

The Nexus of Organized Crime and Terrorism: Two Case Studies in Cigarette Smuggling

LOUISE I. SHELLEY¹
George Mason University

SHARON A. MELZER²
American University

This article examines two case studies that illustrate how two different types of actors were involved in a cigarette smuggling-terror nexus. The first case examines R.J. Reynolds Tobacco Company's alleged deliberate sales of its products in Iraq in contravention of the UN embargo and U.S. law. R.J. Reynolds used criminal actors as suppliers and provided financial compensation to the Kurdistan Workers Party (PKK), a recognized terrorist organization, and Uday Hussein (Saddam Hussein's son) to facilitate this transport. The second case examines a Hezbollah cell operating out of Charlotte, North Carolina. The cell trafficked cigarettes from North Carolina to Michigan, reaping significant profits by exploiting the difference in cigarette tax rates between the two states. The two case studies revealed that terrorist financing occurs in the United States and as a result of the actions of a terrorist support cell and a U.S.-based company. In both cases, a legitimate commodity was used for illicit purposes.

This paper focuses on an aspect of terrorist funding that has not been accorded sufficient attention—the illicit use of a legitimately produced commodity to provide terrorist financing. Scholars have studied terrorist funding from such criminal activity as abuse of registered charities, extortion, and document fraud (American Foreign Policy Council, 2005; U.S. Government Accountability Office, 2003). Much less is known about the role of legitimately produced commodities in funding terrorist organizations. The diversion and smuggling of natural resources such as diamonds (so-called blood or conflict diamonds) and oil have also been shown to prolong conflict and fund terrorism (Campbell, 2004; Wahab, 2006; Berdal and Malone, 2000). However, scholars and law enforcement have paid little attention to terrorist funding by means of trade in manufactured commodities such as cigarettes and compact disks (CDs). This paper focuses on the former, analyzing terrorist funding through the illicit trade of legitimately produced cigarettes.

The illicit trade in cigarettes is significant, both in profits and in the level of involvement of illicit actors. In 2000, the United Nations (UN) estimated the global cigarette market was \$USD 16 billion, and approximately 25%, or \$4 billion, of this trade was illicit. The unpaid taxes and customs duties, which

can add an additional \$5 to \$10 billion in profits for cigarette traffickers, compound the costs of this illicit trade (Baker, 2005: 167). A more recent estimate places the worldwide tax revenue losses caused by the illicit counterfeit and contraband cigarette market to be \$USD 40 to 50 billion annually (The WHO Framework Convention on Tobacco Control, 2007: 6). For decades, the trade has benefited crime groups and corrupt officials; for example, the Italian mafia has been involved in this trade since the early- or mid-twentieth century (Paoli, 2003). However, the lure of profits from this commonly smuggled and trafficked commodity not only has attracted traditional organized crime groups but also groups associated with terrorist organizations. Moreover, participants do not stop at moving legitimately produced cigarettes. The U.S. government and law enforcement agencies have documented the manufacturing of counterfeit cigarettes in the tri-border region of South America by terrorist organizations (Fromme, 2006; Hudson, 2003; Sverdlick, 2005).

Recent criminal and civil cases filed in U.S. courts demonstrate that the illicit trade in legitimately produced cigarettes by a corporation and by terrorists can generate significant financial resources for terrorism (European Community v. R.J. Reynolds et al., 2002; European Community v. R.J. Reynolds et al. and Phillip Morris et al., 2001; United States of America v. Mohamad Youssef Hammoud et al., 2001; United States of America v. Mohamad Youssef Hammoud, 2004). This illicit activity has significance beyond terrorist financing as it illustrates important and overlooked aspects of the links between crime and terrorism both in the corporate world and in terrorist cells. The phenomenon we are examining has broader implications. It raises such profound questions as: can a legitimate business be a criminal organization? Why do organizations risk their corporate reputation by associating with terrorists? Why do the legalization and regulation of the cigarette trade not preclude its abuse by terrorists?

Previous investigations, court cases, research, and news stories have shown corporations deliberately engaging in criminal activity. Nonetheless, the cigarette case is distinctive in showing the willingness of a large multinational corporation, as well as local businesses, to engage with terrorists to enhance market share and profits. Moreover, the investigation of the large-scale interstate smuggling of cigarettes between North Carolina and Michigan by Hezbollah reveals how the seemingly “harmless” act of selling legitimate cigarettes can be accompanied by multiple criminal acts and provide funding opportunities for terrorism. Investigation of this illicit cigarette trade by both local and federal law enforcement provided a window into a terrorist cell and its international links. It also revealed the subterfuge used to support illicit trade in a legitimate commodity.

This paper focuses on two contrasting cases of cigarette smuggling that funded terrorism. The first case study involves an American tobacco company, R.J. Reynolds Tobacco, and its alleged deliberate sales of its products in Iraq using criminal actors as suppliers of its product. The cross-border movement

of the cigarettes from Turkey into Iraq, in violation of the UN embargo, was facilitated by members of the Kurdistan Workers Party (PKK), an organization identified by the U.S. government as a terrorist organization (European Community v. R.J. Reynolds et al., 2002). The second case study focuses on a Hezbollah cell operating out of Charlotte, North Carolina. The cell trafficked cigarettes from North Carolina to Michigan, reaping significant profits for Hezbollah by exploiting the differential tax structures on cigarettes in these two states (Kaplan, 2003; MIPT Terrorism Knowledge Base, 2006). To smuggle their cigarettes successfully, numerous other crimes were committed, including diverse forms of fraud such as fictitious marriages, visa fraud, and fraud against the Small Business Administration.

Sources Used

The paper is based on a review of original documents of legal cases involving the smuggling of cigarettes in the mid-1990s and early 2002 filed in American courts. *European Community v. R.J. Reynolds et al.* is a civil action filed by ten European countries in a United States Federal Court in 2002.³ This case and previous complaints filed by the European Community against R.J. Reynolds are publicly available on the internet (see, www.nyed.uscourts.gov, www.publicintegrity.org, and www.ash.org.uk). Additional legal documents, complaints, and supporting materials were obtained through internet searches and on-line databases, such as Lexis-Nexis and findlaw.com. Court documents for the Hezbollah case are available from the Memorial Institute for the Prevention of Terrorism (MIPT)'s Terrorism Knowledge Base (www.tkb.org). Supplementing the court documents, the authors have used commentaries by investigators and prosecutors that are publicly available (Broyles and Rubio, 2004; Bell, 2003; Billingslea, 2004). Additionally, the junior author interviewed the off-duty North Carolina sheriff's deputy who detected and investigated the cell's cigarette smuggling activities.

The paper also draws on the limited academic study of the Reynolds case and the more extensive body of literature that examines cigarette smuggling in the United States and abroad (see Coker, 2003; Basler, 2004; von Duyne, 2003; von Lampe, 2004). Congressional testimony, which provides insight into the investigation of and the threat posed to homeland security (Levitt, 2005) by the Hezbollah smuggling in the U.S., provides additional information. Journalistic analyses have helped to understand the public presentation of the problem (see Kaplan, 2003; Horwitz, 2004; Beelman, 2002).

