

Paraguay and Terrorism in the Tri-Border Area



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Key Findings

- Paraguay enacted its first counterterrorism law in 2010, but the country continues to allow representatives of internationally designated entities freedom of movement in the country.
- Hezbollah continues to use Paraguay as a fundraising and planning base of operations. Paraguayan authorities have denied Hezbollah's presence in the country.

Overview

Numerous terrorist groups operate in Paraguay's southeast near its border with Argentina and Brazil. The region, known as the Tri-Border Area (TBA) of South America, is considered a hotspot for criminal and terrorist activity. U.S.-sanctioned terrorist groups, including Hezbollah, al-Qaeda, and Hamas, are believed to recruit, plan attacks, and fundraise in the TBA, and within Paraguay specifically.¹ However, Paraguay's government is not well-equipped to deal with these terrorist threats, and many of its domestic policies and frameworks enable illicit activity to continue.² Corruption plagues Paraguay's government and law enforcement agencies, and the

¹ "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; "The many criminal heads of the Golden Hydra," Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

² "The many criminal heads of the Golden Hydra," Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden>

funds generated from Paraguay's illicit tobacco trade have reportedly been used to fund groups including Hezbollah and al-Qaeda. The country's principal source of illegal tobacco exports is a tobacco company owned by Horacio Cartés, Paraguay's president from 2013 to 2018.³

Extremist Groups Operating in Paraguay



Al-Qaeda

The global jihadi Salafist network al-Qaeda reportedly operates out of the TBA, where it has sleeper cells, plots attacks, and conducts fundraising operations through illicit activities such as drug trafficking. The group's roots in the region trace back to 1995, when Osama bin Laden traveled to the TBA and participated in meetings at local mosques, according to the Library of Congress. Authorities reportedly foiled al-Qaeda plots to bomb the U.S. embassy in Asunción in 1996 and Jewish targets in Ciudad del Este in 1999.⁴ In the early 2000s, al-Qaeda reportedly attempted to establish a base in the Arab community near Ciudad del Este, and in 2002, reports surfaced claiming that al-Qaeda had established terrorist training camps on the Paraguayan border.⁵ Paraguayan authorities have arrested at least three individuals who were allegedly fundraising for al-Qaeda in Ciudad del Este, and the group has reportedly benefited significantly from Paraguay's illicit tobacco trade.⁶

Designated by:

[en%20Hydra%20%28May%202018%29.pdf](https://www.foreignpolicy.com/2016/12/23/to-combat-illegal-immigration-trump-should-target-latin-americas-hezbollah-narco-nexus/); Emanuele Ottolenghi, John Hannah, "To Combat Illegal Immigration, Trump Should Target Latin America's Hezbollah-Narco Nexus," *Foreign Policy*, December 23, 2016, <http://foreignpolicy.com/2016/12/23/to-combat-illegal-immigration-trump-should-target-latin-americas-hezbollah-narco-nexus/>.

³ "The many criminal heads of the Golden Hydra," Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>; "EE.UU. prepara sanciones por nexos con el terrorismo," *ABC Color* (Asunción), May 13, 2017, <http://www.abc.com.py/edicion-impresa/politica/eeuu-prepara-sanciones-por-nexos-con-el-terrorismo-1593266.html>.

⁴ "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

⁵ "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; "Insight," CNN, November 7, 2002, http://transcripts.cnn.com/TRANSCRIPTS/0211/07/i_ins.01.html.

