

**Prepared Remarks of Mary McCord, Principal Deputy Assistant Attorney General for National Security, before the House Financial Services Subcommittee on Oversight and Investigations**

**September 8, 2016**

Good morning Chairman Duffy, Ranking Member Green, and members of the subcommittee. Thank you for the opportunity to appear before you today to discuss the Department's role in the settlement of Iran's claim before the Iran-U.S. Claims Tribunal at the Hague for funds in the Foreign Military Sales (or "FMS") trust fund, as well as Iran's associated claim for interest on these funds.

As the Attorney General made clear when the deal was first announced, the Department of Justice fully supported the Administration's resolution of several issues with Iran, including the settlement of the Hague Tribunal claim involving the FMS fund, as well as the arrangements that led to the return of U.S. citizens detained in Iran.

With respect to the Hague settlement, when there is a settlement of litigation that is pending against the United States, it is generally paid from the judgment fund unless there is a separate source of funding for such a settlement. For a payment of a settlement to be made from the judgment fund, the Attorney General must certify to the Treasury that the payment of the settlement is in the best interests of the United States.

Here, the Attorney General approved the settlement and certified payment from the judgment fund of the portion of the settlement that resolved the interest dispute. The certification was based on the Department of Justice's typical type of assessment for such judgment fund payments. Assessment of a settlement payment from the judgment fund includes consideration of the exposure that the United States faces from the claims proposed for settlement. It also considers the likelihood of an adverse ruling against the United States; the likely size of such an award; the background of the litigation, the tribunal, relevant legal arguments, relevant facts, and governing legal doctrines.

The Department's certification of this settlement payment from the judgment fund was based on the assessment that it was in the best interests of the United States -- that the payment was significantly less than the United States's exposure under the claims for the balance in the FMS (foreign military sales) account and the interest on those funds.

The Department of Justice also was involved in the consular negotiations with Iran, and in effectuating the ultimate arrangements that led to the release of American citizens. In this regard, DOJ identified certain criminal cases involving Iranian and Iranian-American defendants for which relief could be provided as a reciprocal humanitarian gesture. The defendants in these cases had been charged primarily with violating the U.S. trade embargo. None were charged with terrorist activity or other violent crimes.

As has been noted previously, the ultimate arrangement involved the pardon or commutation of seven defendants who had been convicted or were awaiting trial in the United States, and the

dismissal of criminal charges against 14 others, all of whom were located outside the United States and for whom our attempts to obtain custody had failed or were likely to fail.

DOJ was also responsible for preparing and filing the paperwork related to the pardons, commutations, and dismissals.

I thank you for the opportunity to testify. I am happy to answer any questions you might have.