirut to Philadelphia so he could be arrested and turned against Safieddine and other Hezbollah operatives in a scheme to procure 1,200 Colt M4 military-grade assault rifles.

In both cases, law enforcement agents suspected that Middle East-based spies in the CIA had torpedoed their investigations to protect

their politically sensitive and complicated relationship with Hezbollah.

The CIA declined to comment on the allegation that it intentionally blew the cover of a DEA agent or any other aspect of its relationship with Project Cassandra. The Obama State Department and Justice Department also declined to comment in response to detailed requests about their dealings with Hezbollah.

But the tensions between those agencies and the DEA were no secret. Some current and former diplomats and CIA officers, speaking on condition of anonymity, portrayed DEA Special Operations agents as undisciplined and overly aggressive cowboys with little regard for the larger geopolitical picture. “They’d come in hot to places like Beirut, want to slap handcuffs on people and disrupt operations we’d been cultivating for years,” one former CIA case officer said.

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*— Former CIA case officer on how the DEA operated.*

Kelly and other agents embraced their swashbuckling reputation, claiming that more aggressive tactics were needed because the CIA had long turned a blind eye to Hezbollah’s criminal networks, and even cultivated informants within them, in a misguided and myopic focus on preventing terrorist attacks.

The unyielding posture of Kelly, Asher and their team also rankled some of their fellow law-enforcement agents within the FBI, the Justice Department and even the DEA itself. The more Kelly and Asher insisted that everyone else was missing the drug-crime-terror nexus, the more others accused them — and their team out at Chantilly — of inflating those connections to expand the task force’s portfolio, get more funding and establish its importance.

After a few years of working together on the Hezbollah cases, Kelly and Asher had become a familiar sight in the never-ending circuit of meetings and briefings in what is known as the “interagency

process,” a euphemism for the U.S. national security community’s efforts to bring all elements of power to bear on a particular problem.

From outward appearances, the two made an unusual pair.

Kelly, now 51, was a streetwise agent from small-town New Jersey who cut his teeth investigating the Mafia and drug kingpins. He spent his infrequent downtime lifting weights, watching college football and chilling in cargo shorts.

Asher, 49, speaks fluent Japanese, earned his Ph.D. in international relations from Oxford University and has the pallor of a senior government official who has spent the past three decades in policy meetings, classified military war rooms and diplomatic summits.

Both were described by supporters and detractors alike as having a similarly formidable combination of investigative and analytical skills, and the self-confidence to match it. At times, and especially on Project Cassandra, their intensity worked to the detriment of their careers.

“It got to the point where a lot of people didn’t want to have meetings with them,” said one FBI terrorism task force supervisor who worked often with the two. “They refused to accept no for an answer. And they were often given no for an answer. Even though they were usually right.”

**Subject: SDFLs obstruction of a 960a indictment will have far reaching implications including threats to our National Security**

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October 8, 2008

**FROM:** Jack Kelly

**TO:** [REDACTED]

I appreciate the tremendous support DEA management has given to Operation Titan. And I understand that its felt we have no options left. Let me clearly lay out what I think are the tremendous implications of what has occurred and then I will leave you guys alone.

Email recreation

An early flash point was Operation Titan , the DEA initiative in Colombia. After its undercover agent was compromised, DEA and

Colombian authorities scrambled to build cases against as many as 130 traffickers, including a Colombian cartel leader and a suspected Safieddine associate named Chekry Harb, nicknamed El Taliban.

For months afterward, the Justice Department rebuffed requests by task force agents, and some of its own prosecutors, to add narcoterrorism charges to the drug and money-laundering counts against Harb, several sources involved in the case said. Agents argued that they had evidence that would easily support the more serious charges. Moreover, Harb's prosecution was an essential building block in their larger plan for a sustained legal assault against Hezbollah's criminal network.

Its centerpiece would be a prosecution under the Racketeer Act , a powerful tool used by the Justice Department against sophisticated international conspiracies, including the Mafia, drug cartels and white-collar corporate crimes. A RICO case would give the task force the ability to tie many seemingly unconnected conspiracies together, and prosecute the alleged bosses overseeing them, like Safieddine, participants say.

It would also allow authorities to seize potentially billions in assets, they say, and to use the threat of far longer prison terms to wring more cooperation out of Harb and others already charged or convicted.

After the Justice Department's final refusal to bring narcoterrorism charges against Harb, Kelly sent an angry email to the DEA leadership warning that Justice's "obstruction" would have "far reaching implications including threats to our National Security" given Hezbollah's mushrooming criminal activity.

Of particular concern: A 25-year-old Lebanese man that Kelly described as the network's "command and control element," according to the email.

The young man was not only in contact "with Joumaa and some of the other top drug traffickers in the world" but also "leaders of a foreign [country's] black ops special forces; executive leadership of Hezbollah; and a representative of a company which is most likely facilitating the development of WMDs."

"We should also not forget," he added, "about the 100's of used car companies in the states — some of them owned by Islamic

Extremists — which are part of this network.” In interviews, former task force officials identified the young man as Safieddine ’s son, and said he acted as his father’s liaison in Beirut.

All of that information was shared with other law enforcement and intelligence agencies — and the White House — via the DEA’s Chantilly nerve center. But by early 2009, Obama’s national security team batted down Project Cassandra’s increasingly urgent warnings as being overly alarmist, counterproductive or untrue, or simply ignored them, according to Kelly, Asher, Maltz and other participants in and out of government.