Also used was the growing body of literature that looks at the links between crime and terrorism but pays little attention to the role of legitimate commodities in terrorist funding (see Laqueur, 1999; Dishman, 2001; Makarenko, 2004). None of this literature looks at the deliberate involvement of a multinational corporation with known terrorists.

Literature Review

Much of the literature on cigarette smuggling focuses on the criminal actors and crime groups involved in this illicit trade. This research examines how the differential rates of taxation in different jurisdictions contribute to the extensive problem of cigarette smuggling. The literature focuses primarily on this phenomenon in Western Europe and the United States although the criminal cases studied for this paper also examine the problem in Latin America and the Middle East (Griffiths, 2004; World Health Organization, 2003).

Cigarettes are a highly taxed commodity; therefore, they are also one of the world's most commonly smuggled goods (Fleenor, 2003). Scholars who have examined cigarette smuggling suggest that there are four main factors for the emergence of the black market and trafficking in cigarettes: (1) the difference between duty-free and legal retail prices; (2) the difference in retail prices (due to different levels of taxation) among jurisdictions; (3) the existence of corruption among border and customs officials and the long-term involvement of organized crime groups in the cigarette trade ; and (4) the willingness of many cigarette companies until recently to collude in or to overlook the smuggling of their commodities (van Duyn, 2003; von Lampe , 2006; Beare, 2002; von Lampe, 2005). The first two factors concern taxation policies intended to reduce consumption and to provide financial compensation to governments for the health-related liabilities resulting from cigarette consumption. The last two factors concern criminal elements, the corruption of the state, and the existence of illicit networks.

The literature documents organized crime's involvement in the illicit cigarette trade for decades. During the 1960s and 1970s, many members of the Italian mafia used cigarette trafficking as a means of support, especially during repressive campaigns against the mafia (Paoli, 2003). Within the United States, New York has been battling the cigarette black market since the 1930s when a tax on cigarettes was enacted and neighboring New Jersey did not have such a tax (Fleenor, 2003).

Organized cigarette smuggling assumes different forms. Joossens, Chaloupka, Merriman, and Yurekli (2000) divided illegal circumvention, or cigarette smuggling, into two main forms: bootlegging and large-scale smuggling. Bootleggers buy cigarettes in a low tax jurisdiction and resell them in a higher tax jurisdiction. This type of activity is caused by tax differentials, is operated by individuals and small gangs/cells, crosses borders (either state or country), and involves thousands of cigarettes. The crime of large-scale smuggling involves complex schemes, criminal organizations, and tobacco companies. Smugglers move millions of cigarettes across borders, avoiding the payment of taxes. They use sophisticated distribution means (Joossens et al., 2000).

Beare, in her analysis of the phenomenon, states, "the cigarette smuggling industry illustrates the dynamic of a manufactured organized crime problem and the resistance of state agencies to challenge the role played by powerful 'suppliers' of the illicit commodity" (2002: 226). She concluded that govern-

ment policies created a black market. Political discourse between interest groups helped to maintain a criminal-friendly environment. Many view the trafficking in cigarettes as merely a law enforcement problem and fail to see that it could pose a serious transnational crime threat. Despite her awareness of the seriousness of the cigarette smuggling threat, she does not address the use of cigarette smuggling by terrorists.

A growing literature focuses on the links between crime and terrorism but little research examines the role of the cigarette trade, focusing on more obviously illicit commodities such as drugs and weapons trade that are exploited by terrorists. Laqueur (1999) acknowledges that irreconcilable differences that once existed between organized crime groups and terrorists grow less distinct as organized crime groups become political and terrorist groups begin to take over activities that once were primarily organized crime activities. It is not always easy to distinguish a terrorist organization from a transnational crime group.

Schmid (1996) identified several similarities between terrorism and organized crime, such as rational reasoning, the use of intimidation through the threat of physical violence, and the deployment of similar covert tactics. The nexus between the two is also demonstrated when terrorists use organized crime activities to support their mission.

There are many examples of terrorist organizations cooperating with organized crime groups and/or engaging in organized crime activities during the past few decades. The first possible hybrid between organized crime and terrorism occurred in South America as narcoterrorism represented the convergence between drug cartels and terrorists (Laqueur, 1999; Schmid, 1996). The illicit drug trade has also been used as a funding source by other terrorist groups, such as ETA (Basque Homeland and Freedom), PKK, Hezbollah, and IRA (Makarenko, 2004, Horgan and Taylor, 1999). Terrorist groups participate in other traditional forms of organized crime as a means to generate financial support (Dishman, 2001; Makarenko, 2004; Shelley, 2002; Sverdlick, 2005; Laqueur, 1999).

The Tobacco Industry and Cigarette Trafficking

For years, law enforcement organizations in the United States and Europe have investigated the role of organized crime in cigarette smuggling. Most of the large scale investigations of corporate misconduct in the early 1990s and early 2000s were conducted by Canadian law enforcement and the European Community. Recently, there have been extensive investigations conducted by the European Community suggesting that international cigarette companies have behaved like criminal actors, intentionally engaging with smugglers. Subsequent investigations revealed that a major multinational corporation deliberately associated not only with professional smugglers but also with terrorists.

Canada attempted to curb smuggling activities by filing suit against R.J. Reynolds and its affiliates in U.S. courts. In 1998, Northern Brands International (NBI), an affiliate of RJR Nabisco, pled guilty to helping criminals smuggle some eight billion contraband cigarettes between the United States and Canada (Joosens and Raw, 2000). A year later, the Canadian government again filed suit under the RICO statute against R.J. Reynolds Tobacco Holdings, Inc., and several related corporations, for conspiring to defraud the Canadian government since 1991 (Beare, 2002). In 2000, the Government of Canada filed another suit against R.J. Reynolds in U.S. courts. Canada was seeking more than \$USD 1 billion in damages. The complaint outlined the schemes used by R.J. Reynolds and NBI to traffic cigarettes in and out of Canada to evade taxes (Beare 2002). The judge dismissed the lawsuit due to jurisdictional issues (Beare 2002).

R.J. Reynolds also faced important legal challenges from the European Community. In complaints filed in U.S. courts in 2000, 2001, and 2002, the European Community complained that RJR defendants⁴ for more than ten years exploited established smuggling routes by shipping large volumes of cigarettes to shell corporations using fraudulent documents. To facilitate this illicit trade, they located traffickers, developed complex schemes to move their commodities, and intentionally packaged cigarettes to disguise their identity to facilitate their smuggling through known smuggling channels. The complaints address the means by which profits from this illicit trade were laundered with the facilitation of the corporation. In addition, the 2002 complaint focuses on the links between RJR, organized crime, and terrorists, specifically the PKK (European Community v. R.J. Reynolds et. al. and Phillip Morris et. al., 2001; European Community v. R.J. Reynolds et. al., 2002; The European Community v. RJR and Philip Morris - Memo of Law, 2002).⁵

The European Community alleged that R.J. Reynolds, at its highest levels of corporate management, was knowingly collusive with organized crime. As part of their business plan, they helped launder the proceeds of narcotics trafficking and other crimes into the purchase of cigarettes and sold their products to known organized crime groups and known smugglers because they failed to perform due diligence on their clients. They established separate operating procedures to arrange the sales and receive payments for cigarettes sold to criminal customers. The RJR defendants arranged for secret payments and established protocols for layering transactions; generated false or misleading invoices and shipping documents; corrupted public officials; and allowed terrorist organizations to benefit from the sale of their products (European Community v. R.J. Reynolds et. al., 2002). The case provides numerous examples of deliberate corporate malfeasance and corporate organized crime. This analysis, however, will focus on R.J. Reynolds's involvement in smuggling cigarettes into Iraq and its association with the PKK, an identified terrorist organization, and the nexus between crime and terrorism in the corporate world.

