



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

October 18, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington D.C. 20220

Dear Secretary Yellen:

On October 7, 2023, we awoke to the news that Hamas perpetrated an unimaginably brutal terrorist attack in Israel. The death toll of the attack currently stands at more than 1,400 lives, including 30 Americans, and thousands more wounded.¹ The terrorists kidnapped women, children, and the elderly; they burned families and beheaded babies. The attack was carried out by the terrorist organization Hamas, but not Hamas alone. In the days since, Hamas has publicly claimed that the Iranian regime helped plot the attack.²

The attack raises serious questions about the Biden Administration's Iran's sanctions policy. Most recently the Administration allowed the transfer of \$6 billion to a Qatari bank from South Korea as a part of the ransom payment paid to the Iranian regime in exchange for American hostages. Since the attack in Israel, Administration spokesmen have claimed that the money can only be spent on humanitarian needs and can only be paid to certain vendors.³ Putting aside questions of due diligence and fund monitoring, if it is to be believed that the Iranian regime will never receive this money as cash, money is fungible. This \$6 billion allows the Iranian regime to free up what little foreign exchange reserves it had allocated for food and medicine to now devote to financial support of Hamas, Hezbollah, and other terrorist organizations. Even if the money is used to buy medicine, the medicine will likely find its way into corrupt channels and go to Iran's Revolutionary Guard Corps or Hamas—both U.S. designated foreign terrorist organizations.⁴

¹ Rhea Mogul, Andrew Raine, Joshua Berlinger, Peter Wilkinson, Maureen Chowdhury & Matt Meyer, *October 15, 2023 Israel-Hamas war news*, CNN (Updated 12:01 AM, Oct. 16, 2023).

² Summer Said, Benoit Faucon, Stephen Kalin, *Iran Helped Plot Attack on Israel Over Several Weeks*, WSJ (Oct. 8, 2023), <https://www.wsj.com/world/middle-east/iran-israel-hamas-strike-planning-bbe07b25>.

³ Bailee Hill, *White House Spox pressed on Iran's \$6 billion in unfrozen funds after Hamas unleashes terror in Israel*, Fox News (Oct. 10, 2023), <https://www.foxnews.com/media/white-house-spox-pressed-iran-6-billion-unfrozen-funds-hamas-unleashes-terror-israel>.

⁴ Alireza Nader, *Corruption, Not Sanctions, Is Causing Medicine Shortages in Iran*, Foundation for Defense of Democracies (Oct. 14, 2020), <https://www.fdd.org/analysis/2020/10/14/corruption-causing-medicine-shortages-in-iran/>.

For years the Iraqi government has paid for its natural gas from Iran by fulfilling debts owed by Iran to other countries. For example, “since last December, the U.S. has approved €2.5 billion, equivalent to \$2.7 billion, in payments by the Iraqi government to Iranian creditors. The payments included €886 million to Turkmenistan, partially repaying a debt owed by Iran...”⁵ This summer, the Biden Administration “unfroze more than \$10 billion of Iranian assets held in Iraq, allowing Baghdad to move payments for Iranian electricity into accounts in Oman established for Tehran’s use – payments that will continue on a rolling basis.”⁶

Separately, the Biden Administration is also allowing Iranian oil exports to continually increase. Some experts estimate that Iranian regime is exporting anywhere between 1.4 to 2.2 million barrels per day to China.⁷ The sanctions relief from the oil exports to China could be valued as high as \$25 billion.⁸ We cannot be naïve to assume that the diplomatic benefit of taking our foot off the gas on Iranian sanctions will outweigh the cost of their support for terrorism.

Any money the Iranian regime can obtain —whether through its oil exports or by gaining access through sanctions relief—will be immediately repurposed to fund terrorism. According to the U.S. Department of the Treasury’s own Office of Foreign Assets Control (OFAC), Iran’s Islamic Revolutionary Guard Corps-Qods Force has moved tens of millions of dollars—if not hundreds of millions of dollars—to Hamas.⁹ The Biden Administration has exacerbated the situation by failing to apply sufficient pressure to the Iranian regime. Instead, it has allowed the Iranian regime to access more capital to fund terrorism around the world. Now we are dealing with the consequences.