By following the money, though, Asher had become convinced that the task force wasn’t overhyping the threat posed by Hezbollah’s criminal activities, it was significantly underestimating it. Because Hezbollah’s drug trafficking was bankrolling its Islamic Jihad military wing and joint ventures with Iran, as Asher would later testify before Congress, it represented “the largest material support scheme for terrorism operations” the world had ever seen.

### **Foreign and resident bank deposits in Lebanese Central Bank**

Both resident and nonresident deposits grew despite war and global financial crisis, suggesting to investigators that drug proceeds were flooding the financial system.

#### **Resident deposits**

#### **Nonresident deposits**

Source: Lebanon Central Bank

Note: All values in Lebanese pound

As proof, Asher would often bring PowerPoints to interagency drug and crime meetings, showing how cash reserves of U.S. currency in Lebanon had doubled, to \$16 billion, in just a few years, and how shiny new skyscrapers were popping up around Beirut, just like Miami, Panama City, Panama, and other cities awash in drug money.

Privately, Asher began to tell task force colleagues, the best way to take down the entire criminal enterprise — especially such a politically sensitive one as Hezbollah — was to go after its money, and the financial institutions assisting it. Their first target would be one of the world’s fastest-growing banks, the Beirut-based Lebanese Canadian Bank and its \$5 billion in assets.

## **B L O C K E D   E F F O R T S ,   M I S S E D   O P P O R T U**

Asher knew how to successfully implode the financial



underpinnings of an illicit, state-sponsored trafficking network because he'd already done it, just a few years earlier, as the Bush administration's point man on North Korea. In that case, he used the post-9/11 PATRIOT Act to cut off Pyongyang by going after Banco Delta Asia, a Macau-based bank that made illicit financial transactions on behalf of the North Korean regime.

In Beirut, Asher and his team worked with an Israeli intelligence operation to penetrate the Lebanese bank's inner workings and diagram its Byzantine money flows. They gathered evidence showing how Joumaa's network alone was laundering \$200 million per month in "bulk proceeds of drug sales" through the bank and various money exchange houses, according to Justice and Treasury department documents.

Much of the freshly laundered cash, the records show, was then wired to about 300 U.S. used-car dealers to buy and ship thousands of vehicles to West Africa.

Task force agents also documented how Safieddine was a financial liaison providing Hezbollah — and, of potentially huge significance, Iran — with VIP services at the bank, including precious access to the international financial system in violation of U.S. sanctions, according to those records.

By then, the task force was working closely with federal prosecutors in a new Terrorism and International Narcotics Unit out of the Justice Department's Southern District of New York. The Manhattan prosecutors agreed to file criminal charges against the bank and two senior officials that they hoped to turn into cooperating witnesses against Hezbollah and Safieddine, several participants said.

Federal authorities [filed a civil action](#) against the bank in February 2011 and later seized [\\$102 million](#), ultimately forcing it to shut down and sell its assets without admitting wrongdoing. But the Justice Department never filed the criminal charges, and also stymied investigations into other financial institutions and individuals that task force agents targeted as part of the planned [RICO](#) case, they say.

The Obama White House said privately that it feared a broader assault on Lebanese financial institutions would destabilize the country. But without the threat of prison time, complicit bank officials clammed up. And without pressure on the many other

financial institutions in Lebanon and the region, Hezbollah simply moved its banking business elsewhere.

Soon afterward, Kelly said, he ran into one of the unit's top prosecutors and asked if there was "something going on with the White House that explains why we can't get a criminal filing."

"You don't know the half of it," the prosecutor replied, according to Kelly. "Right now, we have 50 FBI agents not doing anything because they know their Iran cases aren't going anywhere," including investigations around the U.S. into allegedly complicit used-car dealers.

**"Right now, we have 50 FBI agents not doing anything because they know their Iran cases aren't going anywhere."**

— Jack Kelly on what a Justice Department official told him about the chilling effect of Obama's rapprochement with Iran.

Justice Department officials involved, including then-U.S. Attorney Preet Bharara and other prosecutors, declined requests to discuss the bank case or others involving Hezbollah.

That October, Asher helped uncover a plot by two Iranian agents and a Texas-based Iranian-American to hire Mexican cartel gunmen to assassinate Saudi Arabia's U.S. ambassador in a crowded Washington cafe. A month later, prosecutors indicted Joumaa, accusing him of working with Mexico's Zetas cartel and Colombian and Venezuelan suppliers to smuggle 85 tons of cocaine into the U.S., and laundering \$850 million in drug proceeds.

November 3, 2011

### **Indictment of Ayman Joumaa**

Joumaa aka "Junior" allegedly coordinated the transport, distribution and sales of multi-ton shipments of cocaine. He's also accused of laundering money in the U.S., Lebanon, Benin, Panama, Colombia and the Democratic Republic of Congo.

[Read the document](#)

Task force agents hoped those cases would win them the political support needed to attack the Hezbollah criminal network and its patrons in Tehran. Instead, the opposite appeared to be happening.

DEA officials weren't included in the Justice and FBI news conference on the assassination plot, and claim it was because the Obama White House wanted to downplay the drug-terror connection. And Joumaa's indictment didn't mention Hezbollah once, despite DEA evidence of his connections to the group dating back to 1997.

