

House Financial Services Committee

*Subcommittee on National Security, Illicit Finance, and International Financial Institutions*

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# How America and Its Allies Can Stop Hamas, Hezbollah, and Iran from Evading Sanctions and Financing Terror

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## Introduction

Chairman Luetkemeyer, Ranking Member Beatty, and distinguished members of this subcommittee, thank you for the opportunity to address you today on this important issue.

We gather here today less than three weeks since the most horrific massacre of Jews since the Holocaust. The crimes against humanity committed by Hamas will take a lifetime to fully process. And we still don't even know the half of it.

Hamas is responsible for the murders of dozens of Americans and has long been designated as a terrorist organization in the United States, the United Kingdom, and the European Union.

And yet for years now, U.S. policy in coordination with Israel has encouraged or enabled countries like Qatar and Turkey to become state sponsors of Hamas.

With Hamas designated by the State Department as a Foreign Terrorist Organization (FTO) and separately listed by the Treasury Department under Executive Order 13224 as a Specially Designated Global Terrorist entity, the executive branch has long enjoyed broad authority to crack down on Hamas sponsors and enablers throughout the world. Past reports and occasional Treasury actions have revealed potential front companies and material support in Turkey, Qatar, Lebanon, the UAE, Saudi Arabia, Sudan, Algeria, Kuwait, and Malaysia.<sup>1</sup>

Last week's designations of Hamas operatives and facilitators in Qatar, Turkey, Sudan, and Algeria should be the opening salvo of a maximalist sanctions enforcement campaign to shut down every possible spigot of support to Hamas.<sup>2</sup> For such a campaign to succeed, however, the administration and Congress must do everything possible to hold Hamas state sponsors and enablers accountable, too. Congress should mandate the application of secondary sanctions on banks that process transactions for any entity designated under EO 13224.

## Qatar's Moment of Choosing

Besides Iran — which provides funding, weapons, training, coordination, direction, and more to support Hamas terror activities — Qatar is one of Hamas' largest political and financial patrons. Qatar's publicly reported annual support to Hamas ranges from \$120 million to \$480 million depending on the year and information source.<sup>3</sup> These funds benefit Hamas leaders directly through payroll and kickback schemes and indirectly through social services and government operations that help Hamas maintain political control over Gaza. All the while, Qatar's state-

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<sup>1</sup> "10 Things to Know about Hamas," *Foundation for Defense of Democracies*, October 16, 2023. (<https://www.fdd.org/analysis/2023/10/16/10-things-to-know-about-hamas>); U.S. Department of the Treasury, Press Release, "Treasury Targets Covert Hamas Investment Network and Finance Official," May 24, 2022. (<https://home.treasury.gov/news/press-releases/jy0798>)

<sup>2</sup> U.S. Department of the Treasury, Press Release, "Following Terrorist Attack on Israel, Treasury Sanctions Hamas Operatives and Financial Facilitators," October 18, 2023. (<https://home.treasury.gov/news/press-releases/jy1816>)

<sup>3</sup> "10 Things to Know about Hamas," *Foundation for Defense of Democracies*, October 16, 2023. (<https://www.fdd.org/analysis/2023/10/16/10-things-to-know-about-hamas>); "U.S. Wrong to Involve Qatar and Turkey in Israeli Hostage Negotiations," *Foundation for Defense of Democracies*, October 10, 2023. (<https://www.fdd.org/analysis/2023/10/10/u-s-wrong-to-involve-qatar-and-turkey-in-israeli-hostage-negotiations>)

sponsored media channel, Al-Jazeera, spreads antisemitism, anti-Americanism, and incitement to violence throughout the Arab world.

For years now, in spite of criticism from many of us in the policy community, the United States and Israel allowed Qatar to operate in this fashion — having been deluded by the Qataris that such financial and political support would moderate Hamas and turn them into a responsible governing partner. Qatar's thesis that the United States and Israel needed Qatar's support for Hamas to keep Hamas in line was completely disproven by the events of October 7. We need to put maximum pressure on Qatar to terminate its support to Hamas without delay. And if Doha wants to avoid permanent damage to the U.S.-Qatari relationship, it needs to deliver the unconditional release of every hostage — not only foreign nationals — held by Hamas by a date certain.