⁶ "Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America," Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; "The many criminal heads of the Golden Hydra," Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

Australia, Canada, France, EU, India, Israel, New Zealand, United Arab Emirates, Kingdom, United Nations, United States



Hezbollah

Hezbollah, a U.S.-designated and Iranian-backed Lebanese terrorist group, has reportedly operated out of the TBA since the mid-1980s, from where it has operated sleeper cells, conducting fundraising activities, and plotted attacks.⁷ Authorities reportedly foiled Hezbollah-linked plots to bomb the U.S. embassy in Asunción in 1996 and Jewish targets in Ciudad del Este in 1999.⁸ Although Paraguayan authorities reportedly deny that Hezbollah has a presence in the country, several U.S.-designated Hezbollah members have held Paraguayan citizenship and are known to have operated out of Ciudad del Este, including notorious fundraisers Assad Ahmad Barakat and Sobhi Mahmoud Fayad.⁹ The U.S.-designated Shopping Uniamérica shopping center (previously known as Galería Page) in Ciudad del Este reportedly serves as a regional command post for Hezbollah. Hezbollah operatives run businesses there which are used to generate funds for the group.¹⁰ Senior Hezbollah members have also reportedly served as the leaders of major mosques in Ciudad del Este as recently as 2008.¹¹

⁷ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

⁸ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

⁹ Jay Weaver, “Paraguayan man linked to Hezbollah faces drug charges in Miami,” *Miami Herald*, June 26, 2017, <http://www.miamiherald.com/news/local/crime/article158334659.html>; “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016,

<https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>; Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>.

¹⁰ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>.

¹¹ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; “¡Hola, Hezbollah!” *Atlantic*, November 2009, <https://www.theatlantic.com/magazine/archive/2009/11/-hola-hezbollah/307718/>.

Designated by: Arab League, Australia, Bahrain, Canada, European Union, France, Germany, Gulf Cooperation Council, Israel, Netherlands, New Zealand, United Kingdom, United States



Hammas

Hammas, a U.S.-designated Palestinian terrorist group, reportedly operates out of the TBA. According to a report from the Library of Congress, Hammas actively uses the TBA as a “support base” for its operations from where it has operated sleeper cells and plotted attacks. In 1999, authorities reportedly arrested several Hammas members involved in a plot to launch simultaneous attacks on Jewish targets in Ciudad del Este and several other cities. In November 2000, Paraguayan authorities arrested a suspected Hammas explosives expert in Ciudad del Este who was reportedly involved in a plot to bomb the U.S. and Israeli embassies in Asunción. Hammas has also conducted fundraising activities in the TBA and reportedly has transferred funds using Paraguayan financial institutions. In 2001, Paraguayan authorities arrested three Hammas-linked individuals in Ciudad del Este and the nearby city of Encarnación who were reportedly fundraising in support of terrorist attacks against the United States.¹²

Designated by:

Australia, Canada, Egypt, EU, Israel, Japan, Jordan, New Zealand, United Kingdom, United States

Harboring Terrorist Leaders and Financiers

Assad Ahmad Barakat

Former Chief of Hezbollah’s Military and Fundraising Operations in the TBA

- Resided in Ciudad del Este since the early 1990s, where he co-owned what later became U.S.-designated businesses with his brothers Hatem and Hamza and ran Hezbollah’s fundraising network in the TBA.¹³
- Took part in the planning and financing of the 1994 bombing of the AMIA Jewish Community Center in Buenos Aires, Argentina.¹⁴
- Charged by Paraguay with tax evasion, criminal association, and criminal abetment in 2001.¹⁵

¹² “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

¹³ “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>; “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

¹⁴ “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

- Extradited to Paraguay to serve a prison sentence in 2002 after being arrested by Brazilian authorities.¹⁶
- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on June 10, 2004.¹⁷
- Released from Paraguayan custody in 2009.¹⁸
- Arrested in September 2018 by Brazilian police. He is wanted in Paraguay for identity theft and in Argentina for money laundering.¹⁹

Hatem Barakat

Hezbollah Financier

- Resided in Ciudad del Este since the early 1990s, where he co-owned what later became U.S.-designated businesses with his brothers Assad and Hamza and became part of a network of Hezbollah financiers in the TBA.²⁰
- Linked to operatives involved in the 1994 bombing of the AMIA Jewish community center in Buenos Aires, Argentina.²¹
- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on December 6, 2006.²²
- As of 2006, held a Paraguayan passport.²³

¹⁵ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

¹⁶ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

¹⁷ “Treasury Designates Islamic Extremist, Two Companies Supporting Hizballah in Tri-Border Area,” U.S. Department of the Treasury, June 10, 2004, <https://www.treasury.gov/press-center/press-releases/Pages/js1720.aspx>.