By the end of 2012, senior officials at the Justice Department's National Security and Criminal divisions, and at the State Department and National Security Council, had shut down, derailed or delayed numerous other Hezbollah-related cases with little or no explanation, according to Asher, Kelly, Maltz and other current and former participating officials.

Agents discovered “an entire Quds force network” in the U.S., laundering money, moving drugs and illegally smuggling Bell helicopters, night-vision goggles and other items for Iran, Asher said.

“We crashed to indict” the elite Iranian unit, and while some operatives were eventually prosecuted, other critically important indictments “were rejected despite the fact that we had excellent evidence and testifying witnesses,” said Asher, who helped lead the investigation.

In Philadelphia, the FBI-led task force had spent two years bolstering its case claiming that Safieddine had overseen an effort to purchase 1,200 military-grade assault rifles bound for Lebanon, with the help of Kelly and the special narcoterrorism prosecutors in New York.

Now, they had two key eyewitnesses. One would identify Safieddine as the Hezbollah official sitting behind a smoked-glass barricade who approved the assault weapons deal. And an agent and prosecutor had flown to a remote Asian hotel and spent four days persuading another eyewitness to testify about Safieddine’s role in an even bigger weapons and drugs conspiracy, multiple former law enforcement officials confirmed to POLITICO.

Convinced they had a strong case, the New York prosecutors sent a formal prosecution request to senior Justice Department lawyers in Washington, as required in such high-profile cases. The Justice Department rejected it, and the FBI and DEA agents were never told why, those former officials said.

Justice Department officials declined to comment on the case.

Kelly had been searching for an appropriate DEA code name to give to collaborating agencies so they could access and contribute to task force investigative files. He found it while reading the Erik Larson book “In the Garden of Beasts,” in which the former U.S. ambassador to Germany named his U.S. speaking tour about the growing Nazi menace after the famous mythological figure whose warnings about the future were unheeded.

Now the project had its name: Cassandra.

## **S T A N D I N G   D O W N   O N   H E Z B O L L A H**

After Obama won reelection in November 2012, the administration's pushback on Hezbollah drug cases became more overt, and now seemed to be emanating directly from the White House, according to task force members, some former U.S. officials and other observers.

One reason, they said, was Obama's choice of a new national security team. The appointment of John Kerry as secretary of state was widely viewed as a sign of a redoubled effort to engage with Iran. Obama's appointment of Brennan — the public supporter of cultivating Hezbollah moderates — as CIA director, and the president's choice of the Justice Department's top national security lawyer, Lisa Monaco, as Brennan's replacement as White House counterterrorism and homeland security adviser, put two more strong proponents of diplomatic engagement with Iran in key positions.

Another factor was the victory of reformist candidate Hassan Rouhani as president of Iran that summer, which pushed the talks over a possible nuclear deal into high gear.

The administration's eagerness for an Iran deal was broadcast through so many channels, task force members say, that political appointees and career officials at key agencies like Justice, State and the National Security Council felt unspoken pressure to view the task force's efforts with skepticism. One former senior Justice Department official confirmed to POLITICO that some adverse decisions might have been influenced by an informal multi-agency Iran working group that "assessed the potential impact" of criminal investigations and prosecutions on the nuclear negotiations.

Monaco was a particularly influential roadblock at the intersection of law enforcement and politics, in part due to her sense of caution, her close relationship with Obama and her frequent contact with her former colleagues at the Justice Department's National Security Division, according to several task force members and other current and former officials familiar with its efforts.

Some Obama officials warned that further crackdowns against Hezbollah would destabilize Lebanon. Others warned that such actions would alienate Iran at a critical early stage of the serious Iran deal talks. And some officials, including Monaco, said the administration was concerned about retaliatory terrorist or military

actions by Hezbollah, task force members said.

“That was the established policy of the Obama administration internally,” one former senior Obama national security official said, in describing the reluctance to go after Hezbollah for fear of reprisal. He said he criticized it at the time as being misguided and hypocritical.

“We’re obviously doing those actions against al Qaeda and ISIS all the time,” the Obama official said. “I thought it was bad policy [to refrain from such actions on Hezbollah] that limited the range of options we had,” including criminal prosecutions.

Monaco declined repeated requests for comment, including detailed questions sent by email and text, though a former White House subordinate of hers rejected the task force members’ description of her motives and actions.

The White House was driven by a broader set of concerns than the fate of the nuclear talks, the former White House official said, including the fear of reprisals by Hezbollah against the United States and Israel, and the need to maintain peace and stability in the Middle East.

Brennan also told POLITICO he was not commenting on any aspect of his CIA tenure. His former associates, however, said that he remained committed to preventing Hezbollah from committing terrorist acts, and that his decisions were based on an overall concern for U.S. security.

For their part, task force agents said they tried to work around the obstacles presented by the Justice and State Departments and the White House. Often, they chose to build relatively simple drug and weapons cases against suspects rather than the ambitious narcoterrorism prosecutions that required the approval of senior Justice Department lawyers, interviews and records show.

At the same time, though, they redoubled efforts to build a RICO case and gain Justice Department support for it.