To better understand the Biden Administration’s decisions regarding economic sanctions on Iran please produce the following records:

1. A list of all general and specific licenses, granted to financial institutions in Qatar, Oman, or any other non-Iraqi jurisdictions, in order to receive restricted Iranian funds from Iraq, pursuant to the “Waiver of Sanctions with Respect to the Trade Bank of Iraq in Connection with the Purchase of Electricity and with Respect to Funds Transfers to Financial Institutions to Certain Third-Country Jurisdictions” which was transmitted to Congress on July 18, 2023;

⁵ David S. Cloud, *Iraq Tests U.S. Sanctions With Oil-for-Gas Deal With Iran*, WSJ (July 14, 2023), <https://www.wsj.com/articles/iraq-tests-u-s-sanctions-with-oil-for-gas-deal-with-iran-c318b917>.

⁶ Richard Goldberg, *Biden has a secret, illegal deal with Iran that gives the mullahs everything they want*, NY Post (Sept. 12, 2023), <https://nypost.com/2023/09/12/biden-has-a-secret-illegal-deal-with-iran-that-gives-mullahs-everything-they-want/>.

⁷ Richard Goldberg, *Biden has a secret, illegal deal with Iran that gives the mullahs everything they want*, NY Post (Sept. 12, 2023), <https://nypost.com/2023/09/12/biden-has-a-secret-illegal-deal-with-iran-that-gives-mullahs-everything-they-want/>.

⁸ *Id.*

⁹ Press Release, U.S. Dep’t of the Treasury, *Treasury Targets Facilitators Moving Millions to HAMAS in Gaza* (Aug. 29, 2019), <https://home.treasury.gov/news/press-releases/sm761>.

- a. If applicable, a list of all transactions conducted under the licenses;
2. A list of the financial institutions involved in transferring and converting the funds from the Trade Bank of Iraq to Oman and any other non-Iraqi jurisdictions authorized by the July 2023 “Waiver of Sanctions with Respect to the Trade Bank of Iraq in Connection with the Purchase of Electricity and with Respect to Funds Transfers to Financial Institutions to Certain Third-Country Jurisdictions;”¹⁰
3. A list of the financial institutions involved in transferring and converting the funds from South Korea to Qatar referenced in “Waiver of Sanctions with Respect to the Transfer of Funds from the Republic of Korea to Qatar” which was transmitted to Congress on September 11, 2023;
4. The negotiated terms of the hostage agreement associated with the “Waiver of Sanctions with Respect to the Transfer of Funds from the Republic of Korea to Qatar” which was transmitted to Congress on September 11, 2023;
5. All letters of assurance provided to financial institutions facilitating the transfer and conversion of Iranian funds to Qatar, Oman, or other countries receiving such funds;
6. All assessments completed in full or in part by, or in consultation with, the U.S. Department of the Treasury and its employees, since January 20, 2021, referring or relating to the fungibility of money inside Iran and the regime’s ability to evade sanctions;
7. All assessments completed in full or in part by, or in consultation with, the U.S. Department of the Treasury and its employees, since January 20, 2021, referring or relating to Iranian money being used to support terrorism, including but not limited to money sent to Hamas and Hezbollah;
8. All assessments completed in full or in part by, or in consultation with, the U.S. Department of the Treasury and its employees, referring or relating to the necessity of the “Waiver of Sanctions with Respect to the Transfer of Funds from the Republic of Korea to Qatar” which was transmitted to Congress on September 11, 2023;
9. All assessments completed in full or in part by, or in consultation with, the U.S. Department of the Treasury and its employees, referring or relating to challenges Iran faced in using \$6 billion for humanitarian purposes while the funds were in South Korean account(s) and why transferring the funds to Qatar was necessary to address those challenges;¹¹

¹⁰ Arshad Mohammed, *Exclusive: US issues new 120-day waiver letting Iraq pay Iran for electricity*, Reuters (July 18, 2023), <https://www.reuters.com/business/energy/us-issues-new-waiver-allowing-iraq-pay-iran-electricity-2023-07-18/>.