¹⁸ “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

¹⁹ “‘Hezbollah treasurer’ Barakat arrested in Brazil border city,” BBC News, September 22, 2018, <https://www.bbc.com/news/world-latin-america-45610738>.

²⁰ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>; “Supuesto extremista manejaba cuenta bancaria en Bahamas,” *ABC Color* (Asunción), April 22, 2005, <http://www.abc.com.py/edicion-impres/policiales/supuesto-extremista-manejaba-cuenta-bancaria-en-bahamas-826089.html>.

²¹ “Interpol pide datos de hermano de Barakat en caso de AMIA,” *ABC Color* (Asunción), November 19, 2003, <http://www.abc.com.py/edicion-impres/policiales/interpol-pide-datos-de-hermano-de-barakat-en-caso-de-amia-731541.html>; “Libaneses considerados sospechosos en la región,” *ABC Color* (Asunción), April 5, 2006, <http://www.abc.com.py/edicion-impres/politica/libaneses-considerados-sospechosos-en-la-region-895957.html>; “Supuesto extremista manejaba cuenta bancaria en Bahamas,” *ABC Color* (Asunción), April 22, 2005, <http://www.abc.com.py/edicion-impres/policiales/supuesto-extremista-manejaba-cuenta-bancaria-en-bahamas-826089.html>.

²² “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

²³ “Recent OFAC Actions,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/pages/20061206.aspx>.

- Charged by Paraguay with document falsification in 2005.²⁴ He was convicted and sentenced to six years in prison in June 2006.²⁵
- Barakat has since been released from Paraguayan custody. His Facebook profile suggests that he currently resides in Brazil or Angola.²⁶

Sohbi Mahmoud Favad

Hezbollah Financier

- Resided in the TBA in the 1990s, where he served as a senior Hezbollah official and operated a Hezbollah financial network.²⁷
- Served as a liaison between the Iranian embassy and the Hezbollah community in the TBA, and took trips to Lebanon and Iran to meet with Hezbollah leaders.²⁸
- Sent more than \$3.5 million to Hezbollah’s “Martyr” Organization, which provides care to children whose parents were killed serving Hezbollah.²⁹
- Arrested by Paraguayan authorities in 1998 and 1999 for observing the U.S. embassy in Asunción. He was released the first time after cooperating with authorities and again the second time after authorities failed to gather sufficient evidence to charge him.³⁰
- Arrested at the U.S.-designated Galería Page shopping center in Ciudad del Este on November 8, 2001, on charges related to his association with Hezbollah. He was imprisoned the following year on tax evasion charges.³¹
- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on December 6, 2006.³²

²⁴ “Libaneses considerados sospechosos en la región,” *ABC Color* (Asunción), April 5, 2006, <http://www.abc.com.py/edicion-imprensa/politica/libaneses-considerados-sospechosos-en-la-region-895957.html>, “Paraguay’s 2005 Second Quarter Report,” WikiLeaks, July 8, 2005, https://wikileaks.org/plusd/cables/05ASUNCION870_a.html.

²⁵ “Chapter 2 – Country Reports: Western Hemisphere Overview,” U.S. Department of State, April 30, 2007, <https://www.state.gov/j/ct/rls/crt/2006/82735.htm>.

²⁶ Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>; “Hatem Barakat,” Facebook profile, accessed April 4, 2018, <https://www.facebook.com/profile.php?id=100008314491434&sk=about>.