Their ace in the hole, Kelly and Asher said they told Justice officials, wasn’t some dramatic drug bust, but thousands of individual financial transactions, each of which constituted an overt criminal act under RICO. Much of this evidence grew out of the Lebanese

Canadian Bank investigation, including details of how an army of couriers for years had been transporting billions of dollars in dirty U.S. cash from West African car dealerships to friendly banks in Beirut.

The couriers would begin their journeys at a four-star hotel in Lome, Togo, lugging suitcases stuffed with as much as \$2 million each, Kelly said. And the task force was on the tail of every one of them, he said, thanks to an enterprising DEA agent who had found a way to get all of their cellphone numbers. “They had no idea what we were doing,” Kelly said. “But that alone gave us all the slam-dunk evidence we needed” for a RICO case against everyone involved in the conspiracy, including Hezbollah.

**The couriers were lugging suitcases stuffed with as much as \$2 million each, and the task force was on the tail of every one of them.**

Such on-the-ground spadework, combined with its worldwide network of court-approved communications intercepts, gave Project Cassandra agents virtual omniscience over some aspects of the Hezbollah criminal network.

And from their perch in Chantilly, they watched with growing alarm as Hezbollah accelerated its global expansion that the drug money helped finance.

Both Hezbollah and Iran continued to build up their military arsenals and move thousands of soldiers and weapons into Syria. Aided by the U.S. military withdrawal from Iraq, Iran, with the help of Hezbollah, consolidated its control and influence over wide swaths of the war-ravaged country.

Iran and Hezbollah began making similar moves into Yemen and other Sunni-controlled countries. And their networks in Africa trafficked not just in drugs, weapons and used cars but diamonds, commercial merchandise and even human slaves, according to interviews with former Project Cassandra members and Treasury Department documents. Hezbollah and the Quds force also were moving into China and other new markets.

But Project Cassandra's agents were most alarmed, by far, by the havoc Hezbollah and Iran were wreaking in Latin America.

## **A T H R E A T I N A M E R I C A ' S B A C K Y A R D**

In the years after the 9/11 terrorist attacks, when Washington's focus was elsewhere, Hezbollah and Iran cultivated alliances with governments along the "cocaine corridor" from the tip of South America to Mexico, to turn them against the United States.

The strategy worked in Bolivia, Ecuador and Venezuela, which evicted the DEA, shuttering strategic bases and partnerships that had been a bulwark in the U.S. counternarcotics campaign.

In Venezuela, President Hugo Chavez was personally working with then-Iranian president, Mahmoud Ahmadinejad, and Hezbollah on drug trafficking and other activities aimed at undermining U.S. influence in the region, according to interviews and documents.



**Hugo Chavez**  
Former Venezuelan  
president



**Mahmoud Ahmadinejad**  
Former Iranian  
president

Within a few years, Venezuelan cocaine exports skyrocketed from 50 tons a year to 250, much of it bound for American cities, United Nations Office of Drugs and Crime statistics show.

And beginning in 2007, DEA agents watched as a commercial jetliner from Venezuela's state-run Conviasa airline flew from Caracas to Tehran via Damascus, Syria, every week with a cargo-hold full of drugs and cash. They nicknamed it "Aeroterror," they said, because the return flight often carried weapons and was packed with Hezbollah and Iranian operatives whom the Venezuelan government would provide with fake identities and travel documents on their arrival.

From there, the operatives spread throughout the subcontinent and set up shop in the many recently opened Iranian consulates, businesses and mosques, former Project Cassandra agents said.

But when the Obama administration had opportunities to secure the extradition of two of the biggest players in that conspiracy, it failed to press hard enough to get them extradited to the United States,



where they would face charges, task force officials told POLITICO.

One was Syrian-born Venezuelan businessman Walid Makled, alias the “king of kingpins,” who was arrested in Colombia in 2010 on charges of shipping 10 tons of cocaine a month to the United States. While in custody, Makled claimed to have 40 Venezuelan generals on his payroll and evidence implicating dozens of top Venezuelan officials in drug trafficking and other crimes. He pleaded to be sent to New York as a protected, cooperating witness, but Colombia — a staunch U.S. ally — extradited him to Venezuela instead.

The other, retired Venezuelan general and former chief of intelligence Hugo Carvajal, was arrested in Aruba on U.S. drug charges. Carvajal “was the main man between Venezuela and Iran, the Quds force, Hezbollah and the cocaine trafficking,” Kelly said. “If we had gotten our hands on either of them, we could have taken down the entire network.”

**"If we had gotten our hands on them, we could have taken down entire network."**

— Kelly on the extradition of a top Venezuelan official and a drug kingpin.

Instead, Venezuela was now the primary pipeline for U.S.-bound cocaine, thanks in part to the DEA's success in neighboring Colombia. It had also become a strategically invaluable staging area for Hezbollah and Iran in the United States' backyard, including camps they established to train Shiite militias.

And at the center of much of that activity was **the Ghost**, another suspected Safieddine associate so elusive that no photos of him were said to exist.

Project Cassandra agents came to regard the Ghost as perhaps the most important on-the-ground operator in the conspiracy because of his suspected role in moving drugs, money and munitions, including multi-ton loads of cocaine, into the United States, and WMD components to the Middle East, according to two former senior U.S. officials.

Now, he and **Joumaa** were living in Beirut, and Project Cassandra

agents were so familiar with their routines that they knew at which cafe the two men gathered every morning to drink espresso and “discuss drug trafficking, money laundering and weapons,” one of the two former officials said.