¹¹ Press Briefing, U.S. Dep’t of State (Sept. 12, 2023), <https://www.state.gov/briefings/departments-press-briefing-september-12-2023/> *see also*, Background Press Call by Senior Administration Officials on the Return of American

10. All assessments completed in full or in part by, or in consultation with, the U.S. Department of the Treasury and its employees, referring or relating to challenges Iran faced in using restricted Iranian funds for humanitarian purposes while the funds were in accounts at the Trade Bank of Iraq and why transferring the funds to Oman and other non-Iraqi financial institutions was necessary to address those challenges;¹²
11. All assessments completed in full or in part by, or in consultation with, the U.S. Department of the Treasury and its employees, referring or relating to guidance or directions not to enforce or prosecute U.S. sanctions of Iranian oil exports, including against tankers, shipping companies, companies providing shipping insurance and reinsurance, and ports providing services to U.S. sanctioned tankers;
12. All written guidance provided to financial institutions on the use of the transferred funds for humanitarian transactions referenced in part 1 and part 2 of the “Waiver of Sanctions with Respect to the Transfer of Funds from the Republic of Korea to Qatar” which was transmitted to Congress on September 11, 2023;
13. The “specific guidance” provided to financial institutions participating in the humanitarian channel in Qatar (HC);¹³
14. A list of all required due diligence measures financial institutions are required to use to make use of the humanitarian channel in Qatar (HC);¹⁴
 - a. Please explain how the most recent stringent due diligence measures differ from those that were established to provide “unprecedented transparency into humanitarian trade with Iran” through the Swiss Humanitarian Trade Arrangement announced on October 25, 2019;¹⁵
15. A list of all special purpose accounts used by or designated for the Islamic Republic of Iran and their location;

Detainees from Iran, The White House (Sept. 17, 2023), <https://www.whitehouse.gov/briefing-room/press-briefings/2023/09/17/background-press-call-by-senior-administration-officials-on-the-return-of-american-detainees-from-iran/>.

¹² Press Briefing, U.S. Dep’t of State (July 24, 2023), <https://www.state.gov/briefings/department-press-briefing-july-24-2023/>.

¹³ Frequently Asked Questions, U.S. Dep’t of the Treasury, Office of Foreign Assets Control, <https://ofac.treasury.gov/faqs/added/2023-09-18>.

¹⁴ *Iran-related Designation and Designation update; Hostages and Wrongfully Detained U.S. Nationals Designations; Publication of Iran Frequently Asked Questions*, Office of Foreign Assets Control (Sept. 18, 2023), <https://ofac.treasury.gov/recent-actions/20230918>

¹⁵ *Financial Channels to Facilitate Humanitarian Trade with Iran and Related Due Diligence and Reporting Expectations*, Office of Foreign Assets Control, U.S. Dep’t of the Treasury, <https://ofac.treasury.gov/media/31416/download?inline>

The Honorable Janet Yellen

October 18, 2023

Page 5

16. A list of all restricted Iranian funds established pursuant to section 1245(d)(4)(D)(ii)(II) of the National Defense Authorization Act for Fiscal Year 2012; Sec 1244(h)(2)(B) of the Iran Freedom and Counter-Proliferation Act of 2013; Sec 1244 (g)(2)(B)(ii)(II) of the Iran Freedom and Counter-Proliferation Act of 2013; and Sec. 1247(d)(2)(B)(2) of the Iran Freedom and Counter-Proliferation Act of 2013, currently held in foreign jurisdictions, the amount of those funds, and a description of their status and Iranian attempts to access them; and
17. The 2017 Counterterrorism Finance Agreement with Qatar and an assessment of Qatar's compliance.

Please provide the requested documents as soon as possible, but no later than 5:00 p.m. on Wednesday, November 1, 2023. Pursuant to Rule X of the Rules of the House of Representatives, the Committee on Financial Services has jurisdiction to oversee the activities the U.S. Department of the Treasury, economic sanctions, and terrorist financing. If you have any questions, please contact the Committee on Financial Services Majority staff. Thank you for your attention to this important matter.

Sincerely,



Patrick McHenry
Chairman



Bill Huizenga
Chairman
Subcommittee on Oversight and
Investigations



Blaine Luetkemeyer
Chairman
Subcommittee on National Security,
Illicit Finance, and International Financial
Institutions