

Exploring the U.S. Crime-Terror Nexus: Terrorist Networks and Trade Diversion

OVERVIEW

Experts argue that both organized crime groups and terrorist organizations raise funds through trade diversion, which involves the diversion of goods from a low-price to a high-price market for profit. However, despite the growing body of literature on the links between crime and terrorism, there are very few studies that focus on trade diversion as a tool for financing terrorism.

PROJECT BACKGROUND

This project examines the nexus between crime and terrorism through a social network analysis of the Islamist extremist network, the “Hammoud Enterprise,” which was involved in trade diversion in order to finance its multi-million dollar operation based out of Michigan. The criminal conspiracy ran between 1996 and 2002, purchasing hundreds of cartons of cigarettes in low-tax or no-tax jurisdictions before ferrying them to other states for redistribution, and netted profits of up to \$500,000 per week. The individuals involved were primarily Lebanese and Arabic speakers; shared allegiance to Hezbollah; had familial ties; and were motivated by the opportunity for illicit profit.

Using this network as a case study, the research project had three main goals:

- examine the characteristics of an Islamist extremist network engaged in trade diversion;
- identify the key actors and their linkages; and
- compare the findings to the depiction of the network and its structure given by U.S. authorities.

This study seeks to practically support policymakers and justice officials involved in counter-strategies by improving their understanding of the relational aspects and dynamics among network participants that can sometimes be overlooked or misinterpreted.

METHOD

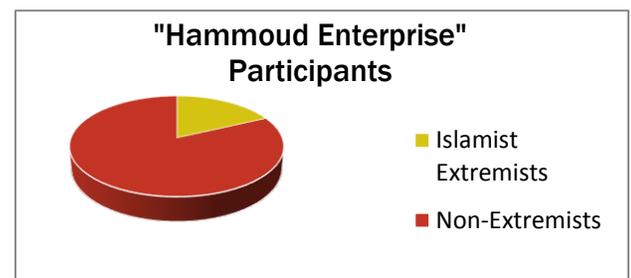
The “Hammoud Enterprise” case study was selected from the START and DHS-funded U.S. Extremist Crime Data Base (ECDB). The scheme had been previously coded in the ECDB using open source information, and researchers supplemented the data by acquiring court documents from the trials of several network members. Using these documents to identify participants and code links between them, the research team gradually constructed a trade diversion network of 34 people.

Actor-centrality analysis was used to identify key players, and network-level analysis explored patterns of interaction among the network members, focusing specifically on cohesion, centralization, and centrality measures. These analyses were performed using the software package “Pajek.” Finally, sociograms were created to provide useful visual representations of the networks.

FINDINGS

PARTICIPANT BELIEFS

The trade diversion network here examined included a substantial number of non-extremists. Though the “Hammoud Enterprise” provided support to Hezbollah, only 6 out of 34 participants (18%) were identified as Islamist extremists. This provides preliminary support to the “crime-terror nexus.” Previous research implicitly defines the crime-terror nexus as a group-level phenomenon, neglecting the existence of lower-level interactions occurring outside static and predetermined organizational settings. Yet analysis from this study provides evidence that links between extremists and non-extremists can occur within fluid and dynamic structures that form part of broader social networks.



NETWORK STRUCTURE

This network was highly interconnected, making the organization more efficient while possibly also causing it to be more vulnerable to detection and disruption. Its structural characteristics, with a ringleader surrounded by a large cluster of highly connected actors, more closely resemble those of a criminal organization than those of a dispersed and decentralized terrorist cell. This suggests that participants were willing to sacrifice some degree of security in favor of a more efficient configuration, with shorter paths between core and periphery.

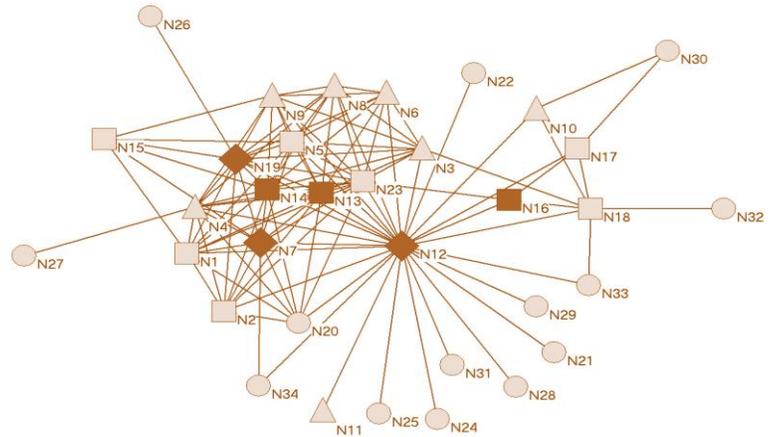
The Hammoud Enterprise network was highly interconnected, making it more efficient but more vulnerable to detection.

CLASSIFICATION OF KEY FIGURES

Analysis showed interesting similarities, as well as differences, between the study's findings and the way prosecutors classified suspects based on their roles in the conspiracy. While the prosecution did recognize the existence of individuals with different roles, the classification was based on a quasi-hierarchical configuration that identified:

- three "ringleaders,"
- a smaller group of secondary leaders, who tended to be highly diversified in their roles and responsibilities within the network, and
- a larger number of minor participants.

However, this study's network analysis allowed for the identification of the more nuanced roles of "brokers" – individuals whose removal would effectively splinter the network. Further, it enabled researchers to pinpoint actors who seemingly played a key role in the network but were overlooked by the prosecutors.



Social Network Diagram of Hammoud Enterprise
Diamonds represent individuals identified as ringleaders; Squares represent secondary leaders; Triangles represent minor participants; Circles represent undicted co-conspirators. The darker elements represent individuals identified as Islamist extremists.

FUTURE DIRECTIONS

The hybrid nature of trade diversion networks similar to the one studied in this report questions the validity of simplistic labels such as "terror cell" or "criminal organization" when such entities involve both extremists and non-extremists. When considering policy implications, these hybrid networks may require an investigative and prosecutorial approach that combines strategies from both organized crime and terrorism investigations.

Because some actors within trade diversion networks perform numerous functions, their random removal may not necessarily cause network disruption. Thus, social network analysis may suggest targeting strategies that are quite different from decapitation approaches. This highlights the importance of advancing the study of "covert networks" to improve our understanding of their functioning, identify potential vulnerabilities, and offer criminal justice officials a wider spectrum of effective counter-strategy options with which to explore.

RESEARCHERS AND CONTACT INFORMATION

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For a copy of the full report on this topic, please contact infostart@start.umd.edu.

Those interested in learning more about the creation and reliability of the ECDB should see the following articles: "[Introducing the United States Extremist Crime Database](#)" in *Terrorism and Political Violence*, and "[American Terrorism and Extremist Crime Data Sources and Selectivity Bias: An Investigation Focusing on Homicide Events Committed by Far-Right Extremists](#)" in the *Journal of Quantitative Criminology*.



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