



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

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MEMORANDUM FOR DEPARTMENT OF DEFENSE
LEAD INSPECTOR GENERAL

FROM: Gregory Sullivan /s/
Audit Director

SUBJECT: Operation Inherent Resolve - Summary of Work Performed by
the Department of the Treasury Related to Terrorist
Financing, ISIS, and Anti-Money Laundering for Fourth
Quarter Fiscal Year 2020

This summary provides an update on the Department of the Treasury's (Treasury) programs to combat terrorist financing and activities to disrupt the Islamic State of Iraq and Syria's (ISIS) financing. Per your request, we provided this information in a question and answer format to help streamline the information. This information is provided by Treasury management and is not audited by Treasury Office of Inspector General.

Q1. In a publicly releasable format, provide information on individuals and organizations sanctioned for providing support to ISIS as follows:

- a. **A reasonable estimate of the cumulative number of individuals and organizations sanctioned (by Treasury, not cumulative with State) for providing support to ISIS since 2014 through the reporting period July 1, 2020 – September 30, 2020.**

Treasury uses the full range of its authorities to aggressively target ISIS leaders and operatives around the world. These efforts resulted in the United States designating 92 ISIS-associated individuals and organizations since 2014.

b. Details on individuals and organizations sanctioned for providing support to ISIS during the reporting period July 1, 2020 – September 30, 2020.

On July 28, 2020, Treasury designated the following ISIS financial facilitators pursuant to Executive Order (EO) 13224.¹

Faruq Hamud

Faruq Hamud operated a branch of the Tawasul hawala in the al-Hawl Internally Displaced Persons camp. This hawala served ISIS members and transferred payments for ISIS from outside Syria. Housing upwards of 70,000 refugees, al-Hawl holds one of the largest concentrations of current and former ISIS members who continue to receive donations from ISIS supporters internationally. ISIS members receive these donations through multiple mechanisms that payout through the hawala system in the camp. A separate branch of the Tawasul hawala, located in Harim, Syria, was designated by Treasury in November 2019, coinciding with the last meeting of the Counter ISIS Finance Group (CIFG).

'Adnan Muhammad Amin al-Rawi

'Adnan Muhammad Amin al-Rawi was an ISIS facilitator in Turkey. This designation builds on a series of Treasury actions dating to 2016 with the designation of ISIS finance emir Fawaz Muhammad Jubayr al-Rawi. Since then, Treasury continued targeting other al-Rawi network members and their associated entities for providing critical financial and logistical support to ISIS.

c. The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: July 1, 2020 – September 30, 2020.

No sanctioned individuals or organizations were removed from the sanctions list this reporting period.

¹ EO 13224, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism" (September 23, 2001) targets terrorists and those who have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of terrorists.

Q2. Describe what is being done with Coalition partners in Iraq and Syria to disrupt ISIS financial networks.

Treasury told us it continues to work with interagency and Coalition partners, including the Government of Iraq, to prioritize identifying ISIS's financial reserves and financial leaders, disrupting its financial facilitation networks in Iraq, and designating ISIS facilitators, front companies, and fundraisers in Iraq, Syria, Turkey and elsewhere. Treasury also takes a leadership role in the Global Coalition to Defeat ISIS, and serves as a co-lead of the CIFG along with its counterparts from Italy and Saudi Arabia. On July 29, 2020, Treasury and its co-leads convened a virtual CIFG meeting via conference call for participants to discuss ongoing global efforts to counter ISIS financing. During the meeting, CIFG members shared information about ISIS's financial activities, recent actions taken by authorities in their respective jurisdictions to disrupt ISIS financial operations, and improvements in their anti-money laundering and combating the financing of terrorism regimes. Subsequently, Treasury and its CIFG co-leads released a joint statement about the coalition's counter-ISIS efforts, the ongoing threat posed by ISIS, and the terrorist group's efforts to adapt its fundraising and financial facilitation activities.

Q3. Describe ISIS funding in Iraq and Syria, to include what has changed since last quarter, the estimated amount of funds at its disposal, how funds are generated and distributed, and any shortfalls in the amount or distribution of funds this quarter.

Treasury told us that ISIS continued to raise funds through extortion of oil smuggling networks in eastern Syria, kidnapping for ransom (targeting civilian businesses and populations), and the operation of front companies. ISIS also continued to use networks of couriers to smuggle cash between Iraq and Syria. The group relied on money services businesses, including hawalas, to transfer funds between Iraq and Syria as well as internationally, often relying on logistical hubs in Turkey. Treasury told us ISIS probably has as much as \$100 million available in cash reserves dispersed across the region, but Treasury does not know the amount of money ISIS distributed during this quarter.

Q4. Describe ISIS's core ability to move funds into and out of Syria and Iraq.

Treasury told us ISIS continued to use money services businesses, including hawalas, to move funds in and out of Iraq and Syria, often relying on logistical hubs in Turkey and in other financial centers. In addition, ISIS supporters increasingly relied on cryptocurrencies. ISIS

members in Iraq transferred funds to ISIS members in northeastern Syria, including in Internally Displaced Persons camps, such as al-Hawl. The group often gathered and sent funds to intermediaries in Turkey who smuggle the cash into Syria or send the funds using hawalas operating in the camp.

Q5. Describe how the COVID-19 pandemic continues to affect Treasury's programs focused on Operation Inherent Resolve (OIR).

Treasury told us that in response to the COVID-19 pandemic, it reduced the presence of staff in the office by over 50 percent, proportionally impacting the ability of Treasury personnel to work on OIR issues that require access to classified systems. Such posture increased the burden of the few select Treasury employees who are in the office at any one time. Although Treasury staff maintained focus on OIR while teleworking, their ability to advance the mission is constrained due to limited access to classified information.

Q6. Provide a publicly releasable, unclassified description of what application and approval process the Delta Crescent Energy Company LLC received from Treasury in order to conduct oil-related business with the Syrian Democratic Forces in Syria and when the application and approvals took place.

Treasury told us that the Office of Foreign Assets Control (OFAC) is not able to discuss specific license applications.² Many of OFAC's licensing determinations are guided by U.S. foreign policy and national security concerns. Numerous issues often must be coordinated with the U.S. Department of State and other government agencies, such as the U.S. Department of Commerce.

² OFAC grants authorization through its licensing program for individuals and entities to engage in transactions that would otherwise be prohibited. OFAC may issue specific licenses in response to applications made by individuals or entities for specific transactions. Specific licenses authorize individuals or entities to engage in a particular transaction or set of transactions on a case by-case basis under certain limited situations and conditions.