

October 1, 2018

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**Re: SWIFT and Iran**

Dear Dr. Leibbrandt and Mr. Pérez-Tasso:

On behalf of United Against Nuclear Iran (“UANI”), I am writing today to urge the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) to terminate its relationship with the Iranian banking system. In compliance with U.S. sanctions and SWIFT’s own rules, SWIFT should disconnect *all* Iranian Banks and Financial Institutions currently linked to the SWIFT network, including the sanction-designated Central Bank of Iran (“CBI” a.k.a. Bank Markazi), and sanction-designated banks Bank Mellat, Bank Melli, Bank Pasargad, Bank Tejerat, Bank Saderat, Ansar Bank, Mehr Eqtesad Bank, Parsian Bank, et al.

In March 2012, SWIFT took the responsible decision to cut off Iran’s access to its network. (New York Times, “[Global Network Expels as Many as 30 of Iran’s Banks in Move to Isolate Its Economy](#),” 3/15/2012). Four years later, in February 2016 and in conjunction with the signing of the Joint Comprehensive Plan of Action (“JCPOA”), SWIFT restored access.

However, SWIFT now should revert to its 2012-2016 policy of excluding Iran from the network. On November 4, 2018, the U.S. government will reimpose “sanctions on transactions by foreign financial institutions with the Central Bank of Iran and designated Iranian financial institutions” (U.S. Department of Treasury, “[Frequently Asked Questions Regarding the Reimposition of Sanctions Pursuant to the May 8, 2018 National Security Memorandum Relating to the Joint Comprehensive Plan of Action](#),” 5/8/2018). Clearly, if SWIFT continues to facilitate

transactions by foreign financial institutions to designated Iranian financial institutions after November 4, SWIFT may itself be subject to sanctions by U.S. authorities.

According to SWIFT's own General Terms and Conditions (the "Terms"), which "constitute the main set of SWIFT standard terms and conditions for the provision and the use of SWIFT services and products," the SWIFT customer must:

b) ensure **not to use, or try to use, SWIFT services and products for illegal, illicit or fraudulent purposes**, and refrain from any practices that might create confusion about the purposes for which SWIFT services and products are used (typically, practices that would not permit a clear identification of or would misrepresent the parties effectively involved in a transaction or the nature of the transaction)...

d) seek and obtain all necessary or advisable consents and authorisations and enter into all necessary contractual arrangements in order to **ensure that no laws, regulations, or third-party rights are violated (including laws and regulations regarding banking, money transmission, securities, money laundering, terrorist financing, economic sanctions, anti-bribery and corruption, competition, outsourcing and data transmission)**

(SWIFT, "[User Handbook \[General Terms & Conditions\] – 5.5 'Industry Practice, Applicable Laws, and Regulations'](#)," 7/1/2017 – emphasis added). Please explain how SWIFT's ongoing service to sanction-designated Iranian financial institutions does not and would not from November 5, 2018 violate your own prohibitions on the use of SWIFT services and products "for illegal, illicit or fraudulent purposes" and in ensuring that "no laws or regulations regarding banking, money transmission, securities, money laundering, terrorist financing, [and] economic sanctions" are violated.

SWIFT's hitherto reticence to publicly address this issue will not temper U.S. authorities' determination to fortify the sanctions regime against Iran. (New York Times, "[Bolton Warns of 'Terrible Consequences' for Those Doing Business in Iran](#)," 9/25/2018). On September 25, 2018, U.S. National Security Adviser John Bolton reiterated, "[w]e do not intend to allow our sanctions to be evaded by Europe or anyone else." According to the New York Times, "Mr. Bolton took particular note of the Society for Worldwide Interbank Financial Telecommunications..." (*Id.*). Mr. Bolton asked of SWIFT, "How can this enterprise justify facilitating the evil escapades of the world's leading state sponsor of terror?" **Please provide your response to Mr. Bolton's query.**

Sixteen U.S. Senators are likewise demanding SWIFT expel Iran from the SWIFT network. In a letter sent to U.S. Treasury Secretary Stephen Mnuchin on August 23, 2018, the group of Senators wrote:

We urge you to take all necessary steps to ensure the Society for Worldwide Interbank Financial Telecommunication (SWIFT) disconnects the Central Bank of Iran (CBI) and all

other designated Iranian financial institutions ... The administration's maximum pressure campaign will not succeed if the Islamic Republic remains connected to SWIFT ... All banks represented on the board of SWIFT must be held accountable if they circumvent American sanctions and empower the Iranian regime ...