The Ghost was also in business with another suspected Safieddine associate, Ali Fayad , who had long been instrumental in providing weapons to Shiite militias in Iraq, including through the deadly IED network that had killed so many U.S. troops, the former officials believed.

Now, they had information that Fayad, a joint Lebanese and Ukrainian citizen, and the Ghost were involved in moving conventional and chemical weapons into Syria for Hezbollah, Iran and Russia to help President Assad crush the insurgency against his regime. Adding to the mystery: Fayad served as a Ukrainian defense ministry adviser, worked for the state-owned arms exporter Ukrspecexport and appeared to have taken Bout ’s place as Putin’s go-to arms merchant, the former officials said.

So when Fayad’s name surfaced in a DEA investigation in West Africa as a senior Hezbollah weapons trafficker, agents scrambled to create a sting operation, with undercover operatives posing as Colombian narcoterrorists plotting to shoot down American government helicopters.

Fayad was happy to offer his expert advice, and after agreeing to provide them with 20 Russian-made shoulder-fired Igla surface-to-air missiles, 400 rocket-propelled grenades and various firearms and rocket launchers for \$8.3 million, he was arrested by Czech authorities on a U.S. warrant in April 2014, U.S. court records show.

The Fayad sting — and his unprecedented value as a potential cooperating witness — was just one of many reasons Project Cassandra members had good cause, finally, for optimism.

**PART II R T I I I**

*As negotiations for the Iran nuclear deal intensify, the administration pushes back against Project Cassandra.*

**M**ore than a year into Obama's second term, many national security officials still disagreed with Kelly and Asher about whether Hezbollah fully controlled a global criminal network, especially in drug trafficking and distribution, or merely profited from crimes by its supporters within the global Lebanese diaspora. But Project Cassandra's years of relentless investigation had produced a wealth of evidence about Hezbollah's global operations, a clear window into how its hierarchy worked and some significant sanctions by the Treasury Department.

A confidential DEA assessment from that period concluded that Hezbollah's business affairs entity "has leveraged relationships with corrupt foreign government officials and transnational criminal actors ... creating a network that can be utilized to move metric ton quantities of cocaine, launder drug proceeds on a global scale, and procure weapons and precursors for explosives."

**Hezbollah's network moved "metric ton quantities of cocaine [to] launder proceeds on a global scale, and weapons and ... explosives."**

*Excerpt of a Confidential DEA assessment*

Hezbollah "has at its disposal one of the most capable networks of actors coalescing elements of transnational organized crime with terrorism in the world," the assessment concluded.

Some top U.S. military officials shared those concerns, including the four-star generals heading U.S. Special Operations and Southern commands, who warned Congress that Hezbollah's criminal operations and growing beachhead in Latin America posed an urgent threat to U.S. security, according to transcripts of the hearings.

In early 2014, Kelly and other task force members briefed Attorney General Eric Holder, who was so alarmed by the findings that he insisted Obama and his entire national security team get the same briefing as they formulated the administration's Iran strategy.

So task force leaders welcomed the opportunity to attend a May

2014 summit meeting of Obama national security officials at Special Operations Command headquarters in Tampa, Florida. Task force leaders hoped to convince the administration of the threat posed by Hezbollah's networks, and of the need for other agencies to work with DEA in targeting the growing nexus of drugs, crime and terror.

The summit, and several weeks of interagency prep that preceded it, however, prompted even more pushback from some top national security officials. Monaco, Obama's counterterrorism adviser, expressed concerns about using RICO laws against top Hezbollah leaders and about the possibility of reprisals, according to several people familiar with the summit.

They said senior Obama administration officials appeared to be alarmed by how far Project Cassandra's investigations had reached into the leadership of Hezbollah and Iran, and wary of the possible political repercussions.

As a result, task force members claim, Project Cassandra was increasingly viewed as a threat to the administration's efforts to secure a nuclear deal, and the top-secret prisoner swap that was about to be negotiated.

Monaco's former subordinate, speaking on condition of anonymity, said the White House did not attempt to curb DEA-led efforts against Hezbollah because of the Iran deal. But the subordinate said the White House felt a need to balance the drug agency's interests with those of other agencies who often disagreed with it.

"The intelligence community fundamentally doubted the intel" from the DEA, the subordinate recalled. "I spent so much time trying to get them to work together."

Nonetheless, after the meeting in Tampa, the administration made it clear that it would not support a RICO case, even though Asher and others say they'd spent years gathering evidence for it, the task force members said.

In addition, the briefings for top White House and Justice Department officials that had been requested by Holder never materialized, task force agents said. (Holder did not respond to requests for comment.) Also, a top intelligence official blocked the inclusion of Project Cassandra's memo on the Hezbollah drug threat from being included in Obama's daily threat briefing, they said. And

Kelly, Asher and other agents said they stopped getting invitations to interagency meetings, including those of a top Obama transnational crime working group.

That may have been because Obama officials dropped Hezbollah from the formal list of groups targeted by a special White House initiative into transnational organized crime, which in turn effectively eliminated DEA's broad authority to investigate it overseas, task force members said.