According to the European Community case, throughout the 1990s and up to and including 2002, R.J. Reynolds and its conspirators illegally exported cigarettes to Iraq, violating the UN embargo. The tobacco company and its conspirators participated in deceptive schemes by providing false packing and documentation to facilitate the smuggling, which allowed the PKK and the Iraqi regime to profit from the illicit cigarette sales (European Community v. R.J. Reynolds et. al., 2002).

In August 1990, the UN imposed a trade embargo on Iraq. The embargo prohibited all imports to and exports from Iraq, except for specific food, medical supplies, and humanitarian assistance (United Nations, 2006). In addition, U.S. law prohibited the sale of American tobacco products in Iraq. However, R.J. Reynolds, and later, Japan Tobacco International—a tobacco company that purchased the non-U.S. operations of R.J. Reynolds in 1999—wanted to expand their international market share by selling cigarettes in Iraq.⁶ To realize this objective, R.J. Reynolds and Japan Tobacco International produced billions of cigarettes at the company's Puerto Rico factory. They then shipped them to Valencia, Spain, marked as Winston Brand Cigarettes, and reloaded them onto ships bound for Cyprus. According to the complaint, R.J. Reynolds and Japan Tobacco shipped approximately 5.7 billion cigarettes to Cyprus using this scheme. In Cyprus, the containers were unloaded, the markings changed, and the cigarettes were reloaded on ships providing false documentation indicating that Russia was the cigarette's final destination. Instead, the cigarettes were shipped to Lebanon, stored in Turkey, and eventually entered Iraq from Turkey through the Habur border crossing (see Figure 1) (European Community v. R.J. Reynolds et. al., 2002; European Community v. RJR and Philip Morris-Memo of Law, 2002; World Health Organization, 2003).

R.J. Reynolds Tobacco International could not directly market and sell their products in Iraq. Instead, the company used Cyprus-based companies established by Issa Audeh, Audeh Trading and Consultancy Service, and IBCS Trading and Distribution Company Limited. The primary purpose of Audeh's companies was to distribute tobacco products produced by R.J. Reynolds throughout the Middle East. Audeh was familiar with R.J. Reynolds products and the Middle Eastern market. A longstanding relationship with R.J. Reynolds helped establish and maintain the Cyprus-based companies. Prior to starting his own companies, Audeh was the regional director for the Middle East/Near East Region for R.J. Reynolds Tobacco International. This close relationship continued as R.J. Reynolds, through an agreement, had control over the actions of IBCS and companies under the direction of Issa Audeh.

In the early 1990s, R.J. Reynolds and Audeh entered into an agreement with Adbel Hamid Damirji and his Liechtenstein company, Tradinter Middle East Development Establishment. The purpose of this agreement was to establish R.J. Reynolds's products and brand name in Iraq. Damirji's company was the distributor of R.J. Reynolds cigarettes in Iraq, and for five of those years, his company was the exclusive distributor. R.J. Reynolds supplied Damirji

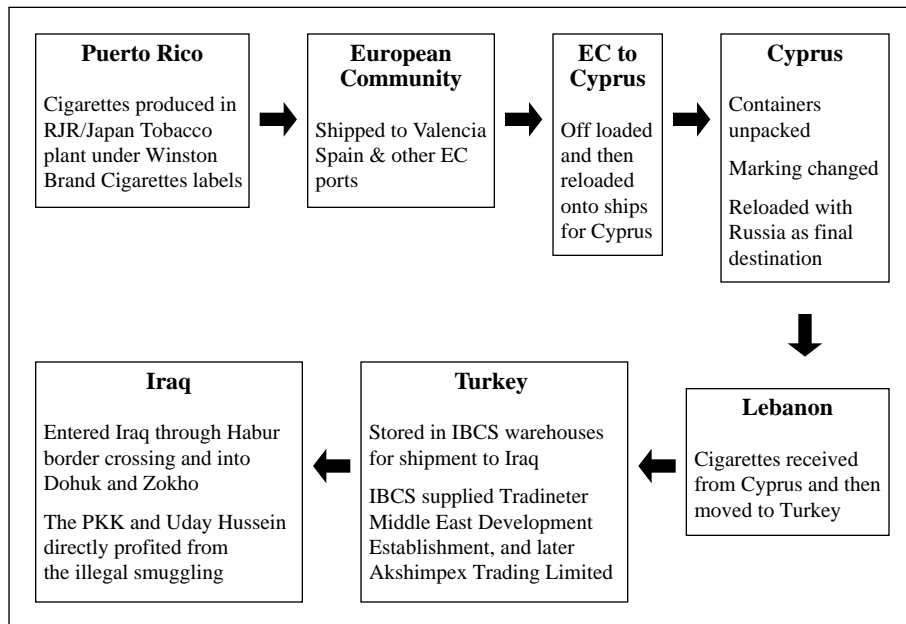


Figure 1: Movement of Cigarettes from Manufacturing Plant to Iraq

with cigarettes through Audeh’s companies. For a very brief time, when Damirji claimed he needed more cigarettes than Audeh could provide, R.J. Reynolds provided the product directly to Damirji in direct violation of the embargo. For example, in 1991 R.J. Reynolds “sold and delivered directly to Abdel Damirji seven full air-cargo shipments consisting of approximately 17,000 master cases of RJR cigarettes” or 170,000,000 cigarettes (European Community v. R.J. Reynolds et. al., 2002: 60). In 1992, R.J. Reynolds and its subsidiaries changed their agreement with IBCS so that Damirji would receive his product only through IBCS. In turn, Mr. Damirji and Issa Audeh made changes to their agreement, which resulted in Damirji spending almost one million U.S. dollars to construct warehouses in Turkey to house RJR Reynolds cigarettes that would subsequently be distributed in Iraq.

Damirji retained exclusive distribution rights for R.J. Reynolds tobacco products in Iraq for only a short time. In 1995, IBCS and R.J. Reynolds started to supply Akshimpex Trading Limited, a company believed to be owned by an Iraqi citizen, with cigarettes for distribution and sale in Iraq. By 1997, R.J. Reynolds and IBCS terminated their sales to Tradinter and increased sales to Akshimpex: “From January 1997 through 2001, RJR employees visited Akshimpex on a regular basis to check on consignments of cigarettes to confirm that they were in fact going into Iraq” (European Community v. R.J. Reynolds et. al., 2002: 62).