Quite shockingly, the Biden administration today refuses to face this reality and instead continues thanking Qatar for providing good offices to conduct a hostage negotiation with Hamas. A day after Secretary of State Antony Blinken visited Doha to empower Qatari talks with Hamas, Iran's foreign minister flew to Doha to meet with Haniyeh. The Hamas office in Qatar remains open today. Haniyeh and other Hamas leaders — like Khaled Mashal, who issued a global threat against Jews in the aftermath of October 7, forcing Jewish schools around the world to close their doors — continues to reside in Qatar.

We must end the illusion that Qatar holds leverage over the United States. The Armed Services Committees of the House and Senate alongside defense appropriators can force the Defense Department to relocate our Combined Air Operation Center at Al Udeid to another location — such as Al Dhafra in the UAE. Qatari assets within U.S. jurisdiction are more than plentiful. Replacing a Major Non-NATO Ally designation with a State Sponsor of Terrorism designation would have a destabilizing effect on Qatar overnight — rippling through its global investment portfolio, energy sector, national air carrier, and international prestige.

While it's clear the White House is falling for the snake charm offensive once again — empowering Qatar and Hamas to use 200 hostages as leverage over Jerusalem and Washington — Congress should act quickly to apply maximum pressure on Qatar until every hostage is released without preconditions. And once they're released, Congress should maintain that pressure until every spigot of Qatari support to Hamas has been terminated.

That could include designating Qatar as a state sponsor of terrorism; imposing sanctions on Qatar, including freezing its assets under U.S. jurisdiction; amending the Foreign Sovereign Immunities Act to enable American victims of Hamas terrorism and hostage-taking to sue Qatar; imposing sanctions on Al Jazeera for incitement to terrorism; shutting down airspace to Qatar Airways; and compiling a detailed accounting of Qatari investments and donations throughout the United States that it uses to whitewash its reputation.

### **Confronting Turkey's Sponsorship of Hamas**

A day of reckoning for Turkey is also at hand. Turkish President Erdogan is ideologically aligned with Hamas, which grew out of the Muslim Brotherhood. In 2018, Erdogan told Israeli Prime

Minister Benjamin Netanyahu that “ Hamas is not a terrorist organization and Palestinians are not terrorists.<sup>4</sup> It is a resistance movement that defends the Palestinian homeland against an occupying power.”<sup>5</sup>

Like in Qatar, Hamas maintain offices in Turkey. Hamas leaders, including Mashal, Ismail, and Saleh al-Arouri, have openly met with Erdogan many times.<sup>6</sup> Arouri and Haniyeh hold Turkish passports to enable international travel. Arouri, however, may be the most prominent Hamas guest residing in Turkey since he is the operational link between Tehran and the terrorist group and is wanted in connection with the murder of an American citizen — with a \$5 million bounty on his head.<sup>7</sup> In July, Israel seized 16 tons of explosive material that originated in Turkey that were bound for Gaza, apparently intended for Hamas rockets.<sup>8</sup>

While the United States may not be able to expel Turkey from NATO under its rules, it can certainly impose a range of economic consequences on Ankara if political, financial, and military support for Hamas do not come to an end. As a start, both the Treasury and Justice Departments should be given a green light to seek out every possible Turkish target for sanctions or indictment — and Congress can require regular reporting on such progress. As Congress once blocked Turkey’s access to the F-35 program, Congress should be blocking access to other weapons systems until Ankara terminates its relationship with Hamas. Erdogan uses his leverage to block the expansion of NATO until countries end their relationships with the PKK; Congress can return the favor by demanding that Turkey stops supporting Hamas.

### **Additional Steps Targeting Iran’s Tentacles**

We should enlist Saudi Arabia and the UAE’s assistance in cracking down on every suspected front company that might be laundering resources for Hamas. And Congress should also ensure that the Treasury Department and the Internal Revenue Service are monitoring organizations and individuals in the United States who may be raising money for Hamas domestically.

While Treasury may have designated, shut down, or frozen the assets of several of these groups a decade ago, the possibility remains that — without enforcement — such groups could easily reconstitute themselves and continue their original project under a different name.