²⁷ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>; “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

²⁸ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

²⁹ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

³⁰ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

³¹ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

- Released from Paraguayan custody in 2009.³³
- Reportedly made trips in 2015, 2016, and 2017 from the TBA to Iraq, Lebanon, and Saudi Arabia on a valid Paraguayan passport.³⁴

Mohammed Tarabain Chamas

Administrator of the U.S.-Designated Shopping Uniamérica

- Operates in Ciudad del Este as the administrator of the U.S.-designated Shopping Uniamérica shopping center (previously known as Galería Page), which reportedly serves as a “regional command post” for Hezbollah.³⁵ Has transferred funds to Hezbollah.³⁶
- Provided Hezbollah with security information on residents in the TBA as part of the group’s counterintelligence operations.³⁷
- Served as private secretary for senior Hezbollah leader Muhammad Yusif Abdallah.³⁸
- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on December 6, 2006.³⁹
- As of 2006, held Paraguayan citizenship.⁴⁰
- Continues to reside in Ciudad del Este, where he has reportedly been appointed administrator of another shopping center.⁴¹

³² “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

³³ “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

³⁴ Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>.

³⁵ Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>; “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf.

³⁶ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

³⁷ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

³⁸ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

³⁹ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁴⁰ “Recent OFAC Actions,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/pages/20061206.aspx>.

⁴¹ Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>.

Mohammed Fayez Barakat

Hezbollah Financier

- Operates in the TBA, from where he has fundraised for Hezbollah and transferred funds to the group.⁴²
- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on December 6, 2006.⁴³
- As of 2006, held Paraguayan citizenship.⁴⁴
- Reportedly kidnapped by an undetermined group of individuals for 20 days in March 2007. He was allegedly transferred from Brazil to Paraguay in the trunk of a vehicle, which went completely undetected by border authorities.⁴⁵
- Investigated by Paraguayan authorities for suspicious money transfers in 2008, but was never prosecuted.⁴⁶
- Continues to own a business called Big Boss International Import Export, which is located inside the Shopping Uniamérica shopping center (previously known as Galería Page) in Ciudad del Este.⁴⁷

Ali Muhammad Kazan

Leader of Hezbollah in the TBA

- Reportedly succeeded Assad Ahmad Barakat as the leader of Hezbollah in the TBA. Also served as a counterintelligence official for the group.⁴⁸
- As of August 2006, helped to raise more than \$500,000 for Hezbollah.⁴⁹

⁴² Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>.

⁴³ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁴⁴ “Recent OFAC Actions,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/pages/20061206.aspx>.

⁴⁵ “Captores liberan a Barakat tras cobrar rescate de 150.000 dólares,” *ABC Color* (Asunción), March 27, 2007, <http://www.abc.com.py/edicion-impresapoliciales/captore-liberan-a-barakat-tras-cobrar-rescate-de-150000-dolares-971484.html>.

⁴⁶ Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>; “Seprelad confirma operaciones sospechosas de empresario libanés,” *ABC Color* (Asunción), November 30, 2008, <http://www.abc.com.py/edicion-impresapoliciales/sepelad-confirma-operaciones-sospechosas-de-empresario-libanes-1125542.html>.

⁴⁷ Dr. Emanuele Ottolenghi, “Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere,” Congressional Testimony: Foundation for Defense of Democracies, November 8, 2017, <http://docs.house.gov/meetings/FA/FA07/20171108/106606/HHRG-115-FA07-Wstate-OttolenghiE-20171108.pdf>.

⁴⁸ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁴⁹ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on December 6, 2006.⁵⁰
- As of 2006, held a Paraguayan passport.⁵¹

Muhammad Yusif Abdallah

Senior Hezbollah Leader and Fundraiser

- Has served as a senior Hezbollah leader in the TBA and as a courier of funds for the group.⁵²
- Reportedly provided false passports and other logistical support to the perpetrators of the 1994 bombing of the AMIA Jewish community center in Buenos Aires.⁵³
- Served as the owner and manager of the U.S.-designated Galería Page shopping center (today known as Shopping Uniamérica) in Ciudad del Este.⁵⁴ Has also been involved in illicit financial activities, including the import of contraband and credit card fraud.⁵⁵
- Designated as a Specially Designated Global Terrorist by the U.S. Department of the Treasury on December 6, 2006.⁵⁶
- As of 2006, held a Paraguayan passport.⁵⁷

