

UNITED AGAINST NUCLEAR IRAN

June 21, 2016

Mr. Je-Yoon Shin
President
Financial Action Task Force
2, rue André Pascal
75775 Paris Cedex 16 FRANCE

Dear Mr. President,

We commend the Financial Action Task Force (FATF)—the international inter-governmental body whose mission is to set standards for combatting threats to the international financial system—for its leadership in rallying the global financial community to “apply effective counter-measures” in response to Iran’s tainted financial system and duplicitous and nefarious behavior. (“[FATF Public Statement](#),” 2/19/2016). As the FATF gathers in Busan, South Korea from June 18-24, the undersigned encourage the FATF to reaffirm its call for jurisdictions to implement effective counter-measures to ensure the integrity of the global financial system in the face of continued Iranian aggression and recklessness. We also urge jurisdictional authorities and other partners in international financial institutions, particularly those in the private sector, to continue to remain vigilant about the risks Iran’s activities pose to the security of the global financial system.

We agree with the FATF’s ongoing determination in February 2016 that Iran’s historical and continued failure to address the risk of terrorist financing poses a serious threat to the “integrity of the international financial system.” Unfortunately in the wake of that determination, Iran has failed to address its deficiencies in anti-money laundering enforcement and combating the financing of terrorism. Until the regime’s banks meet the international standards on money laundering, no financial institution can afford the risk of doing business with Iran.

Specifically, despite the Guardian Council’s recent approval of a new Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Law, Iran has not heeded the FATF directive “to immediately and meaningfully address its AML/CFT deficiencies, in particular by criminalising terrorist financing and effectively implementing suspicious transaction reporting requirements.” (“[FATF Public Statement](#),” 2/19/2016). For example, in May, Iran reportedly decided to renew its support for Islamic Jihad after a two-year hiatus. Iran has also allegedly increased its support to its terror proxy Hezbollah in the wake of the Joint Comprehensive Plan of Action, which has allowed Hezbollah to obtain advanced weapons systems. Released this month, the U.S. State Department’s latest annual report on global terrorist activity found that Iran “remained the foremost state sponsor of terrorism in 2015, providing a range of support, including financial, training, and equipment, to groups around the world.” (Country Reports on Terrorism, Department of State, June 2, 2016 <http://www.state.gov/j/ct/rls/crt/2015/index.htm>). The international community should not be misled by the half measures and rhetoric emanating from Tehran.

For sound reasons, the United States continues to designate the entire Iranian financial sector as a jurisdiction of primary money laundering concern under Section 311 of the USA PATRIOT Act and the 2012 National Defense Authorization Act. Iranian financial institutions are notorious for actively facilitating or turning a blind eye to money laundering, corruption, and terrorist financing. For example, the U.S. Treasury Department has found that “Iran is known to have used state-owned banks to facilitate terrorist financing,” specifically Bank Saderat, which from 2001-2006 transferred “\$50 million from the Central Bank of Iran through its subsidiary in London to its branch in Beirut for the benefit of H[ezbollah] fronts in Lebanon that support acts of violence.” (U.S. Treasury Department, “[Finding that the Islamic Republic of Iran Is a Jurisdiction of Primary Money Laundering Concern](#),” 11/25/2011). Iran also ranks 118 out of 189 countries on the World Bank’s Ease of Doing Business Index, and Transparency International ranks the Islamic Republic 130 out of 168 countries on its 2015 Corruption Perceptions Index. (The World Bank Group, “[Economy Rankings](#),” 6/15/2016) and (Transparency International, “[2015 Corruption Perceptions Index 2015](#),” 6/15/2016).

These deficiencies are exacerbated by the ubiquity of Iran’s Islamic Revolutionary Guard Corps (IRGC)—whose influence permeates wide swaths of the Iranian economy and government—and the fact that Iran remains the leading state sponsor of terrorism. The IRGC retains control over large-scale projects in Iran in, *inter alia*, the automobile, energy, civil engineering, manufacturing, shipping, and telecommunications sectors. Doing business in Iran without also doing business with the IRGC is a near impossible task. This risk is further amplified by the IRGC’s routine use of extensive networks of front and shell companies that mask its involvement.

Accordingly, we urge the FATF during its June meeting to continue to call on its members and urge all jurisdictions to maintain and strengthen counter-measures against Iran. Such action by the FATF will continue to protect the international financial system from the ongoing risks presented by Iran’s strategic AML/CFT deficiencies and active support for terrorism, including through Iranian financial institutions. Likewise, we urge jurisdictional authorities to heed these risks and implement the FATF’s continued call for countermeasures through clear direction to their markets and financial institutions. We also urge global markets and private financial institutions themselves—who have recognized and guarded against the risks posed by Iran’s illicit activities—to continue to exercise vigilance and ensure that Iran only be allowed back into the global economy and international financial system after changing its illegitimate and destabilizing conduct and practices.

Sincerely,



Senator Joseph I. Lieberman
Chairman, United Against Nuclear Iran



Ambassador Mark D. Wallace
CEO, United Against Nuclear Iran

Elliott Abrams
Former Deputy National Security Advisor for
Global Democracy Strategy

Lt. Gen. (ret.) Michael D. Barbero
Former Director
Joint Improvised Explosive Defeat
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Ambassador Cresencio Arcos
Former Assistant Secretary and
Director of International Affairs
U.S. Department of Homeland Security

Josh Block
President and CEO
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John Cassara
Special Agent (ret.)
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Dr. Eliot Cohen
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U.S. Department of State

The Honourable Irwin Cotler
Former Minister of Justice and Attorney
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Lt. Gen. (USAF, ret.) David Deptula
Former Deputy Chief of Staff for
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