"The funny thing is Tampa was supposed to settle how everyone would have a seat at the table and what the national strategy is going to be, and how clearly law enforcement has a role," Jack Riley , who was the DEA's chief of operations at the time, told POLITICO. "And the opposite happened. We walked away with nothing."

## **W I L L F U L L Y   B L I N D   T O   T H E   T H R E A T**

After the Tampa meeting, Project Cassandra leaders pushed – unsuccessfully, they said – for greater support from the Obama administration in extraditing Fayad from the Czech Republic to New York for prosecution, and in locating and arresting the many high-value targets who went underground after hearing news of his arrest.

They also struck out repeatedly, they said, in obtaining the administration's approval for offering multimillion-dollar "rewards for justice" bounties of a type commonly issued for indicted kingpins like Joumaa, and for the administration to unseal the secret indictments of others, like the Ghost , to improve the chances of catching them.

And task force officials pushed the Obama team, also unsuccessfully, to use U.S. aid money and weapons sales as leverage to push Lebanon into adopting an extradition treaty and handing over all of the indicted Hezbollah suspects living openly in the country, they said.

"There were ways of getting these guys if they'd let us," Kelly said.

Frustrated, he wrote another of his emails to DEA leaders in July 2014, asking for help.

The email stated that the used-car money-laundering scheme was

flourishing in the United States and Africa. The number of vehicles being shipped to Benin had more than doubled from December 2011 to 2014, he wrote, with one dealership alone receiving more than \$4 million.

And despite the DEA's creation of a multi-agency "Iran-Hezbollah Super Facilitator Initiative" in 2013, Kelly said, only the Department of Homeland Security's Customs and Border Protection was sharing information and resources.

"The FBI and other parts of the USG [U.S. government] provide a little or no assistance during our investigations," Kelly wrote in the email. "The USG lack of action on this issue has allowed [Hezbollah] to become one of the biggest transnational organized crime groups in the world."

Around this time, people outside Project Cassandra began noting that senior administration officials were increasingly suspicious of it.

**Subject:** [REDACTED]

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July 29, 2014

**FROM:** Jack Kelly

**TO:** [REDACTED]

... The USG lack of action on this issue has allowed Hizballah to become one of the biggest Transnational Organized Crime groups in the world. As we have shown in our investigations the Super Facilitator network uses this criminal activity to provide massive support to the Iranian Hizballah Threat Network and other terror groups helping fuel conflict in some of the most sensitive regions in the world.

See below string of emails for an example of how long DOJ has been under-performing on this issue to the detriment of national security...

Email recreation

Douglas Farah, a transnational crime analyst, said he tried to raise the Project Cassandra investigations with Obama officials in order to corroborate his own on-the-ground research, without success. "When it looked like the [nuclear] agreement might actually happen, it became clear that there was no interest in dealing with anything about Iran or Hezbollah on the ground that it may be negative, that it might scare off the Iranians," said Farah.

Asher, meanwhile, said he and others began hearing “from multiple people involved in the Iran discussions that this Hezbollah stuff was definitely getting in the way of a successful negotiation,” he said. One Obama national security official even said so explicitly in the same State Department meeting in which he boasted about how the administration was bringing together a broad coalition in the Middle East, including Hezbollah, to fight the Islamic State terrorist group, Asher recalled.

Indeed, the United States was seeking Iran’s help in taking on the Islamic State. As the nuclear deal negotiations were intensifying ahead of a November 2014 diplomatic deadline, Obama himself secretly wrote to Iran’s supreme leader, Ayatollah Ali Khamenei, to say the two countries had a mutual interest in fighting Islamic State militants in Iraq and Syria, The Wall Street Journal reported.

Kerry, who was overseeing the negotiations, rejected suggestions that the nuclear deal was linked to other issues affecting the U.S.-Iranian relationship.

“The nuclear negotiations are on their own,” he told reporters. “They’re standing separate from anything else. And no discussion has ever taken place about linking one thing to another.”

**“The nuclear negotiations are  
own. They’re standing separat  
anything else.”**

— Secretary of State John Kerry to reporters.

But even some former CIA officials said the negotiations were affecting their dealings in the Middle East and those of the DEA.

DEA operations in the Middle East were shut down repeatedly due to political sensitivities, especially in Lebanon, according to one former CIA officer working in the region. He said pressure from the White House also prompted the CIA to declare “a moratorium” on covert operations against Hezbollah in Lebanon, too, for a time, after the administration received complaints from Iranian negotiators.

“During the negotiations, early on, they [the Iranians] said listen, we need you to lay off Hezbollah, to tamp down the pressure on them,

and the Obama administration acquiesced to that request,” the former CIA officer told POLITICO. “It was a strategic decision to show good faith toward the Iranians in terms of reaching an agreement.”

The Obama team “really, really, really wanted the deal,” the former officer said.

**The Obama team “really, really, really wanted the deal.”**

*— Former CIA officer on how intelligence operations were also impacted by negotiations with Iran.*

As a result, “We were making concessions that had never been made before, which is outrageous to anyone in the agency,” the former intelligence officer said, adding that the orders from Washington especially infuriated CIA officers in the field who knew that Hezbollah “was still doing assassinations and other terrorist activities.”

That allegation was contested vehemently by the former senior Obama national security official who played a role in the Iran nuclear negotiations. “That the Iranians would ask for a favor in this realm and that we would acquiesce is ludicrous,” he said.