Terrorist Entities in Paraguay

Shopping Uniamérica (Galería Page):

- Shopping center in Ciudad del Este that reportedly serves as a “regional command post” and “central headquarters” for Hezbollah in the TBA. It is managed and owned by Hezbollah members. The businesses there are operated by Hezbollah members and used to generate funds for the group.⁵⁸

⁵⁰ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁵¹ “Recent OFAC Actions,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/pages/20061206.aspx>.

⁵² “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁵³ Armando Rivarola, “Hezbollah en Triple Frontera, la realidad más allá del mito,” *ABC Color* (Asunción), May 14, 2017, <http://www.abc.com.py/edicion-impresa/politica/hezbollah-en-triple-frontera-la-realidad-mas-alla-del-mito-1593540.html>.

⁵⁴ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>; Associated Press, “3 men charged in Miami with financing Hezbollah,” *Ynet News*, February 19, 2010, <https://www.ynetnews.com/articles/0,7340,L-3851730,00.html>.

⁵⁵ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁵⁶ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁵⁷ “Recent OFAC Actions,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/pages/20061206.aspx>.

⁵⁸ “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Library of Congress, July 2003, 2, 20, https://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; “Treasury Targets Hizballah

- Designated as a Specially Designated Terrorist Entity by the U.S. Department of the Treasury on December 6, 2006.⁵⁹
- Renamed Shopping Uniamérica and remains functional as of 2017.⁶⁰

Snapshot of Paraguayan Counterterrorism Legislation and Initiatives

Paraguay’s government is not well-equipped to deal with terrorism. Widespread government corruption and loopholes in domestic policy enable illicit activity to continue. Over 90 percent of Paraguay’s police are reportedly corrupt. Corrupt politicians also work with drug cartels in the TBA, which in turn give support to the terrorist groups that operate there.⁶¹ The funds generated from Paraguay’s illicit tobacco trade have also reportedly been used to fund terrorist groups in the TBA, including al-Qaeda and Hezbollah. One of the country’s principal sources of illegal tobacco exports is a tobacco company owned by Horacio Cartés, Paraguay’s president from 2013 to 2018.⁶²

Law No. 4024 [2010]: Enacted in June 2010, Paraguay’s counterterrorism law criminalized acts of terrorism, the financing of terrorism, and the act of associating with a terrorist group. The law lists seven offenses criminalized in previous legislation that may constitute terrorist acts if committed with the intention to inflict terror or to coerce individuals, governments, or international organizations into carrying out an act.⁶³

Law No. 4568 [2013]: Enacted in August 2013, the Law of National Defense and Internal Security—commonly known as the Militarization Law—permits the deployment of military forces to help the police in national security situations of “extreme gravity.”⁶⁴ The law was

Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁵⁹ “Treasury Targets Hizballah Fundraising Network in the Triple Frontier of Argentina, Brazil, and Paraguay,” U.S. Department of the Treasury, December 6, 2006, <https://www.treasury.gov/press-center/press-releases/Pages/hp190.aspx>.

⁶⁰ “EE.UU. prepara sanciones por nexos con el terrorismo,” *ABC Color* (Asunción), May 13, 2017, <http://www.abc.com.py/edicion-impresapolitica/eeuu-prepara-sanciones-por-nexos-con-el-terrorismo-1593266.html>.

⁶¹ “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>; Emanuele Ottolenghi, John Hannah, “To Combat Illegal Immigration, Trump Should Target Latin America’s Hezbollah-Narco Nexus,” *Foreign Policy*, December 23, 2016, <http://foreignpolicy.com/2016/12/23/to-combat-illegal-immigration-trump-should-target-latin-americas-hezbollah-narco-nexus/>.

