

MEMORANDUM

To: Members of the Committee on Financial Services

From: Financial Services Majority Staff

Date: October 23, 2023

Re: October 26, 2023, Subcommittee on Oversight & Investigations Hearing Entitled “Moving the Money: Understanding the Iranian Regime’s Access to Money Around the World and How They Use It to Support Terrorism”

On Thursday, October 26, 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: Understanding the Iranian Regime’s Access to Money Around the World and How They Use It to Support Terrorism.” Testifying at the hearing will be:

- **Mr. Richard Goldberg:** Senior Advisor, Foundation for Defense of Democracies
- **Mr. Gabriel Noronha:** Fellow, The Gemunder Center for Defense and Strategy, The Jewish Institute for National Security of America (JINSA)
- **Mr. Clayton Thomas:** Specialist in Middle Eastern Affairs Foreign Affairs, Defense, and Trade Division, Congressional Research Service

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 review why \$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. The hearing will also focus on why the Biden Administration granted Iraq a waiver to transfer \$10 billion in restricted Iranian funds to Oman and potentially to other jurisdictions as well.

Background

Iran sanctions have been a significant component of U.S. policy since Iran’s 1979 Islamic Revolution. U.S. sanctions are intended to compel Iran to cease supporting acts of terrorism, persuade Iran to end its nuclear program, and limit Iran’s strategic power in the Middle East more generally.¹ As of 2018, 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

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>.

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

In September 2023, Iran released five U.S. citizens held by Tehran. In exchange, the United States released five Iranians held in the United States. As a part of the terms of the negotiation, the Biden Administration also transferred \$6 billion of Iranian funds from accounts in South Korea, through accounts in Europe, ultimately to accounts in Qatar. These funds are to be used for humanitarian purposes, such as food and medicine.⁴ However, Iranian President Ebrahim Raisi claimed Iran would use the funds “wherever we need it.”⁵ In response to the Hamas attack on Israel in October 2023, recent reports say 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, Secretary of State Anthony Blinken signed a 120-day national security waiver allowing Iraq to pay Iran for importing Iranian electricity.⁷ The electricity waiver also allows for the transfer of \$10 billion from Iran’s restricted accounts in Iraq to restricted accounts in Oman.⁸ Once in Oman, the funds will only be available “for non-sanctionable activities such as humanitarian assistance.”⁹ There have been no public reports on the current 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/departments-press-briefing-july-24-2023/>.