Even now, a Virginia-based nonprofit, American Muslims for Palestine (or AMP), a group that lobbied on the Hill only yesterday, is currently being sued by an American family — the Boims

<sup>4</sup> @AGrist95, X, May 15, 2018. (<https://twitter.com/AGrist95/status/1711431096242446586?s=20>)

<sup>5</sup> “Palestinian Authority Refuses Israel’s Lifeline to Prevent Collapse,” *Foundation for Defense of Democracies*, July 10, 2023. (<https://www.fdd.org/analysis/2023/07/10/palestinian-authority-refuses-israels-lifeline-to-prevent-collapse>)

<sup>6</sup> Gulsen Solaker, “Abbas and Haniyeh meet in Ankara before Cairo,” *Deutsche Welle* (Germany), July 26, 2023. (<https://www.dw.com/tr/abbas-ile-haniye-kahire-%C3%B6ncesi-ankarada-bulu%C5%9Ftu/a-66356837>)

<sup>7</sup> “Salih al-Aruri,” *U.S. Department of State, Rewards for Justice*, accessed on October 22, 2023. (<https://rewardsforjustice.net/rewards/salih-al-aruri/#:~:text=About,Brigades%2C%20Hamas%20military%20wing>)

<sup>8</sup> “Israel Intercepts Rocket-Making Material En Route to Gaza From Turkey,” *Foundation for Defense of Democracies*, September 15, 2023. (<https://www.fdd.org/analysis/2023/09/15/israel-intercepts-rocket-making-material-en-route-to-gaza-from-turkey>); “Explosive materials found inside containers bound for Gaza,” *i24 News* (Israel), September 14, 2023. (<https://www.i24news.tv/en/news/middle-east/palestinian-territories/1694677181-revealed-explosive-materials-found-inside-containers-bound-for-gaza>)

— whose teenage son was murdered by Hamas.<sup>9</sup> AMP might not be a widely recognized name, but it is closely tied to Students for Justice in Palestine — the primary instigator of pro-Hamas demonstrations around the country today, including on college campuses, where it has significantly contributed to a climate of fear and intimidation felt by American Jewish students.<sup>10</sup> The Boim family alleges that AMP is operating as a “disguised continuance” of two organizations that were found civilly liable by a federal court for financing Hamas under the cover of humanitarian aid.<sup>11</sup> You might remember these names: Holy Land Foundation and Islamic Association of Palestine.

The Seventh Circuit recently ruled that this case could go forward, and it is currently ongoing.<sup>12</sup>

We at FDD have been researching AMP for years.<sup>13</sup> And in recent months, we have seen indications of possible support for Hamas. We are ready to brief Congress and law enforcement on this research.

Congress should also press social media organizations to ensure that crowd-funded philanthropy platforms aren't being misused to finance Hamas' acts of terror. Even now, an organization like Pious Projects of America can openly tell its supporters that they're sending \$50,000 to the Gaza Ministry of Health — which is an institution run by Hamas.<sup>14</sup>

Looking abroad, we need to re-evaluate our support to the Lebanese Armed Forces, knowing full well that the LAF does nothing to confront Hezbollah or Hamas within the country. Indeed, it's time to face reality that the U.S. taxpayer is merely subsidizing an arm of a Hezbollah-controlled government that allows Iran to coordinate operations between Hezbollah, Hamas, and Islamic Jihad on a daily basis from Beirut.

Right now, Hezbollah is launching anti-tank guided missiles and rockets into Israel on a near-daily basis. Israel could face an even larger war on its northern front at any moment. Cracking down on Hezbollah's financing is equally if not more important than our anti-Hamas objectives. Congress should demand maximum enforcement of the Hezbollah International Financing Prevention, as amended — with a particular focus on Hezbollah's operations in the Western Hemisphere. Given the state of our southern border and Hezbollah's longstanding ties to the

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<sup>9</sup> Boim et al v. American Muslims for Palestine et al, Accessed October 10, 2023.

