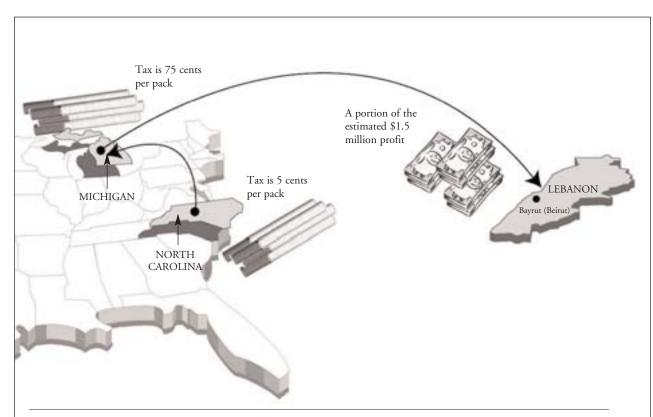
HIZBALLAH SMOKESCREEN

Money from bootlegged cigarettes went into the pockets of terrorists



Between 1996 and 2000, a group of individuals affiliated with Hizballah used bulk cash to purchase about \$8 million in cigarettes in North Carolina, where the cigarette tax is 5 cents per pack.

They then traveled to sell the cigarettes in Michigan, where the cigarette tax is 75 cents per pack. The group was able to avoid paying the tax to the state of Michigan, pocketing the difference in prices between the two states.

Estimated Profit: \$1.5 million. A portion was sent to Hizballah in Lebanon as cash and goods.

Source: Reprinted from Government Accountability Office report "Terrorist Financing" (http://www.gao.gov/new.items/d04163.pdf).