Akshimpex Trading moved American produced or branded cigarettes into Iraq. In early 2002, Akshimpex imported more than thirty containers of Winston cigarettes into Iraq with bills of sale from IBCS stating “Akshimpex Trading LTD. In Transit to Iraq” and, on occasion, directly involved Iraqi customers, thus reducing R.J. Reynolds, Japan Tobacco, and IBCS’s deniability. Moreover, in 2001 and 2002, R.J. Reynolds manufactured two cigarette brands, Easton and Barton, which were unknown in the United States and marketed exclusively to the Iraqi/Middle East market. Companies associated with R.J. Reynolds manufactured Easton and Barton cigarettes in North Carolina and labeled them as having been manufactured in America, but R.J. Reynolds did not report the production in its annual report. The Easton brand-name was owned by GMB, a company that shared the same address as R.J. Reynolds’s headquarters. This seemed to suggest that GMB was a front company for Reynolds. Akshimpex and IBCS distributed the U.S.-manufactured cigarettes. In April 2002, distributors and smugglers delivered cigarette shipments to Iraq. Promotional items for R.J. Reynolds brand cigarettes accompanied these shipments (*European Community v. R.J. Reynolds et. al.*, 2002).

The European Community’s legal filings state that R.J. Reynolds executives visited the distribution sites in Turkey and even viewed the Habur Gate. Reynolds, according to the complaint, was not only violating the trade embargo with Iraq but paid the PKK a fee for every container that moved across the Kurdish region of Turkey. The cigarettes were smuggled from Turkey, through the northern border of Iraq, to two PKK controlled towns in Iraq, Dohuk and Zokho. According to the complaint filed by the European Community against R.J. Reynolds and its conspirators, the profits of the illegally shipped cigarettes went to the PKK and other terrorist organizations operating in Northern Iraq. Uday Hussein, Saddam Hussein’s son, oversaw and personally profited from the lucrative illicit business. The 2002 complaint suggests that the PKK, also involved in weapons and narcotic trafficking, used its profit gained through the cigarette trade to help support terrorist activities throughout the European Community (*European Community v. R.J. Reynolds et. al.*, 2002).

For more than a decade, R.J. Reynolds and its co-conspirators created elaborate schemes to move cigarettes into Iraq. To realize these sales, they had to break a U.S. prohibition against trade with Iraq, pay the PKK, and allow the son of Saddam Hussein to profit. With the U.S. invasion of Iraq, the prohibition against trade with Iraq was ended. But the smuggling routes that existed to move the cigarettes probably have been used recently to move other contraband such as diverted oil and weapons. There is a probable connection between the “protection” provided by the PKK, which has been documented in this cross-border trade, and terrorist groups profiting from other smuggling activities. For example, Iraqi police officers stopped 1,200 trucks bound for Syria, seizing 400,000 barrels of oil, in April 2006. The illegal shipment of oil was valued at nearly \$USD 28 million. Although the government did not state direct links between the smuggling activities and insurgency groups, a member

of the Commission on Public Integrity in Nineveh stated he thought there was a link (Finer and Hernandez, 2006).

When Iraq became more unstable and social unrest increased, both crime groups and terrorist organizations exploited the previously established linkages from illicit cigarettes for their own profits. What is unique about this precedent for the current smuggling is that a legitimate multinational corporation, which used crime and terrorist organizations to boost profits, facilitated these well-established smuggling paths.

Terrorist Groups and Trafficking in a Commercially Produced Commodity: Cigarettes

Many diverse crime groups have exploited the cigarette trade to generate financial support for their activities. Groups throughout the world, including Hezbollah, Hamas, Al Qaeda, IRA, PKK, ETA (Basque Fatherland and Liberty), and Egyptian and Palestinian Islamic Jihad, have been identified as participants in this illicit trade (Coker, 2003; Billingslea, 2004). Because of the involvement of so many different groups in this activity, the U.S. Government Accountability Office (GAO) (2003) ranks cigarette smuggling among the top fundraising activities used by terrorists, along with illicit drug, weapon, and diamond trade. Illustrating the lucrative nature of the trade, the combined total profit from cigarette trafficking for the three primary factions of the IRA (the Provisional IRA, Real IRA, and the Continuity IRA) reached approximately \$USD 100 million between 1999 and 2004 (Billingslea, 2004).

In the United States, at least two Hezbollah cells were operating in North Carolina and trafficking cigarettes between North Carolina and Michigan. This paper will focus on the cell led by Mohamad Youssef Hammoud. These cells were based in North Carolina, which has a very low rate of taxation on cigarettes. In contrast, Michigan has a very high rate of taxation on cigarettes and a large Arab community that could serve as a cover and provide a market for the smuggled cigarettes.

Mohamad Hammoud first became involved with Hezbollah when he joined the group's militia at the age of 15 in Beirut, Lebanon. Many of the North Carolina cell members can be tied to the same neighborhood in Beirut and many of the members knew each other long before immigrating to the United States (Kaplan 2003). After arriving in the United States, these family ties and deep friendship facilitated the cells' formation and criminal activities: "The cell led by Mohamad Hammoud was bound together by family ties, religion, criminal activities, and an association with, and sympathy for, Hizballah" and "members of the group engaged in a wide variety of fraud and other criminal activities which, in turn, funded the group's support of Hizballah" (Broyles and Rubio, 2004: 31).

The Charlotte cell used a licit product to fund illicit activities and committed a variety of crimes to achieve their goal of providing financial support to Hezbollah. The funds generated by the cigarette smuggling were used to

purchase dual-use equipment and provide financial support to Hezbollah in Lebanon. The Canadian Security Intelligence Service (CSIS) did not state when their investigation into Hezbollah's Canadian-based activities began; however, by 1999, they were able to trace payments made to Said Harb by Mohammed Dbouk for purchasing dual-use equipment with money sent by Hezbollah in Lebanon or gained through their crimes (Diaz and Newman, 2005). Cell members transferred the money by wire transfers and carried cash to Lebanon. For example, Said Harb testified that Mohamad Hammoud gave him \$3,500 for Hezbollah when Harb traveled to Lebanon in September 1999 (United States of America v. Mohamad Youssef Hammoud, 2004).

Bob Fromme, an off-duty police officer moonlighting as a security guard at a tobacco distributor in Statesville, North Carolina, noticed three Arab-speaking men each purchasing 299 cartons of cigarettes, just under the limit for a legal cigarette sales transaction. The suspiciousness of this purchase was compounded by the fact that these large-scale purchases were made with cash removed from paper shopping bags. The officer became suspicious and alerted the Bureau of Alcohol, Tobacco and Firearms of the suspicious transaction (Fromme, 2006; Bell, 2003). This cash purchase of large quantities of cigarettes eventually led to the unraveling of a complex, illicit scheme to raise funds for Hezbollah (Bell, 2003).

Law enforcement agencies investigated the cell for approximately four years, and the investigation involved more than fifteen state, federal, and international law enforcement and intelligence agencies (Broyles and Rubio, 2004). To document the cell's activities and build a criminal case, authorities used undercover agents to infiltrate the group and learned that "members met weekly in private homes, and those weekly meetings included, among other things, studying the writings of Ayatollah Khomeini" (MIPT Terrorism Knowledge Base, 2006: paragraph 3). At their meetings, Hammoud encouraged attendees to donate money to Hezbollah. In addition, they developed the complex scheme to traffic cigarettes from North Carolina to Michigan. Authorities also found donation receipts from Sheikh Mohammad Fadlallah, the spiritual leader of Hezbollah, and the office of His Excellency Ayat Allah Mr. Mohammed Hussein Fadlallah made out to Mohamad Youssef Hammoud, as well as Hezbollah propaganda materials and correspondence between Hezbollah leaders and Hammoud (Levitt, 2005; Kaplan 2003; United States of America v. Mohamad Youssef Hammoud, 2004).