(<https://dockets.justia.com/docket/illinois/ilndce/1:2022cv06085/423160>)

<sup>10</sup> David Swindle, “Students for Justice in Palestine chapters launch pro-terror rallies across US,” *Jewish News Syndicate*, October 13, 2023. (<https://www.jns.org/students-for-justice-in-palestine-chapters-launch-pro-terror-rallies-across-america>)

<sup>11</sup> *Boim v. Am. Muslims for Palestine*, 17C 3591 (7th Cir. 2021). (<https://casetext.com/case/boim-v-am-muslims-for-palestine-2>)

<sup>12</sup> Melissa Weiss, “Family of slain teenager makes headway in decades-old terror funding lawsuit,” *Jewish Insider*, August 18, 2021. (<https://jewishinsider.com/2021/08/david-boim-family-lawsuit-hamas-terror-funding>)

<sup>13</sup> Jonathan Schanzer, “Examining Current Terrorist Financing Trends and the Threat to the Homeland,” *Hearing before House Homeland Security Committee Counterterrorism and Intelligence Subcommittee*, May 12, 2016. (<https://docs.house.gov/meetings/HM/HM05/20160512/104904/HHRG-114-HM05-Wstate-SchanzerJ-20160512.pdf>)

<sup>14</sup> @piousprojects, *Instagram*, October 14, 2023.

(<https://www.instagram.com/p/CyZmMxaLLFr/?igshid=MzRIODBiNWFIZA%3D%3D>)

Mexican drug cartels, we must view Hezbollah as a clear and present danger to U.S. national security.

We also should seize this moment to push the European Union to do what should have been done years ago — designate Hezbollah as a terrorist organization in its entirety and block any means for Iran’s proxy to raise money through so-called “political” offices and charities.

### **Squeezing the Head of the Terror Octopus: Iran**

While focus on Hamas and Hezbollah financing is important, we know they are merely terror tentacles of a larger octopus based in Tehran. A policy that pressures subsidiaries while enriching their parent company is doomed to fail. We must return to a maximalist sanctions posture toward the Islamic Republic of Iran — and that starts by locking down funds made available to Iran over the last few months.

In May 2023, the White House secretly dispatched National Security Council Middle East and North Africa Coordinator Brett McGurk to send messages to Tehran through the sultan of Oman — presumably asking the Omanis to serve as a backchannel in brokering a nuclear deal with Iran.<sup>15</sup> This is what McGurk’s boss — National Security Advisor Jake Sullivan — had done in 2013 to offer what would become the Joint Plan of Action and eventually the Joint Comprehensive Plan of Action (JCPOA). On May 26, 2023, Oman was the site of a controversial prisoner exchange in which Belgium traded an Iranian diplomat convicted of attempting to bomb a rally in Paris (that prominent Americans were scheduled to attend) for a Belgian aid worker taken hostage by Iran.<sup>16</sup> Three days later, on May 29, 2023, the sultan of Oman was sitting in Tehran speaking with Ayatollah Ali Khamenei, presumably brokering the deal McGurk had put in play.<sup>17</sup> The leak to *Axios* of McGurk’s initial visit would come the next day.

On that same day, May 30, 2023, the Governor of the Central Bank of Iran (CBI) — an institution subject to U.S. terrorism sanctions for its role in financing the IRGC, Hezbollah, and other terrorist organizations — unexpectedly departed for Washington, ostensibly for meetings at the International Monetary Fund (IMF).<sup>18</sup> Later that week, speaking from Washington, he would tell Iranian press that “Iran has quick access to \$6.7 billion worth of its available financial resources” at the IMF. I would note for the committee that while subsequent press reports confirmed the new U.S.-Iran nuclear deal includes Iran accessing its IMF special drawing rights (SDRs), we have no further information on the details of how SDRs might be swapped for fiat currency, nor do we know whether any U.S. officials met with the CBI governor while he was in Washington. Congress should learn what happened and how Iran may be accessing its SDRs — now or in the future.