Nonetheless, feeling that he had few options left, Asher went public with his concerns at a congressional hearing in May 2015 saying, “the Department of Justice should seek to indict and prosecute” Hezbollah’s Islamic Jihad Organization as an international conspiracy using the RICO statute. That was the only way, he testified, for U.S. officials to “defeat narcoterrorism financing, including that running right through the heart of the American financial system,” as Hezbollah was doing with the used-cars scheme.

The nuclear deal was signed in July 2015, and formally implemented on Jan. 17, 2016. A week later, almost two years after his arrest, Czech officials finally released Fayad to Lebanon in exchange for five Czech citizens that Hezbollah operatives had kidnapped as bargaining chips.



Unlike in the case of Bout , the former arms trafficker for Putin, neither Obama nor other senior White House officials made personal pleas for the extradition of Fayad, task force officials said. Afterward, the U.S. Embassy in the Czech Republic issued a statement saying, “We are dismayed by the Czech government’s decision.”

For the task force, Fayad’s release was one of the biggest blows yet. Some agents told POLITICO that Fayad’s relationships with Hezbollah, Latin American drug cartels and the governments of Iran, Syria and Russia made him a critically important witness in any RICO prosecution and in virtually all of their ongoing investigations.

“He is one of the very few people who could describe for us the workings of the operation at the highest levels,” Kelly said. “And the administration didn’t lift a finger to get him back here.”

One senior Obama administration official familiar with the case said it would be a stretch to link the Fayad case to the Iran deal, even if the administration didn’t lobby aggressively enough to have Fayad extradited to the United States.

“I guess it’s possible that they [the White House] didn’t want to try hard because of the Iran deal but I don’t have memories of it,” said the former official. “Clearly there were things that the Obama administration did to keep the negotiations alive, prudent negotiating tactics to keep the Iranians at the table. But to be fair, there was a lot of shit we did during the Iran deal negotiations that pissed the Iranians off.”

Afterward, Czech President Milos Zeman told local media he had freed Fayad at the personal request of Putin, a close ally of both the Czech Republic and Iran, who had lobbied hard for his release in a series of phone calls like the ones Project Cassandra officials were hoping Obama would make.

A week later, European authorities, working with the DEA and U.S. Customs and Border Patrol, arrested an undisclosed number of Hezbollah-related suspects in France and neighboring countries on charges of using drug trafficking money to procure weapons for use in Syria.

In announcing the arrests, the DEA and the Justice Department

disclosed for the first time the existence of Project Cassandra, as well as its target, the drug-and weapons-trafficking unit known as Hezbollah's Business Affairs Component. In a news release, DEA also said the business entity "currently operates under the control of Abdallah Safieddine" and Tabaja .

Feb. 1, 2016

### **DEA reveals "massive" Hezbollah scheme**

This DEA press release is the first mention of Project Cassandra, and pinpoints seven countries involved in disrupting the flow of drug money to promote terrorist operations.

[Read the document](#)

Jack Riley , the DEA's acting deputy administrator, said in the news release that Hezbollah's criminal operations "provide a revenue and

weapons stream for an international terrorist organization responsible for devastating terror attacks around the world.”

Riley described the operation as “ongoing,” saying “DEA and our partners will continue to dismantle networks who exploit the nexus between drugs and terror using all available law enforcement mechanisms.”

But Kelly and some other agents had already come to believe that the arrests would be a last hurrah for the task force, as it was crumbling under pressure from U.S. officials eager to keep the newly implemented Iran deal intact. That’s why Project Cassandra members insisted on including Safieddine ’s name in the media releases. They wanted it in the public record, in case they had no further opportunity to expose the massive conspiracy they believed he had been overseeing.

## **A L A S T H U R R A H**

The news release caused a stir. The CIA was furious that Project Cassandra went public with details of Hezbollah’s business operations. And the French government called off a joint news conference planned to announce the arrests. Kelly , who was already in Paris awaiting the news conference, said European authorities told him the French didn’t want to offend Iran, which just 11 days after the nuclear deal implementation had agreed to buy 118 French Airbus aircraft worth about \$25 billion.

Two weeks later, after firing off another angry email or two, Kelly said he was told by his superiors that he was being transferred against his wishes to a gang unit at DEA headquarters. He retired months later on the first day he was eligible.

Several other key agents and analysts also transferred out on their own accord, in some cases in order to receive promotions, or after being told by DEA leaders that they had been at the Special Operations Division for too long, according to Kelly, Asher, Maltz and others.

Meanwhile, the administration was resisting demands that it produce a long-overdue intelligence assessment that Congress had requested as a way of finally resolving the interagency dispute over Hezbollah’s role in drug trafficking and organized crime.

It wasn’t just a bureaucratic exercise. More than a year earlier,

Congress – concerned that the administration was whitewashing the threat posed by Hezbollah – passed the Hizballah International Financing Prevention Act. That measure required the White House to lay out in writing its plans for designating Hezbollah a “significant transnational criminal organization.”

The White House delegated responsibility for the report to the office of the director of National Intelligence, prompting immediate accusations by the task force and its allies that the administration was stacking the deck against such a determination, and against Project Cassandra, given the intelligence community’s doubts about the DEA’s conclusions about Hezbollah’s drug-running.