(The Hill, "[GOP lawmakers urge Iran's expulsion from SWIFT banking network](#)," 8/23/2018; New York Times, "[US Lawmakers Urge Iran Expulsion From SWIFT Banking Network](#)," 8/23/2018). In addition to Iranian financial institutions, in May 2018, the U.S. Treasury has individually designated the Governor of the CBI, Valiollah Seif, and Assistant Director, Ali Tarzali, as Specially Designated Global Terrorists for helping the Islamic Revolutionary Guards Council-Quds Force ("IRGC-QF") to funnel millions of dollars to the terrorist organization, Hezbollah. (Bloomberg, "[U.S. Sanctions Iran Central Bank Governor for Alleged Terrorist Support](#)," 5/15/2018). Secretary Mnuchin stated, "It is appalling, but not surprising, that Iran's senior-most banking official would conspire with the IRGC-QF to facilitate funding of terror groups like Hizballah, and it undermines any credibility he could claim in protecting the integrity of the institution as a central bank governor.... The United States will not permit Iran's increasingly brazen abuse of the international financial system." (*Id.*).

By contrast, in an unconcealed attempt to undermine such efforts to isolate the Iranian regime and curb its relentless sponsorship of global terrorism, German Foreign Minister Heiko Maas recently argued it is "essential" that the European Union establish independent payment channels to circumvent U.S. sanctions on Iran. (Handelsblatt, "[Making plans for a new world order](#)," 8/22/2018). Signaling his displeasure with the United States, Mr. Maas wrote, "It is high time to reassess our partnership...." On September 24, Federica Mogherini, High Representative of the European Union for Foreign Affairs confirmed an E.U. plan to provide an independent payment channel to keep trade open with Iran, despite the fact "there was neither a fixed launch date nor details on how it would work." (Wall Street Journal, "[Europe's Payment Channel to Salvage Iran Deal Faces Limits](#)," 9/25/2018).

These unprincipled, albeit vague, attempts to marginalize the United States and genuflect to Iran are unconscionable. They reflect a tone-deaf attitude that is inimical to healthy European-U.S. relations. European diplomatic and financial support of a pathologically anti-U.S. terror state dedicated to the destruction of America is, at best, myopic and, at worst, blatantly antagonistic to its friend, ally, or partner. Indeed, in response to Ms. Mogherini's announcement, U.S. Secretary of State Michael Pompeo noted how "disturbed and indeed deeply disappointed" he was at the E.U.'s announcement. (Wall Street Journal, "[Europe's Payment Channel to Salvage Iran Deal Faces Limits](#)," 9/25/2018).

Furthermore, any payment system that excludes the U.S. – especially one lacking the institutional expertise of the Office of Foreign Assets Control ("OFAC") – will be, on its face, far less rigorous in terms of anti-money laundering ("AML") and combating the financing of terrorism ("CFT"). Mr. Maas' proposal would expose the entire global financial system to vastly increased

risk of serious AML/CFT abuses – and consequently subject those banks facilitating such abuses to massive financial penalties. Since 2004, 16 European banks including SWIFT members have been fined a total of almost \$3.5 billion by U.S. authorities for violating Iran financial sanctions. (U.S. Department of Treasury, “[Civil Penalties and Enforcement Information](#)”).

Appropriately, Chancellor Angela Merkel has distanced herself from Mr. Maas’ irresponsible remarks and has refused to “back[] his call for a separate EU payments system to save a nuclear deal with Iran.” (Reuters, “[Merkel cool on EU independent payment system to save Iran deal](#),” 8/22/2018). When asked if Germany would try to compensate European companies if they were hit by U.S. sanctions for Iran investment, Chancellor Merkel said, “we ought not to give rise to any illusions here.” (The Wall Street Journal, “[Merkel, Macron Try to Preserve Iran Deal Without Provoking U.S.](#),” 5/17/2018). Similarly, even the E.U.’s own European Investment Bank has recoiled at these plans given its massive U.S. exposure.

Given this background, please clarify whether SWIFT supports or opposes E.U. plans to turn its back on the United States by keeping financial communications channels open to Iran and thereby undermine the ability to curb or prevent AML/CFT abuses. Please let us hear from you within ten days of receipt of this letter to confirm that SWIFT will disconnect Iran from the SWIFT network.

Thank you for your attention to this matter. We look forward to your reply.

Very truly yours,



Ambassador Mark D. Wallace

*UANI is a not-for-profit, non-partisan, advocacy group that seeks to prevent Iran from fulfilling its ambition to obtain nuclear weapons. UANI was founded in 2008 by Ambassador Mark D. Wallace, the late Ambassador Richard Holbrooke, former CIA Director Jim Woolsey and Middle East expert Dennis Ross. UANI's private sanctions campaigns and state and federal legislative initiatives focus on ending the economic and financial support of the Iranian regime by corporations until Iran verifiably abandons its drive for nuclear weapons, support for terrorism and gross human rights violations. Former U.S. Senator Joseph Lieberman is UANI's Chairman. UANI's Advisory Board consists of distinguished leaders in government, academia and business. See <http://www.unitedagainstinucleariran.com/about/leadership>.*