The central elements of the criminal case reveal terrorists participating in organized crime. Mohamad Hammoud, prior to arriving in the United States, filed several applications for a U.S. visa at the U.S. Embassy in Damascus, Syria, even though he was a citizen of Lebanon. The U.S. State Department denied those requests. In 1992, Hammoud made his way to Venezuela, obtained a fraudulent visa stamp on his Lebanese passport, and flew to the United States. When Hammoud landed at New York's JFK airport, authorities detected the counterfeit stamp and detained him. Hammoud immediately applied for asylum, claiming persecution from Hezbollah. In December 1993,

an immigration judge denied asylum and Hammoud quickly filed an appeal. Shortly after filing his appeal, he moved to North Carolina to join his brother, cousins, and associates.

Similar to several other cell members, Mohamad Hammoud attempted to improve his immigration status and establish residency by entering into three different fraudulent marriages. The first marriage was to a Sabina Edwards and supposedly took place in December 1994. The Immigration and Naturalization Services (INS) denied the marriage because the documentation presented by Hammoud and a person claiming to be Ms. Edwards was determined to be fraudulent. His second fraudulent marriage was to Jessica Wadel. On September 12, 1997, he married the last of his three wives, Angela Tsioumas, even though he was not yet divorced from his second wife. INS granted him the status of Conditional Lawful Permanent Residence based on his marriage to Tsioumas because it had no knowledge of his previous fraudulent marriage (Broyles and Rubio, 2004). As the criminal investigation proceeded, Tsioumas pled guilty to fraudulent marriage and immigration charges (United States of America v. Mohamad Youssef Hammoud et al., 2001).

The use of a sham marriage as a means of staying in the United States was not limited to Mohamad Hammoud, but was a tactic commonly used by cell members. Other notable members of the cell were Mohamad's brother, Chawki Hammoud, his cousin, Ali H. Darwiche, and friend, Said Harb, and they—along with other cell members—committed immigration fraud by marrying Americans. Chawki Hammoud married Jessica Fortune in 1994; however, he was already married to his Lebanese wife and had children with her. In November 1999, an American woman entered into a fraudulent marriage with Ali H. Darwiche as a way to cancel her debt to a member of the Hezbollah cell. To help his sister, brother, and brother-in-law gain entry into the United States, Said Harb bribed officials in the U.S. Embassy in Nicosia, Cyprus, and paid Americans to marry his family members (Broyles and Rubio, 2004; United States of America v. Mohamad Youssef Hammoud et al., 2001). Beyond committing immigration law violations, many of the fraudulent spouses participated in the cell's criminal activities, including committing crimes while trafficking tobacco products.

Mohamad Hammoud and his conspirators used fraudulent marriages to stay in the country, but their primary objective was to raise money for Hezbollah through cigarette smuggling. They exploited the seven-dollar-per-carton difference in taxation rates between North Carolina and Michigan. Neither state required a tax stamp, allowing this trade to proceed unimpeded. A minivan full of cigarettes moved between the two states could yield about \$13,000 in profit (Bell, 2003).

The purchase, transportation, storage, and distribution of the cigarettes involved multiple levels of deception. A member of the cell would purchase bulk cigarettes from a wholesale distributor in North Carolina, using the account of a shell company or an alias. Cell members paid for the cigarettes in cash or used credit cards to make purchases through the alias and shell compa-

nies. To store the large quantities of cigarettes acquired, mini-warehouses were rented in North Carolina and Michigan. During the transportation phase of the scheme, active members of the terrorist cell, their “spouses,” and additional recruited drivers transported the cigarettes from North Carolina to Michigan in rented vans and trucks. To evade detection and cover up their illegal activities, the cell decided to hire American women as drivers and placed bicycles on the back of vehicles to make it look as if the women were vacationing (Bell, 2003)

Cell members and participants used different credit cards to purchase the cigarettes and pay the transport and storage expenses, thus not directly linking the purchase of the cigarettes to their transportation. Payments for the trafficked cigarettes were wired to accounts held by Mohamad Hammoud and other members, then disbursed to other accounts held by aliases (Broyles and Rubio, 2004; *United States of America v. Mohamad Youssef Hammoud et al.*, 2001). For example, the superseding indictment lists a wire transfer of \$17,000 from Hussein Chahrour to Mohamad Hammoud as a payment for contraband cigarettes. And Broyles and Rubio (2004) state that one unidentified Michigan customer wired almost \$500,000 to Hammoud, which was then wired by Hammoud to two separate bank accounts located in Charlotte.

Hammoud and his conspirators purchased and transported the cigarettes, but this all would have been a futile effort if they did not have a place to sell the cigarettes. Traditionally, contraband and counterfeit cigarettes are sold from trunks of cars, through individuals on street corners, and through complicit convenience stores. Even though Dearborn, Michigan, is home to the U.S.’s largest Lebanese-American community, the size of the Charlotte cell’s operations called for complex distribution and money laundering networks in Michigan and North Carolina. Therefore, the cell operated a variety of businesses as fronts for the cigarette sales. The businesses would either account for the large quantities of cigarettes purchased or provide a means to move the illicit money into the legal economy. For example, cell members operated Eastway Tobacco and Queen Tobacco as fronts and purchased a Lebanese restaurant and an oil company with the proceeds of their illicit tobacco trade (Broyles and Rubio, 2004: 33).

In 2000, Hammoud and Tsioumas applied for a fraudulent \$1.6 million loan from the Small Business Administration to build a BP gas station in North Carolina (Kaplan, 2003). Not only was the cell depriving the state of Michigan of approximately \$3 million in lost tax revenues (*United States of America v. Mohamad Youssef Hammoud*, 2004), they used the federal government’s money to build the gas station that sold the product, depriving the state of North Carolina of tax revenues. The gas station and other legitimate businesses were essential for the cigarette smuggling operations. The gas station provided a distribution point to sell the contraband cigarettes, legitimate revenues for the group, and a way to launder the illegal profits.

Although the exact profit earned by the cell through cigarette trafficking is unknown, the generally accepted estimate is that the cell purchased approximately between \$7.5 and \$8 million worth of cigarettes in North Carolina that

generated roughly \$1.5 million and \$2.5 million in profits (Bell, 2003; Broyles and Rubio, 2004; *United States of America v. Mohamad Youssef Hammoud*, 2004). Members of the network were also involved with a variety of criminal activities that assisted the trafficking. According to Hammoud's 2004 appeal, he was charged with various immigration violations, sale of contraband cigarettes, money laundering, mail fraud, credit card fraud, racketeering, and conspiracy to provide material support to a foreign terrorist organization. Other crimes linked to the cell include bank fraud, bribery, wire fraud, identify theft, interstate transportation of stolen property, money laundering, and defrauding the Small Business Administration. In addition, Hammoud and his conspirators had contacts with prominent members of Hezbollah, shipped money to Lebanon, and purchased dual-use equipment, such as GPS systems, night-vision goggles, high-end computers, aviation software, and photography equipment (Bell, 2003; Broyles and Rubio, 2004; *United States of America v. Mohamad Youssef Hammoud*, 2004).