“Given the group’s ever-lengthening criminal rap sheet around the world, designating it as a TCO [Transnational Criminal Organization] has become an open-and-shut case,” Matthew Levitt, a former senior Treasury official, said of Hezbollah in an April 2016 policy paper for a Washington think tank.

Agents from Project Cassandra and other law enforcement agencies “investigate criminal activities as a matter of course and are therefore best positioned to judge whether a group has engaged in transnational organized crime,” wrote Levitt, who is also a former FBI analyst and author of a respected book on Hezbollah. “Intelligence agencies are at a disadvantage in this regard, so the DNI’s forthcoming report should reflect the repeated findings of law enforcement, criminal courts, and Treasury designations.”

As expected, the administration’s final report, which remains classified, significantly downplayed Hezbollah’s operational links to drug trafficking, which in turn further marginalized the DEA’s role in fighting it, according to a former Justice Department official and others familiar with the report.

Once the Obama administration left office, in January 2017, the logjam of task force cases appeared to break, and several task force members said it wasn’t a coincidence.

An alleged top Hezbollah financier, Kassim Tajideen, was arrested in Morocco — seven years after Treasury officials blacklisted him as a sponsor of terror — and flown to Washington to stand trial. Asher said task force agents had kept his case under wraps, hoping for a better outcome in whatever administration succeeded Obama’s.

The Trump administration also designated Venezuelan Vice President Tarek Aissami as a global narcotics kingpin, almost a decade after DEA agents became convinced he was Hezbollah's point man within the Chavez, and then Maduro, regimes.

Feb. 1, 2017

### **Trump administration blacklists Venezuelan vice president as drug kingpin**

Task force agents say they were frustrated that they couldn't go after Tareck El Aissami and many other Venezuelan officials under Obama administration.

[Read the document](#)

Ironically, many senior career intelligence officials now freely acknowledge that the task force was right all along about

Hezbollah's operational involvement in drug trafficking. "It dates back many years," said one senior Directorate of National Intelligence official.

Meanwhile, Hezbollah — in league with Iran, Russia and the Assad regime — has all but overwhelmed the opposition groups in Syria, including those backed by the United States. Hezbollah continues to help train Shiite militants in other hotspots and to undermine U.S. efforts in Iraq, according to U.S. officials. It also continues its expansion in Latin America and, DEA officials said, its role in trafficking cocaine and other drugs into the United States. And it is believed to be the biggest trafficker of the powerful stimulant drug Captagon that is being used by fighters in Syria on all sides.

Progress has been made on other investigations and prosecutions, current and former officials said. But after an initial flurry of interest in resurrecting Project Cassandra, the Trump administration has been silent on the matter. In all of the Trump administration's public condemnations of Hezbollah and Iran, the subject of drug trafficking hasn't come up.

In West Africa, satellite imagery has documented that the Hezbollah used-car money-laundering operation is bigger than ever, Asher told lawmakers in recent testimony before the House Foreign Affairs Committee.

Source: Google Earth

And Hezbollah continues to scout potential U.S. targets for attack if it decides Washington has crossed some red line against it or Iran. On June 1, federal authorities arrested two alleged Hezbollah operatives who were conducting "pre-operational surveillance" on possible targets for attack, including the FBI headquarters in New York and the U.S. and Israeli embassies in Panama.

June 2017

**Working under pseudonyms, Hezbollah operatives carried out pre-operational surveillance in the U.S.**

From at least 2009, Ali Mohamad Kourani aka "Jacob Lewis" and "Daniel," allegedly staked out New York City airports to support anticipated terrorist attacks.

[Read the document](#)

“They are a global threat, particularly if the Trump relationships turn sour” with Iran, Syria and Russia, said Magnus Ranstorp, one of the world’s foremost Hezbollah experts.

The June arrests “bring into sharp focus that the Iranians are making contingency plans for when the U.S. turns up the heat on Iran,” said Ranstorp, research director of the Center for Asymmetric Threat Studies at the Swedish National Defence College, who is in frequent contact with U.S. intelligence officials. “If they think it requires some military or terrorist response, they have been casing targets in the U.S. since the late 1990s.”

Ranstorp said U.S. intelligence officials believe that Hezbollah’s U.S.-based surveillance is far more extensive than has been publicly disclosed, and that they are particularly concerned about the battle-hardened operatives who have spent years on the ground in Syria.

“The U.S. intel community is very concerned about this,” Ranstorp said. Hezbollah’s agents “have become extremely sophisticated and good at fighting.”

Maltz , the longtime head of DEA Special Operations, who retired two months after the Tampa summit in 2014, has lobbied since then for better interagency cooperation on Hezbollah, to tackle both the terrorist threat and the criminal enterprise that underwrites it.

Turf battles, especially the institutional conflict between law enforcement and intelligence agencies, contributed to the demise of Project Cassandra, Maltz said. But many Project Cassandra agents insist the main reason was a political choice to prioritize the Iranian nuclear agreement over efforts to crack down on Hezbollah.

“They will believe until death that we were shut down because of the Iran deal,” Maltz said. “My gut feeling? My instinct as a guy doing this for 28 years is that it certainly contributed to why we got pushed aside and picked apart. There is no doubt in my mind.”

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Design and development by [Tyler Fisher](#), [Jeremy C.F. Lin](#), [Janet Michaud](#) and [Lily Mihalik](#). Photos of world leaders via Getty.