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<sup>15</sup> Barak Ravid, “Biden adviser discussed possible outreach to Iran on nuclear program with Oman: sources,” *Axios*, May 30, 2023. (<https://www.axios.com/2023/05/30/iran-nuclear-program-oman-outreach-deal-mcgurk>)

<sup>16</sup> Jon Gambrell and Raf Casert, “Belgium, Iran conduct prisoner swap in Oman, freeing aid worker and diplomat convicted in bomb plot,” *Associated Press*, May 26, 2023. (<https://apnews.com/article/iran-belgium-prisoner-swap-oman-caa4a1a0ad05711df8f484d83657a44a>)

<sup>17</sup> “Why Is Oman’s Sultan In Iran And Will It See The Revival Of JCPOA?” *Iran International*, May 29, 2023. (<https://www.iranintl.com/en/202305299397>)

<sup>18</sup> “CBI governor leaves Tehran for Washington to meet IMF officials,” *Tehran Times* (Iran), May 20, 2023. (<https://www.tehrantimes.com/news/485287/CBI-governor-leaves-Tehran-for-Washington-to-meet-IMF-officials>)

Confirmation of a new agreement reached between the United States and Iran over its nuclear program was first reported publicly on June 7, 2023, in *Haaretz*.<sup>19</sup> According to that report, Iran would “stop the process of enriching uranium to high levels” in exchange for sanctions relief. The report characterized the release of \$20 billion for Iran’s use — from Iraq, South Korea, and the IMF — as “the first stage” in this “understanding.” The report also referenced the prior month’s Belgian-Iranian prisoner exchange — a man convicted of attempting to bomb a conference for an innocent aid worker — as a confidence building measure offered to Iran to show the West’s sincerity. The extent to which the U.S. government communicated with Belgian authorities — either directly or through the European Union — is not yet known.

Three days later, on June 10, 2023, Reuters reported the United States had allowed Iran to use \$2.76 billion of its funds being held in escrow in Iraq to pay off debts in other parts of the world.<sup>20</sup> On July 3, 2023, *Iran International* quoted the head of the Iran-Iraq Chamber of Commerce as claiming that \$10 billion of Iraqi “debts to Iran” had been made available for buying “non-sanctioned” goods.<sup>21</sup>

On July 14, 2023, *The Wall Street Journal* reported that Iraq and Iran had agreed to trade oil for gas as another way for Tehran to gain economic relief — a swap that should be prohibited under U.S. sanctions absent a national security waiver since trade in oil remains a sanctionable activity.<sup>22</sup>

On July 18, 2023, Reuters reported that the Biden administration had issued a new national security waiver facilitating Iraqi payments for Iranian electricity.<sup>23</sup> This waiver, however, was something new. Rather than keeping money in escrow in Baghdad, Iraq would now be allowed to transfer its payments to third party countries for Iran’s further use. Under questioning on July 24, 2023, the State Department spokesperson revealed that Iran’s funds previously held in Iraq, totaling an estimated \$10 billion, would be transferred to a bank in Oman, where Iran could draw down funds to subsidize its budget.<sup>24</sup>

That waiver should be revoked, and a new waiver should be issued, adhering to previous U.S. policy requiring Iraq to deposit funds paid for Iranian electricity into an escrow account in

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<sup>19</sup> Amos Harel, “Major Progress Made in Nuclear Talks Between U.S. and Iran in Preparation for a New Agreement,” *Haaretz* (Israel), June 7, 2023. (<https://www.haaretz.com/israel-news/2023-06-07/ty-article/premium/major-progress-made-in-nuclear-talks-between-u-s-and-iran/00000188-94bd-df21-a1b8-b7bd413d0000>)

<sup>20</sup> “Iraq to pay \$2.76 billion in gas and electricity debt to Iran,” *Reuters*, June 10, 2023.

(<https://www.reuters.com/world/middle-east/iraq-pay-276-bln-gas-electricity-debt-iran-2023-06-10>)

<sup>21</sup> “Iran Official Claims Iraq Has Released All Of Its \$10 Billion Debt,” *Iran International*, July 3, 2023.

(<https://www.iranintl.com/en/202307037277>)

<sup>22</sup> David S. Cloud and Ghassan Adnan, “Iraq Tests U.S. Sanctions With Oil-for-Gas Deal With Iran,” *The Wall Street Journal*, July 14, 2023. (<https://www.wsj.com/articles/iraq-tests-u-s-sanctions-with-oil-for-gas-deal-with-iran-c318b917>)

<sup>23</sup> 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>)

<sup>24</sup> Matthew Miller, “Department Press Briefing,” *U.S. State Department*, July 24, 2023.