Two key elements in the success of the cigarette smuggling scheme and other criminal activities were false identities and bank accounts. Financial investigations linked more than 800 bank accounts to the cell as well as multiple identities (Bell, 2003). Many of the identities were adopted from departing international students who had acquired driver's licenses, social security cards, credit histories, and the necessary immigration documents. Said Harb, a cell member who turned state's evidence, admitted that he "would 'max out' credit cards that he obtained with a particular identity, declare bankruptcy, and then refrain from using the identity for another seven years until the credit record was expunged . . . Harb testified at trial that he made at least \$150,000 in profit per identity" (Broyles and Rubio, 2004: 32). When Said Harb was arrested, he had seven identities on him. However, not all of the stolen identities were used for criminal purposes; members of the cell kept some identities crime-free for the purpose of using the identity in an emergency, which was a common terrorist tactic. Cell members kept some of their identities crime-free as a means for them to disappear into society, evade detection, and appear as if they were law-abiding individuals (Bell, 2003; Broyles and Rubio, 2004).

Said Harb's role and skills were essential to the continuation of the various schemes, and later, to the prosecution of the case. His criminal activities included production of the false/stolen identifications, raising money through various fraudulent activities, arranging several false marriages, assisting Mohamad Hammoud and Angela Tsioumas with their fraudulent application to the Small Business Administration, physically delivering financial payments to Hezbollah in Lebanon, and procuring dual-use equipment and laundered money (Bell, 2003; Broyles and Rubio, 2004; Kaplan, 2003; Newman and Diaz, 2005; *United States of America v. Mohamad Youssef Hammoud et al.*, 2001; *United States of America v. Mohamad Youssef Hammoud*, 2004).

Said Harb's criminal activities stretched across several countries, including the United States, Canada, and Lebanon. The CSIS investigation into the activities of Harb and other Hezbollah members was essential to the United States's

criminal prosecution of the Charlotte cell. CSIS provide more than a hundred pages of wiretap transcripts, which helped convince Harb to testify against cell members and documented that some of the money earned in the cigarette smuggling was used to purchase the dual-use equipment in Canada (Bell, 2003; Broyles and Rubio, 2004; *United States of America v. Mohamad Youssef Hammoud*, 2004). More important, the CSIS investigation provided the crucial link between Harb, the Charlotte cell, and a foreign power, which allowed the FBI to ask for a FISA order and begin intercepting more communications (Diaz and Newman, 2005).

After a four-year investigation of the cell's involvement in cigarette trafficking, the prosecutor, Ken Bell, used the RICO statute to prosecute the case, "claiming that the criminal enterprise at the core of the conspiracy was the Charlotte Hizballah cell and that the purpose of the racket was to send money to Hizballah" (Bell, 2003: paragraph 4). The use of the RICO statute, traditionally used against criminal organizations, highlights the convergence between organized crime and terrorist organizations. Mohamad Hammoud received 155 years in prison for providing material support to Hezbollah. His brother, Chawki Hammoud, was sentenced to 51 months for his role, and Said Harb was sentenced to 46 months. Various other cell members received prison sentences or are fugitives from justice. The Americans who participated in immigration fraud (sham marriages) received between one and three years of probation for their role; their light sentences may be explained by their guilty pleas and cooperation with the investigation (MIPT Terrorism Knowledge Base, 2006). More important, Bell's use of the RICO statute changes how terrorist cells are viewed, prosecuted, and tried in the United States. The Charlotte cell's involvement in cigarette smuggling and related criminal activities supports FBI agent Rick Schwein's assertion that "They're best described as part-time terrorists and full-time criminals" (cited in Kaplan, 2003: 3).

Conclusion

The cases examined show that support for terrorism does not exist solely in a parallel, illicit world. Rather, they reveal how terrorist financing intersects directly with the corporate world, as in the case of R.J Reynolds, and to a lesser degree, in the case of the North Carolina Hezbollah cell, which purchased large quantities of cigarettes from a tobacco warehouse company. Both cases indicate that corporate complicity with insufficient due diligence by cigarette wholesalers was crucial to the ability of terrorist cells to operate.

Despite the fact that the GAO has identified cigarette smuggling as a major funding source for terrorists, neither of the cases developed as a result of deliberate U.S. policies. Furthermore, the R.J. Reynolds case was not even investigated by U.S. law enforcement but was the result of long-term investigations by Europeans who filed their complaint in U.S. court. There was no independent action by the U.S. investigators even though the European investigation had significant evidence that a major American company had broken

both U.S law and the UN embargo on sales to Iraq and had done this with the complicity of a recognized terrorist organization.

The Hezbollah case was initiated as a result of the suspicions of an off-duty law enforcement official rather than as a result of targeting the support networks for terrorism in the United States. When federal law enforcement recognized the seriousness of this offense, they applied the significant resources of different law enforcement agencies to the case.

Both of these cases resulted from the effort of governments to regulate trade in a legitimate commodity. The R.J. Reynolds case originated from the desire of a corporation to enhance profits and increase sales by circumventing an embargo on the sale of their commodity in Iraq. The Hezbollah case was based on exploiting the differential tax rates on cigarettes between the low tax state of North Carolina and high tax state of Michigan. Divergent government taxation policies created a criminogenic environment and the incentive to smuggle cigarettes from one state to another.

The R.J. Reynolds case illustrates that the behavior defined as organized crime is not necessarily restricted to groups of criminal actors. R.J. Reynolds was accused by the European Community of engaging in organized crime activity that included sustained activity by a group of individuals over a period of time. The crime of smuggling was accompanied by numerous other illicit acts, including document fraud, false invoicing, and money laundering. Furthermore, they even paid protection money to a terrorist group to achieve their large volume of sales.

The criminal behavior of R.J. Reynolds in this case—collusion within corporations, price fixing, and deliberate secrecy to mask criminal behavior—has been previously analyzed by criminologists. Insight into such behavior can be provided by such classics of criminology as the work of Sir Leon Radzinowicz and Edwin Sutherland. Radzinowicz best characterized the drive to increase markets and profits when he wrote, “A society that applauds innovation in the world of business can hardly expect to escape innovation in the world of crime” (1965: 68-69). Sutherland (1983), in his analysis of corporate price fixing, described the collusive and criminal behavior of major American corporations as they sought to engage in price fixing to enhance profits. His analysis of 70, mostly well-known, American corporations documented corporate criminal behavior driven by greed and described white-collar crime as a form of organized crime. Coincidentally, Sutherland included Reynolds Tobacco in his analysis because of the criminal charge against them of restraint of trade and dismissed cases based on fraudulent advertising. In 1911, federal authorities prosecuted the company for illegal restraint of trade (antitrust violation), and it received a dissolution order (Sutherland, 1943).

