Notes:

The below article has a great deal for today's army to consider. This week's message asks recipients to consider the following as you read it:

1. The current WOT is truly a global war against a global insurgency. Iraq and Afghanistan are just the beginning. East Asia, Africa, and the Americas are just as important.

2. Truly comprehensive and effective COIN strategies are 10% combat and 90% everything else. Strategies should coordinate and integrate all aspects of national power: diplomatic; informational; economic; and oh yea, the military, too. I would argue that there may be some other social strategies worth leveraging these national capabilities against as well.

3. The temptation for military officers is to focus on the 10% combat and claim that the other 90% (diplomacy, social, information, and economy) belongs to someone else, yet over 90% of the American governmental employees in a counterinsurgency conflict will probably be military.

4. Even when militaries in COIN understand that 90% of the strategy is non-military, that understanding rarely gets below the strategic level. Even more rare is when the military understands how to nest these concepts at the tactical level [How often do military officers returning from Iraq or Afghanistan discuss economic, information, or social TTPs?]--ironically, this is the level where counterinsurgency efforts are won and lost most easily.

5. Insurgencies choose strategies of exhaustion over strategies of annihilation not because they prefer protracted and unquantifiable efforts over short and decisive ones, but rather because they have limited resources, whether those resources be economic, diplomatic, informational, or, oh yea, military. Given their disinclination to decisive engagements, then, their limited resources are the key weakness worth exploiting against them.

6. Exhausting an insurgency, then, means suffocating it by drying up its resources, but denying all resources to every insurgency is unlikely and overwhelming. As such, counterinsurgency strategies, operations, and tactics should consider selected critical resources that paralyze the insurgency in the short, mid, and long terms. [In the meantime, national power should solve the broader problems that led to the resistance in the first place.] Please consider which resources below are critical and which are not, and which interdictions will have short or mid term effects and which will have mid or long term effects.

Paraguay: Looking into Money Laundering

Summary:

Paraguayan prosecutors have indicted a Lebanese-born Brazilian and 47 other persons along with 120 currency-exchange houses in Ciudad del Este for money laundering and tax evasion. This could be a major break in unraveling the alleged illegal fund-raising activities of Islamist militant groups in South America's triple- frontier region.

Analysis:

Paraguayan Prosecutor of Economic Crimes Adolfo Marin said Feb. 8 that a Lebanese-born Brazilian citizen, 47 other persons and 120 currency-exchange houses based in Paraguayan city of Ciudad del Este have been charged with tax evasion and money laundering.

Marin said Paraguayan government investigators believe that Kassen Mohamad Hijazi, who lives in the Brazilian border city of Foz do Iguacu, illegally transferred more than $100 million out of Paraguay between 1998 and the end of 2003. Hijazi reportedly used dozens of currency exchange firms in Ciudad del Este to illegally transfer about $20 million a year through Brazilian banks to more than 1,500 checking accounts, mainly in the United States, Lebanon and Chile. Paraguayan investigators do not know where the laundered money went after it arrived in these countries.

Hijazi also reportedly operated a network of phantom "travel agencies" in Foz do Iguacu and Sao Paulo through which illegally acquired cash was laundered and transferred to banks in the United States. Investigators also have identified more than 100 Paraguayan citizens of uncertain ethnicity who allowed Hijazi to launder money using their names and bank accounts.

An official with the attorney general's office in the Paraguayan capital of Asuncion said Feb. 9 that Hijazi did not lead the money-laundering organization. The official identified the alleged chief money launderer as Miami-based Abed el Hadi Hijazi, who travels frequently between the United States, Brazil and Paraguay. The Hijazis -- reportedly brothers -- both work closely with a third Muslim named Fouad Barakat, who has residences in Sao Paulo and Rio de Janeiro, according to Marin.

Investigators do not know where all of the laundered money is originating. They believe some of the money is generated by Chinese-controlled music piracy businesses that mainly sell in Brazil and Argentina. However, Paraguayan investigators also are tracing leads that allegedly could link the Hijazis to money from narcotics and arms sales in the region.

Besides laundering money from unknown sources, the Hijazis also have several businesses in Ciudad del Este that allegedly sell cellular telephones stolen in Brazil and produce cloned telephones with stolen numbers, Marin said. Paraguayan officials would

not speculate about possible links between the Hijazis and Islamist militant groups in the triple-frontier region and the Middle East.

However, the location and nature of the Hijazis' criminal activities have raised concerns in Asuncion that the Hijazis might have some type of relationship with Islamist militant groups. The ongoing investigation by Paraguayan authorities likely will establish links between the Hijazis and illegal money transfers to militant groups in the Middle East.

The Hijazis probably are not active Islamist militants or even strong militant sympathizers. Marin's description of the family- run money laundering business suggests a profit-driven enterprise that probably provided services -- such as illegal money laundering, black market financial wire transfers and cloned communications services -- to a specialized clientele, which likely included Chinese music counterfeiters, Arab cigarette smugglers, Colombian drug traffickers, Central American arms dealers and even Islamist militants that raise cash in the triple-frontier area to send to their colleagues in the Middle East.

Brazilian federal prosecutors are cooperating with Paraguay's investigation, Marin said. However, he did not reveal if the U.S.

government is playing a part in the ongoing investigation. The United States likely is actively involved in the investigation, since much of the money laundered by the Hijazis reportedly was transferred to bank accounts in Miami and New York City.

Ciudad del Este and the triple-frontier region where Argentina, Brazil and Paraguay meet have a history of Islamist militant activity dating back to the early 1990s. Islamist militants linked to Hezbollah based in Ciudad del Este were responsible for bomb attacks against Jewish and Israeli targets in Buenos Aires in 1992 and 1994 in which hundreds were killed and injured.

Moreover, since al Qaeda attacked the United States on Sept. 11, U.S. intelligence and counterterrorism agencies have detected numerous signs of Islamist militant movement in the triple- frontier region. However, they have uncovered no direct evidence suggesting active militant cells in the area could be plotting attacks in South America against U.S. assets, or U.S. allies, such as the United Kingdom and Israel.

U.S. investigators have confirmed that Ciudad del Este is a major hub for the generation and transfer of funds to the Middle East. Some of this money probably is used for charitable purposes required by Islam. However, U.S. counterterrorism officials believe much of the money sent from the triple-frontier region to the Middle East winds up in the hands of militant groups such as Hezbollah. The Paraguayan government's indictment of Hijazi may be the first major blow against Islamist militant groups' illegal fund-raising activities in the triple-frontier region.