(<https://www.state.gov/briefings/department-press-briefing-july-24-2023/#post-463770-iran-oman>)

Baghdad. All funds held by Iran in Oman should be immediately restricted without exception. Not a penny should move out of Oman or Iraq for Iran's benefit.

Meanwhile, while billions of dollars were being made available to Iran via Baghdad and Muscat, another central pillar of the new U.S. policy was coming into public view. On June 16, 2023, a Reuters headline screamed: "Iran's oil exports hit 5-year highs as US holds nuclear talks," while the report said Iran's crude exports exceeded 1.5 million barrels per day in May — the highest monthly rate since 2018.<sup>25</sup> On July 6, 2023, *The Wall Street Journal* reported that Iranian oil exports had reached yet another five-year high at 1.6 million barrels per day — more than double the level from one year prior.<sup>26</sup> By August 21, 2023, Bloomberg reported that one popular tanker tracking firm estimated Iran's oil exports surpassed 2.2 million barrels per day during the first 20 days of August.<sup>27</sup> A September 4, 2023, report from Bloomberg pegged Iranian crude exports at somewhere between 1.4 million and 1.9 million barrels per day — with China being the primary export market.<sup>28</sup> These figures are in stark contrast to where Iranian oil exports stood at the height of the Trump administration's maximum pressure campaign, when oil exports had plummeted to a few hundred thousand barrels per day.<sup>29</sup>

On the record, the State Department would have you believe the administration is fully enforcing U.S. oil sanctions. As someone who drafted these sanctions in the U.S. Senate and helped coordinate their enforcement in the National Security Council — there is no way for Iran to boost its exports to this extent without the White House ordering the non-enforcement of U.S. sanctions and providing clear signals to Beijing that U.S. sanctions will not be enforced. Indeed, on August 25, 2023, Bloomberg reported that "US officials privately acknowledge they've gradually relaxed some enforcement of sanctions on Iranian oil sales." Congress passed laws for a reason. Iran's conduct has not changed. Congress has a responsibility to ensure sanctions are not merely on the books but also enforced.<sup>30</sup>

Putting a value estimate on this oil sanctions relief is a moving target, given the changing price of oil, the discount China is likely receiving, and the inherent costs associated with illicit transfers, albeit with tacit U.S. permission. My FDD colleague, economist Saeed Ghasseminejad,

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<sup>25</sup> Alex Lawler, "Iran's oil exports hit 5-year highs as US holds nuclear talks," *Reuters*, June 16, 2023. (<https://www.reuters.com/markets/commodities/irans-oil-exports-output-hit-five-year-highs-us-holds-nuclear-talks-2023-06-16>)

<sup>26</sup> Benoit Faucon, "Iran Floods Global Markets With Cheap Oil as Saudi Arabia Cuts Output," *The Wall Street Journal*, July 6, 2023. (<https://www.wsj.com/articles/iran-floods-global-markets-with-cheap-oil-as-saudi-arabia-cuts-output-e78aeac>)

<sup>27</sup> Alaric Nightingale, "Iran's Booming Oil Flows Surge Above 2 Million Barrels a Day," *Bloomberg*, August 21, 2023. (<https://www.bloomberg.com/news/articles/2023-08-21/iran-s-booming-oil-flows-surge-above-2-million-barrels-a-day?sref=3OIZCXOE>)

<sup>28</sup> Sharon Cho, Serene Cheong, and Anthony Di Paola, "Iran's Booming Oil Exports Are Poised to Slow for Rest of Year," *Bloomberg*, September 4, 2023. (<https://www.bloomberg.com/news/articles/2023-09-04/iran-s-booming-oil-exports-are-poised-to-slow-for-rest-of-year?embedded-checkout=true>)

<sup>29</sup> Alex Lawler, "As Trump's sanctions bite, Iran's oil exports slide further in June," *Reuters*, June 24, 2019. (<https://www.reuters.com/article/us-oil-iran-exports-idUSKCN1TP1F0>)