The Hezbollah case falls within the more conventional understanding of organized crime. The important difference is that terrorists, rather than stereotypical criminals, carried out this criminal activity. They committed these various acts to achieve their goals of providing financial support for Hezbollah and acquiring dual-use technology for the organization. They engaged in

diverse criminal acts, including obtaining business licenses and loans through illicit means, and engaging in document fraud, identity theft, and visa and marriage fraud. Cigarette smuggling was their central activity but to achieve its profit-making potential, they engaged in numerous other crimes.

Cigarette smuggling remains a major revenue source for terrorists. The view that cigarette smuggling is petty contradicts the fact that terrorist groups and organized crime have generated millions of dollars through the illegitimate sale of a legitimate commodity. The failure to address cigarette smuggling in a comprehensive manner is part of a larger failure of most American law enforcement to address the links between crime and terrorism.

Because the U.S. government has failed to back decisive actions against cigarette smuggling, it has been up to the corporations to decide to police themselves. The situation identified by the R.J. Reynolds case does not characterize the whole cigarette industry today. However, it does point out the need for government action in the case of corporate actors who do not choose to police the misuse of their commodities.

This analysis clearly shows that a legitimate business can function in ways similar to a criminal organization. The corporation committed wire fraud, produced fraudulent documents, evaded taxes, deliberately violated trade embargos, and cooperated with an identified terrorist group to increase profits and market share. The low likelihood of criminal or civil prosecutions and the significant potential profits gained by an increased market share in a new region outweighed their concerns as to the legal and public relations problems associated with links to terrorists. Although post-9/11 developments have increased the corporate risk of associating with terrorists, the failure to punish misconduct has not entirely eliminated this problem in sectors of the cigarette industry.

Current laws concerning foreign trade zones, distribution, and taxation are not only ineffective means for controlling exploitation of cigarettes by terrorists, but actually encourage terrorists to use this commodity for illicit means. The legalization and regulation of cigarettes has not precluded their use by criminals or terrorists for significant gain.

NOTES

1. Contact information: Louise I. Shelley, Ph.D., Professor, School of Public Policy, and Director, Terrorism, Transnational Crime & Corruption Center (TraCCC), George Mason University, 3401 Fairfax Drive - MS 3B, Arlington, VA 22201. Phone: (703) 993-9757. E-mail: lshelley@gmu.edu

2. Contact information: Sharon A. Melzer, Ph.D. Candidate, Department of Justice, Law & Society, American University, 4400 Massachusetts Ave, NW, Washington, DC 20016. Phone: (202) 885-2948. E-mail: Melzer@american.edu

3. The ten countries, known as the European Community, who brought suit against American tobacco companies are: Kingdom of Belgium, Republic of Finland, French Republic, Hellenic Republic, Federal Republic of Germany, Italian Republic, Grand Duchy of Luxembourg, Kingdom of the Netherlands, Portuguese Republic, and Kingdom of Spain.

4. The RJR Defendants include RJR Nabisco, Inc., R.J. Reynolds Tobacco Company, R.J. Reynolds Tobacco International, Inc., RJR Acquisition Corp., RJR Nabisco Holdings Corp., and R.J. Reynolds Tobacco Holdings, Inc. In this paper, the company is simply referred to as R.J. Reynolds.

5. Cases filed by Canada and the European Community attempting to collect damages and lost tax revenues were dismissed by a U.S. federal judge, who cited the Revenue Rule, an eighteenth-century common law that prohibits foreign courts from using U.S. courts to collect foreign taxes. However, the European Community filed additional litigation and stated the USA Patriot Act gave U.S. Courts the jurisdiction to hear and prosecute cases involving transnational crimes, such as smuggling and money laundering (Beelman, 2002).

6. In 1999, R.J. Reynolds sold R.J. Reynolds Tobacco International—the international division—to Japan Tobacco International. However, as part of the sales agreement, R.J. Reynolds would operate and manage the international operations for a period of at least two years. During this time, the plant in Puerto Rico increased productivity and shipped almost eight billion cigarettes to Iraq through the channels mentioned in this paper. It is important to note that Japan Tobacco International was not listed as a defendant in the 2002 complaint filed by the European Community against R.J. Reynolds et al. or the Memorandum of Law filed by the European Community against R.J. Reynolds and Philip Morris in 2002. Japan Tobacco International was only listed as a defendant in the first suit, which was filed by the European Community in 2000. However, the European Community discussed Japan Tobacco's role in the 2002 complaint.

REFERENCES

- American Foreign Policy Council. (2005). *Confronting Terrorism Financing*. Lanham, MD: University Press of America, Inc.
- Baker, R. W. (2005). *Capitalism's Achilles Heel: Dirty Money and How to Renew the Free-market System*. Hoboken, NJ: John Wiley & Sons.
- Basler, T. A. (2004). Cigarettes, smuggling, and terror: The European Community v. RJ Reynolds. *Chicago-Kent Journal of International and Comparative Law*, 4 (Article 3):1-20. [Online] Available <http://www.kentlaw.edu/jicl/articles/spring2004/CigSmugArticleII.pdf>, Accessed August 11, 2006.
- Beare, M. (2002). Organized corporate criminality - Tobacco smuggling between Canada and the US. *Crime, Law & Social Change*, 37: 225-243.
- Beelman, M. S. (2002). EU accuses U.S. tobacco companies of trading with Iraq, Terrorists. *The Center for Public Integrity*. [Online] Available <http://www.publicintegrity.org/report.aspx?aid=576>, Accessed November 30, 2006.
- Bell, K. (2003). Policy Watch #700: Special Forum Report: Hizballah Fundraising in the American Heartland. [Online] Available <http://www.washingtoninstitute.org/templateC05.php?CID=1578>, Accessed November 13, 2006.
- Berdal, M. and Malone, D. (eds). (2000). *Greed and Grievance: Economic Agendas in Civil Wars*. Boulder, CO: Lynne Rienner Publishers, Inc.
- Billingslea, W. (2004). Illicit cigarette trafficking and the funding of terrorism. *The Police Chief*, 71(2): 49+. [Online] Available http://policechiefmagazine.org/magazine/index.cfm?fuseaction=print_display&article_id=226&issue_id=22004, Accessed April 19, 2006.

