

Congress of the United States

Washington, DC 20515

March 11, 2024

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

The Honorable Antony Blinken
Secretary
U.S. Department of State
2201 C Street N.W.
Washington, D.C. 20520

Dear Secretary Yellen and Secretary Blinken:

On January 28, 2024, Kata'ib Hezbollah—an Iran-backed proxy militia group—conducted a lethal drone attack on a U.S. base in Jordan.¹ The attack resulted in the deaths of three American service members and injured over forty others.² For months, the Iran-backed Houthis have been launching missile and drone attacks on global shipping with catastrophic results, including killing two crewmembers and sinking a cargo ship that spilled 21,000 metric tons of fertilizer into the Red Sea.³ Iran-backed militias in Iraq and Syria have launched over 160 attacks on U.S. troops since Hamas—another Iran-backed terrorist organization—murdered over 1,200 innocent people in Israel, kidnapped over 240 people, and committed depraved sexual violence on October 7, 2023.

These attacks raise serious questions about the Biden Administration's Iran sanctions policy. Only six months ago, the Administration authorized the transfer of over \$6 billion worth of Iranian funds from South Korea to a Qatari bank, as a part of a hostage deal that many viewed as tantamount to ransom.⁴ Later in October, Hamas conducted a devastating attack on Israel. In response, the House of Representatives passed a bipartisan bill to block the Iranian regime's access to those funds.⁵

¹ Sabrina Singh, Deputy Pentagon Press Sec'y, Press Briefing (Jan. 24, 2024), <https://www.defense.gov/News/Transcripts/Transcript/Article/3659838/deputy-pentagon-press-secretary-sabrina-singh-holds-a-press-briefing/>.

² C. Todd Lopez, *3 U.S. Service Members Killed, Others Injured in Jordan Following Drone Attack*, DOD NEWS (Jan. 29, 2024), <https://www.defense.gov/News/News-Stories/Article/Article/3659809/3-us-service-members-killed-others-injured-in-jordan-following-drone-attack/>.

³ Jon Gambrell & Tara Copp, *Houthi missile attack kills 3 crew members in Yemen rebels' first fatal assault on shipping*, AP (Mar. 7, 2024), <https://apnews.com/article/yemen-houthi-attacks-us-israel-palestinians-gaza-89c5440d9943216a787b39912bd969e0>.

⁴ Press Briefing, 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/>.

⁵ 169 CONG. REC. H6021 (Nov. 30, 2023) (roll call no. 687 on Passage of No Funds for Iranian Terrorism Act, 307 yeas, 119 nays, 1 present, 8 not voting).

In November, after Hamas' brutal attack, the Biden Administration renewed the 120-day sanctions waiver allowing Iraq to pay Iran for Iranian electricity and allowing the transfer of Iranian funds from the Trade Bank of Iraq to a bank in Oman.⁶ While the Biden Administration alluded to a multi-tiered response to Hamas' attack, it has not addressed if and how waiving sanctions on Iran is part of the strategy to counter Iran's destabilizing role in the Middle East. As summarized by Deputy Pentagon Press Secretary Singh, "[w]e have said and we will continue to call out the fact that Iran does fund and equip these [sic] groups and provide them the capabilities that they use to attack our [S]ervice members, whether it be Iraq, Syria, or Jordan."⁷

The November sanctions waiver will expire in the coming weeks. Given the Biden Administration's posture on the last waiver we presume that the Biden Administration will renew the waiver again to continue to allow for the transfer of funds from Iraq to Oman. By waiving the application of sanctions, the Administration is maintaining a financial lifeline for the Iranian regime, even as it continues to support terrorist organizations around the world.

Iran has a history of lying about humanitarian transactions. There is no reason to think that they will not try to skirt these restrictions again. Additionally, money is fungible, and the waiver and subsequent transfer will free up billions in funds that Iran can now spend on its terrorist proxies, nuclear activities, and military.

To understand the Biden Administration's decisions regarding waiving sanctions on Iran please produce unclassified responses to the following questions:

1. During a hearing on December 13, 2023, former Assistant Treasury Secretary Elizabeth Rosenberg explained that the payment of electricity from Iraq to Iran was never in Iraqi dinar and Iraq has "the opportunity to pay for it either in dinars or euros and they pay for it in euros."⁸
 - a. Why does Iraq choose to pay in euros?
 - b. Why is Iraq allowed to pay in euros?
 - c. Where does Iraq get its euros?
2. During the same hearing, former Assistant Treasury Secretary Elizabeth Rosenberg stated that two transactions had been processed through the Omani channel. Please expand on the nature of the two transactions related to funds located in Oman. Please include:
 - a. What was the monetary value of each transaction?

⁶ Matthew Lee, *U.S. extends sanctions waiver allowing Iraq to buy electricity from Iran*, ASSOCIATED PRESS (Nov. 14, 2023), <https://apnews.com/article/iran-iraq-sanctions-waiver-816c2ba3f8eae10553ed07304c02db0f>.

⁷ *Supra* note 1.

⁸ *Hearing on Iran Sanctions and Terrorism Financing*, C-SPAN, at 24:50 (Dec. 13, 2023), <https://www.c-span.org/video/?532394-1/hearing-iran-sanctions-terrorism-financing>.

- b. Were the funds withdrawn?
 - c. What goods were purchased?
 - d. Have any issues been identified with either of these transactions?
 - e. If yes, please describe the nature of the issues including:
 - i. The good(s) purchased;
 - ii. The entity or entities selling the good(s);
 - iii. The date of the transaction(s);
 - iv. The date Treasury was notified or discovered the issue(s);
 - v. The steps taken by Treasury and State to remedy the issue(s);
 - vi. The steps Treasury and State are taking to prevent any issue from happening again; and
 - vii. Whether the accounts in the Omani bank are frozen from any further humanitarian transactions.
3. Since former Assistant Treasury Secretary Elizabeth Rosenberg disclosed the two transactions, have any other transactions been processed through the Omani channel?
 4. Why are Germany, France, and Italy identified as permissible jurisdictions to facilitate the transfer of funds?
 - a. Why was Germany included in the July 2023 waiver and not the November 2023 waiver?

Please provide the answers to these questions in writing as soon as possible, but no later than 5:00 p.m. on Friday, March 22, 2024. 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 regarding economic sanctions and financing of terrorism, and the Committee on Foreign Affairs has jurisdiction to oversee the activities of the U.S. Department of State regarding international economic policy and export controls. If you have any questions, please contact Kyle Smithwick of the Committee on Financial Services Majority staff at kyle.smithwick@mail.house.gov and Parker Chapman of the Committee on Foreign Affairs Majority staff at parker.chapman@mail.house.gov. Thank you for your attention to this matter.

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Sincerely,



Bill Huizenga
Chairman
Subcommittee on Oversight and
Investigations



Brian Mast
Chairman
Subcommittee on Oversight and
Accountability



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



Joe Wilson
Chairman
Subcommittee on Middle East, North
Africa, and Central Asia