⁶² “The many criminal heads of the Golden Hydra,” Counter Extremism Project, accessed May 25, 2016, <https://www.counterextremism.com/sites/default/files/The%20Many%20Criminal%20Heads%20of%20the%20Golden%20Hydra%20%28May%202018%29.pdf>.

⁶³ “Ley N° 4024,” Poder Legislativo Paraguay, June 23, 2010, <https://paraguay.justia.com/nacionales/leyes/ley-4024-jun-23-2010/gdoc/>.

⁶⁴ “Ley N° 5036 / Modifica y amplía los artículos 2°, 3° y 56 de la ley N° 1.337/99 ‘De defensa nacional y de seguridad interna,’” Biblioteca y Archivo Central del Congreso de la Nación, March 9, 2016, <http://www.bacn.gov.py/leyes-paraguayas/4568/modifica-y-amplia-los-articulos-2-3-y-56-de-la-ley-n-133799-de-defensa-nacional-y-de-seguridad-interna>; “Hay posturas encontradas sobre la Ley de Militarización,” *Última Hora* (Asunción), March 9, 2017, <http://www.ultimahora.com/hay-posturas-encontradas-la-ley-militarizacion-n1068692.html>.

enacted so that a joint military and police task force called La Fuerza de Tarea Conjunta (FTC) could be deployed to northern Paraguay to combat the Paraguayan People's Army (EPP), a Marxist-Leninist insurgent group.⁶⁵

Law No. 5241 [2016]: Enacted in August 2014, Law No. 5241 formally established the country's first intelligence body, the Sistema Nacional de Inteligencia (SINAI). Its objective is to detect and counteract the activities of terrorist and criminal organizations.⁶⁶

Policy Prescriptions

In order to better combat terrorism and terrorist financing, Paraguay will need to combat the corruption in its government and law enforcement agencies and close loopholes in its domestic political framework so that it can fully enforce its existing counterterrorism and AML/CTF policies. Paraguay will need to acknowledge the presence of Hezbollah and other internationally sanctioned terrorist groups in the country and proactively apply its counterterrorism legislation to combat their activities.

Specifically, CEP calls upon Paraguay to:

- Acknowledge the presence of terrorist organizations, including Hezbollah, al-Qaeda, and Hamas, in Paraguay.
- Clarify the Paraguayan government's positions on Hezbollah, al-Qaeda, and Hamas, as well as Paraguayan actions to limit their operations in the country.
- Draft, publicize, and maintain a list of designated terrorist entities.
- Submit designated entities and individuals affiliated with those entities to the ramifications outlined in Paraguay's existing counterterrorism legislation.
- Revoke the citizenship of naturalized Paraguayan citizens involved with internationally sanctioned terrorist organizations.
- Expel or arrest all members of internationally sanctioned terrorist organizations currently domiciled inside Paraguay.
- Clarify the status of internationally sanctioned terrorist operatives who have been reportedly released from Paraguayan custody, including Assad Ahmad Barakat, Hatem Barakat, and Sohbi Mahmoud Fayad.
- Sanction and suspend operations of the U.S.-designated Shopping Uniamérica shopping center (previously known as Galería Page), which continues to serve as Hezbollah's de facto headquarters in the TBA.
- Revise its domestic political framework to close any loopholes that enable illicit activity.
- Combat corruption and prosecute corrupt individuals in Paraguay's government and law enforcement agencies.

⁶⁵ "Combate al EPP y ACA le cuesta al Estado G. 3.200 millones por mes," *ABC Color* (Asunción), November 26, 2014, <http://www.abc.com.py/edicion-impresa/politica/combate-al-epp-y-aca-le-cuesta-al-estado-g-3200-millones-por-mes-1309983.html>.

⁶⁶ "Ley N° 5241 / Crea el Sistema Nacional de Inteligencia," Biblioteca y Archivo Central del Congreso de la Nación, March 9, 2016, <http://www.bacn.gov.py/leyes-paraguayas/4620/ley-n-5241-crea-el-sistema-nacional-de-inteligencia>.