<sup>30</sup> Grant Smith, Anthony Di Paola, and Ben Bartenstein, "For Global Oil Markets, a US-Iran Deal Is Already Happening," *Bloomberg*, August 25, 2023. (<https://www.bloomberg.com/news/articles/2023-08-25/for-global-oil-markets-a-us-iran-deal-is-already-happening>)

estimated it to be between \$26.3 billion and \$29.5 billion.<sup>31</sup> We don't know if the administration has greenlighted any financial payments between China and Iran. But we are seeing evidence of major barter deals in which Beijing pays for this oil in the form of multi-billion-dollar infrastructure projects — like a \$2.7 billion redevelopment of Tehran's international airport announced in late August.<sup>32</sup>

Unlike other statutes, the sanctions laws governing Iranian oil exports are not subject to the executive's discretion. These laws use the word “shall” instead of “may” when mandating the imposition of sanctions.

I am confident that the Treasury Department has a long list of potential sanctions targets to pursue to crack down on this oil trade — but the White House has directed a policy of non-enforcement. Congress can put pressure on the administration to enforce sanctions through investigations, oversight, and new reporting and determination requirements.

That brings us to the money most people talk about — the \$6 billion moved from South Korea to Iranian banks accounts in Qatar last month ostensibly as part of a hostage ransom payment to Tehran.<sup>33</sup> While the administration claims it has frozen that money — for now — Qatar and Iran claim otherwise. Congress should quickly pass legislation to ensure all funds held in Qatar remain inaccessible to Iran — and extend that restriction to all other Special Purpose Accounts where other Iranian assets may be held in escrow, including the \$10 billion held in Oman.

The administration can also impact Iran's economy in other ways — not just financial sanctions. Last week, while the president visited Israel, he and our European allies allowed the United Nations (UN) missile embargo on Iran to expire. The market in Iran sees this for what it is — leaving a door open to further nuclear talks and U.S. sanctions relief. Additionally, allowing the missile embargo on Iran to expire grants international legitimacy to Iran's transfer of armed drones to Russia for use against Ukraine and further legitimizes any future transfers of ballistic missiles, too.

There is an easy way to restore that embargo and all other UN restrictions and sanctions on Iran: the snapback. With a simple letter to the Security Council, the United States along with the United Kingdom, France, and Germany can start a 30-day process to “snapback” sanctions — something Russia and China cannot block pursuant to UN Security Council Resolution 2231. Doing so will not only help our broader national security strategic objectives, but it will also create enormous pressure on Iran's economy by removing any doubt that the era of appeasement has come to an end.

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<sup>31</sup> Saeed Ghasseminejad, “The Monetary Value of Relaxed Oil Sanctions Enforcement by the Biden Administration,” *Foundation for Defense of Democracies*, September 28, 2023. (<https://www.fdd.org/analysis/2023/09/28/the-monetary-value-of-relaxed-oil-sanctions-enforcement-by-the-biden-administration>)

<sup>32</sup> “Iran Finalizes Bartering Deal of Oil with China to Develop IKIA,” *Tasnim News Agency* (Iran), August 27, 2023. (<https://www.tasnimnews.com/en/news/2023/08/27/2947863/iran-finalizes-bartering-deal-of-oil-with-china-to-develop-ikia>)

<sup>33</sup> Jon Gambrell and Matthew Lee, “Iran transfers 5 Iranian-Americans from prison to house arrest in step toward deal for full release,” *Associated Press*, August 10, 2023. (<https://abcnews.go.com/US/wireStory/iran-puts-5-iranian-american-prisoners-house-arrest-102170613>)

We should be pushing our ally, the United Kingdom, to do much more in this arena. Prime Minister Sunak and Foreign Secretary Cleverly have both come forward to condemn Hamas, yet their policies continue to enrich Hamas' chief sponsor in Iran. Sunak and Cleverly continue to block Home Secretary Braverman from proscribing the Islamic Revolutionary Guard Corps as a terrorist organization despite reports of a deep network through Britain.<sup>34</sup> In the face of an IRGC-sponsored massacre of 1,500 Jews and ongoing threats to Jewish communities inside the UK, it's time for Rishi Sunak to do the right thing. And if he can summon the moral fortitude that this moment demands, the European Union will follow.

