

MEMORANDUM

To: Members of the Committee on Financial Services

From: Financial Services Majority Staff

Date: December 8, 2023

Re: December 13, 2023, Subcommittee on Oversight & Investigations Hearing Entitled “Moving the Money Part 2: Getting Answers from the Biden Administration on the Iranian Regime’s Support of Terrorism”

On Wednesday, December 13, 2023, at 9:00 a.m. in Room 2128 of the Rayburn House Office Building, the Subcommittee on Oversight and Investigations (Subcommittee) will hold a hearing entitled “Moving the Money Part 2: Getting Answers from the Biden Administration on the Iranian Regime’s Support of Terrorism.” Testifying at the hearing will be:

- **Ms. Elizabeth Rosenberg**, Assistant Secretary for Terrorist Financing and Financial Crimes
- **Mr. Abram Paley**, Deputy Special Envoy to Iran

This hearing will examine how restricted Iranian funds are held around the world and how the Iranian regime continues to access these funds. The Subcommittee will question Assistant Secretary Rosenberg about why the \$6 billion in restricted Iranian funds in South Korea were transferred to Qatar as was purportedly required by the terms of the September 2023 hostage negotiation; and why the Biden Administration recently renewed the 120-day waiver for Iraq to make payments for electricity to Iran.

Background

Iran sanctions have been a significant component of U.S. foreign policy since Iran’s 1979 Islamic Revolution. U.S. sanctions are intended to try to compel Iran to cease supporting acts of terrorism, persuade Iran to end its nuclear program, and to limit Iran’s strategic power in the Middle East more generally.¹ As of 2018, the U.S. sanctions on Iran block Iranian government assets in the United States, ban nearly all U.S. trade with Iran (except food and agricultural commodities, medicine, medical supplies, and humanitarian-related goods), and prohibit foreign assistance and arms sales.² Despite sanctions, Iran has continued to provide funding to international terrorist organizations, including Hamas and Hezbollah.³

\$6 Billion in Transferred Funds from South Korea to Qatar

¹ CONGRESSIONAL RESEARCH SERVICE, U.S. SANCTIONS ON IRAN (July 20, 2023) <https://crsreports.congress.gov/product/pdf/IF/IF12452>.

² *Id.*

³ CONGRESSIONAL RESEARCH SERVICE, IRAN: BACKGROUND AND U.S. POLICY (Sept. 29, 2023) <https://crsreports.congress.gov/product/pdf/R/R47321>.

In September 2023, Iran released five U.S. citizens detained by Tehran. In exchange, the United States released five Iranians held in the United States. As a part of negotiation, the Biden Administration released waived sanctions to allowed the transfer of \$6 billion of Iranian funds from accounts in South Korea, through accounts in Europe, ultimately to accounts in Qatar, to be used for humanitarian purposes, such as food and medicine.⁴ However, Iranian President Ebrahim Raisi claimed Iran would use the money “wherever we need it.”⁵ In response to the Hamas attack on Israel in October 2023, recent reports indicate the Biden Administration and Qatar have come to a “quiet understanding” to deny Iran access to the \$6 billion dollars.⁶

\$10 Billion in Transferred Funds from Iraq to Oman

In July 2023, the Biden Administration granted a 120-day national security waiver to release funds held in escrow accounts relating to Iraq’s purchase of electricity from Iran.⁷ The electricity waiver allowed for the transfer of billions of dollars’ worth of funds from Iran’s restricted accounts in Iraq to restricted accounts in Oman and other jurisdictions.⁸ Once in Oman, the funds were only available “for non-sanctionable activities such as humanitarian assistance.”⁹ On November 13, 2023, the Biden Administration renewed the 120-waiver allowing Iraq to pay for Iranian electricity. This time the waiver allowed for the transfer of funds to financial institutions under the primary jurisdiction of Oman, Italy, and France. The European jurisdictions are likely included because Iran prefers access to Euros instead of Iraqi dinar. There have been no public reports on the status of this funding and whether it continues to be available to Iran for humanitarian purposes.

⁴ David S. Cloud, *Iran Prisoner Swap Gives Tehran \$6 Billion. How Will It Be Spent?*, THE WALL STREET JOURNAL (Sept. 19, 2023) <https://www.wsj.com/world/middle-east/iran-prisoner-swap-gives-tehran-6-billion-how-will-it-be-spent-2109d440>.

⁵ Dan De Luce, *Iranian President Says Tehran Will Spend the \$6 Billion Released in Prisoner Exchange ‘Wherever We Need It’*, NBC NEWS (Sept. 12, 2023) <https://www.nbcnews.com/news/world/iranian-president-says-tehran-will-spend-6-billion-released-prisoner-e-rcna104475>.

⁶ Jennifer Hansler, MJ Lee, and Alex Marquardt, *US and Qatar Reach ‘Quiet Understanding’ Not to Release \$6 Billion Sent to Iran For Now, Treasury Official Tells House Democrats*, CNN (Oct. 12, 2023) <https://www.cnn.com/2023/10/12/politics/us-qatar-iran-funds/index.html>.

⁷ 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/>.

⁸ Richard Goldberg, *Biden Has a Secret, Illegal Deal With Iran That Gives Mullahs Everything They Want*, NEW YORK POST (Sept. 12, 2023) <https://nypost.com/2023/09/12/biden-has-a-secret-illegal-deal-with-iran-that-gives-mullahs-everything-they-want/>.

⁹ Press Briefing, U.S. Dep’t of State (July 24, 2023), <https://www.state.gov/briefings/department-press-briefing-july-24-2023/>.