- Broyles, D. S. and Rubio, M. (2004). A smokescreen for terrorism. *United States Attorneys' Bulletin*. US Government: Department of Justice. 52 (1): 30-34. [Online] Available at http://0225.0145.01.040/usao/eousa/foia_reading_room/usab5201.pdf, Accessed on November 8, 2006.
- Campbell, G. (2004). *Blood Diamonds: Tracing the Deadly Path of the World's Most Precious Stones*. Boulder, CO: Westview Press.
- Coker, D. (2003). Smoking may not only be hazardous to your health, but also to world political stability: The European Union's fight against cigarette smuggling rings that benefit terrorism. *European Journal of Crime, Criminal Law and Criminal Justice*, 11(4): 350-376.
- Diaz, T. and Newman, B. (2005). *Lightning out of Lebanon: Hezbollah Terrorists on American Soil*. New York, NY: Ballantine Books/Presidio Press.
- Dishman, C. (2001). Terrorism, crime, and transformation. *Studies in Conflict and Terrorism*, 24: 43-58.
- European Community and the Republic of Colombia v. R.J. Reynolds et al. and Phillip Morris et al. (2002). U.S. Court of Appeals, Second Court. [Online] Available <http://www.ash.org.uk/html/smuggling/rico/eucolombia.pdf>, Accessed September 14, 2006.
- European Community v. R.J. Reynolds et al. (Complaint). (2002). United States District Court, Eastern Division of New York [Online] Available <http://www.nyed.uscourts.gov/coi/02cv5771cmp.pdf>, Accessed July 20, 2006.
- European Community v. R.J. Reynolds et al. and Phillip Morris et al. (Complaint). (2001). United States District Court, Eastern Division of New York [Online] Available <http://www.nyed.uscourts.gov/coi/01cv5188complaint.pdf>, Accessed July 20, 2006.
- European Community v. R.J. Reynolds et al., Japan Tobacco International and Phillip Morris et al. (Complaint). (2000). United States District Court, Eastern Division of New York. [Online] Available <http://www.publicintegrity.org/docs/Tobacco/EUSuit.pdf>, Accessed October 10, 2006.
- European Community v. R.J. Reynolds et al. and Phillip Morris et al. (Memorandum of Law). (2002). United States District Court, Eastern Division of New York. [Online] Available <http://www.ash.org.uk/html/smuggling/rico/euterrorism.pdf>, Accessed October 10, 2006.
- Finer, J. and Hernandez, N. (2006). Iraqi bust nets ring smuggling oil to Syria —Record crude seizure valued at \$28 million. *Washingtonpost.com* [Online] Available http://www.washingtonpost.com/wp-dyn/content/article/2006/04/14/AR2006041401533.html?nav=rss_print/asection, Accessed November 30, 2006.
- Fleener, P. (2003). Cigarette taxes, black markets and crime. *Policy Analysis*, 468: 1-20. [Online] Available <http://www.cato.org/pubs/pas/pa468.pdf>, Accessed November 15, 2006.
- Fromme, B. (2006, December 14). Personal communication. Mc Lean, VA.
- Griffiths, H. (2004). Smoking guns: European cigarette smuggling in the 1990s. *Global Crime*, 6(2): 185-200.

- Horgan, J. and Taylor, M. (1999). Playing the green card: Financing the Provisional IRA, part 1. *Terrorism and Political Violence*, 11(2): 1-38.
- Horwitz, S. (2004). Cigarette smuggling linked to terrorism. *Washingtonpost.com*. [Online] Available <http://www.washingtonpost.com/wp-dyn/articles/A23384-2004Jun7.html>, Accessed November 25, 2006.
- Hudson, R. (2003). *Terrorist and organized crime groups in the Tri-Border Area (TBA) of South America*. Federal Research Division. Washington, DC: Library of Congress.
- Joossens, L., Chaloupka, F., Merriman, D., and Yurekli, A. (2000). Issues in the smuggling of tobacco products. In Jha, P. and Chaloupka, F. (eds.) *Tobacco Control in Developing Countries* (pp. 393-406). NY: Oxford UP.
- Joossens, L., and Raw, M. (2000). How can cigarette smuggling be reduced? *British Medical Journal*, 321(7266): 947-950.
- Kaplan, D. E. (2003). Homegrown terrorists: How a Hezbollah cell made millions in sleepy Charlotte, N.C. *US News and World Report*. [Online] Available <http://www.usnews.com/usnews/news/articles/030310/10hez.htm>, Accessed November 25, 2006.
- Laqueur, W. (1999). *The New Terrorism: Fanaticism and the Arms of Mass Destruction*. New York: Oxford UP.
- Levitt, M. (2005). *Hezbollah: Financing terror through criminal enterprise: Testimony of Dr. Matthew Levitt Senior Fellow and Director of Terrorism Studies The Washington Institute for Near East Policy May 25, 2005 Committee on Homeland Security and Governmental Affairs United States Senate*. [Online] Available <http://www.washingtoninstitute.org/html/pdf/hezbollah-testimony-05252005.pdf>, Accessed November 25, 2006.
- Makarenko, T. (2004). The crime-terror continuum: Tracing the interplay between transnational organized crime and terrorism. *Global Crime*, 6(1): 129-145.
- MIPT Terrorism Knowledge Base. (2006). Legal case profile: 00-CR-147. [Online] Available <http://www.tkb.org/CaseHome.jsp?caseid=615>, Accessed November 25, 2006.
- Paoli, L. (2003). *Mafia Brotherhood: Organized Crime Italian Style*. New York: Oxford UP.
- Radzinowicz, L. (1965). *Ideology and Crime*. NY: Columbia UP.
- Schmid, A. (1996). The links between transnational organized crime and terrorist crimes. *Transnational Organized Crime*, 2(4): 40-82.
- Shelley, L. (2002). The nexus of organized crime and international criminals and terrorism. *International Annals of Criminology Volume*, 40(1-2): 85-92
- Sutherland, E. (1983). *White Collar Crime: The Uncut Version*. New Haven: Yale UP.
- Sverdlick, A. (2005). Terrorist and organized crime in the "triple frontier" among Argentina, Brazil, and Paraguay. *Trends in Organized Crime*, 9(2): 84-93.
- United States of America v. Mohamad Youssef Hammoud et al., Second Superseding Bill of Indictment. (2001). United States District Court Western District of North Carolina [Online] Available <http://www.tkb.org/CaseHome.jsp?caseid=615>, Accessed November 25, 2006.

- United States of America v. Mohamad Youssef Hammoud. (2004). United States Court of Appeals for the Fourth Circuit. [Online] Available <http://pacer.ca4.uscourts.gov/opinion.pdf/034253.P.pdf>, Accessed November 25, 2006.
- U.S. Government Accountability Office. (2003). *Terrorist Financing: U.S. Agencies Should Systematically Assess Terrorists' Use of Alternative Financing Mechanisms* (No. GAO-04-163). Washington, DC: GAO.
- Van Duyne, P. (2003). Organizing cigarette smuggling and policy making, ending up in smoke. *Crime, Law & Social Change*, 39(3): 285-317.
- Von Lampe, K. (2005). Explaining the emergence of the cigarette black market in Germany. In van Duyne, P., von Lampe, K., van Dijck., M., and Newell, J. (eds). *The Organised Crime Economy: Managing Crime Markets in Europe*. Nijmegen, Netherlands: Wolf Legal Publishers: 209-227.
- _____. (2006). The cigarette black market in Germany and in the United Kingdom. *Journal of Financial Crime*, 13(2): 235-254.
- Wahab, B. (2006). How Iraqi oil smuggling greases violence. *Middle East Quarterly*, 13(4): 53-59.
- WHO Framework Convention on Tobacco Control. (2007, June-July). How big was the global illicit tobacco trade problem in 2006? Framework Convention Alliance for Tobacco Control [Online] Available http://www.fctc.org/x/documents/HowBigWasTheIllicitTobaccoTradeProblem_2006_English.pdf, Accessed November 8, 2007.
- World Health Organization. (2003). *The cigarette "transit" road to the Islamic Republic of Iran and Iraq: Illicit tobacco trade in the Middle East*. Cairo, Egypt: World Health Organization, Regional Office for the Eastern Mediterranean.