### **A Final Word on Sanctions Enforcement**

We should be honest that Treasury is stretched thin trying to enforce our sanctions on Russia and a range of other threats — from North Korea to fentanyl kingpins. We must adequately and effectively fund sanctions and export control enforcement efforts, but ramping up those efforts will take months, if not years.

One idea, which merits further consideration, is harnessing the power of the private sector to boost our capacity to enforce sanctions. Congress could create new categories of assets subject to confiscation and forfeiture and strengthen whistleblower rewards and protections. Giving a financial incentive for whistleblowers by providing a greater share of any fine for banks facilitating sanctions evasion can put a price on the head of those engaged in such conduct. Congress can also improve the ability of the United States to target sanctions evasion by Iran or its terror proxies by adding sanctions and export control violations as a predicate to the existing list of unlawful activities under multiple forfeiture provisions. The aggregate effect would be one that permits an expedited process for seizing assets by both the government and the private sector.

Congress could also create a qui tam provision that allows private citizens to file a lawsuit if they have knowledge of an organization, company, or individual engaged in sanctionable or prohibited conduct. Just as we already do under the False Claims Act, we should incentivize the public to report sanctionable activity in return for a share of seized assets. It would effectively permit private sector actors to sue sanctions violators on behalf of the U.S. government. The U.S. government could decide to either assume the civil suit or not, but the result would be that those bringing the action could receive a significant percentage of any civil penalty assessed by the courts. This effort could privatize sanctions enforcement and create a market-based incentive structure.

### **United Nations Financial Support to Hamas**

Before I close, I'd be remiss if I did not also warn this committee against multilateral aid mechanisms that deliver aid to Hamas. The United Nations does not recognize Hamas (or

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<sup>34</sup> Katie Grant, "Suella Braverman 'to redouble efforts' for IRGC ban after group thanked Hamas," *The Jewish Chronicle* (UK), October 10, 2023. (<https://www.thejc.com/news/news/suella-braverman-to-redouble-efforts-for-irgc-ban-after-group-thanked-hamas-1Oydk5RpngsV5cw9JgaDL9>)

Hezbollah, Islamic Jihad, or the PFLP, for that matter) as a terrorist organization.<sup>35</sup> As a matter of policy and practice, according to the UN, Hamas is nothing more than a political organization — its members being affiliates of a political movement. Since Hamas took control of Gaza in 2007, the primary vehicle by which the United States could support Gaza was through contributions to the UN Relief and Works Agency (UNRWA). Beyond UNRWA’s many problems — including its classification of millions of people as “refugees” when they are no such thing, that it teaches children with textbooks filled with vile antisemitism, or that Hamas uses its facilities to store weapons and launch attacks — the United States does not require UNRWA to submit its list of staff, beneficiaries, and contractors for counterterrorism vetting.

Since UNRWA has long insisted it has no political screen on its aid, and since Hamas is viewed as a political party, we know with near certainty that our taxpayer dollars have been delivered straight to Hamas members and their families.

For these and other reasons, the previous administration ended U.S. contributions to UNRWA. That policy was reversed after President Biden took office and the United States has provided roughly \$1 billion to UNRWA since 2021. With 38 percent of UNRWA’s budget steered toward Gaza, that’s \$380 million of taxpayer funds in less than three years delivered into the hands of Hamas.<sup>36</sup>

Now is the moment to suspend further assistance to UNRWA in Gaza and begin a discussion about replacing UNRWA with something new in the weeks and months that follow whatever Israeli military operation is set to unfold.

Thank you, and I look forward to your comments and questions.

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<sup>35</sup> Adam Shaw, “UN still does not label, sanction Hamas as terror group despite murderous attacks,” *Fox News*, October 13, 2023. (<https://www.foxnews.com/politics/un-security-council-still-does-not-label-sanction-hamas-terror-group-despite-attacks>)

<sup>36</sup> Kelly Laco, “How U.S. taxpayer funds can ‘flow freely’ to Hamas and Hezbollah,” *Daily Mail (UK)*, October 16, 2023. (<https://www.dailymail.co.uk/galleries/article-12637197/How-U-S-taxpayer-funds-flow-freely-Hamas-Hezbollah.html>)