



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: Overseas Contingency Operations - Summary of Work
Performed by the Department of the Treasury Related to
Terrorist Financing and Anti-Money Laundering for Fourth
Quarter Fiscal Year 2021

This summary provides an update on the Department of the Treasury's (Treasury) programs to combat terrorist 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 an unclassified, publicly releasable format, provide information on individuals and organizations sanctioned for providing support to the Islamic State of Iraq and Syria (ISIS) as follows:

- 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.**

Treasury told us it uses the full range of its authorities to aggressively target ISIS leaders, operatives, and associated organizations around the world. These efforts resulted in Treasury designating 99 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, 2021 – September 30, 2021.**

No individuals or organizations were sanctioned during the reporting period.

- c. **The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: July 1, 2021 – September 30, 2021.**

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

Q2. In an unclassified, publicly releasable format, describe what was done this quarter 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, serving as a co-lead of the Counter ISIS Finance Group along with its counterparts from Italy and Saudi Arabia.

Q3. In an unclassified, publicly releasable format, 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 ISIS's financial situation remains largely unchanged since the previous quarter. ISIS continued to raise funds through extortion of oil smuggling networks in eastern Syria, kidnapping for ransom targeting civilian businesses and populations, extortion, looting, and the possible operation of front companies. The group relied on money services businesses (MSB), including hawalas,¹ throughout Iraq, Syria, and Turkey to transfer funds internationally. ISIS probably has tens of millions of U.S. dollars available in cash reserves dispersed across the region, but Treasury does not know the amount of money ISIS distributed during this quarter.

¹ Hawala is an alternative or parallel remittance system. It exists and operates outside of, or parallel to, traditional banking or financial channels. The components of a hawala that distinguish it from other remittance systems are trust and the extensive use of connections such as family relationships or regional affiliations.

Q4. In an unclassified, publicly releasable format, describe ISIS-core's² methods and ability to move funds into and out of Syria and Iraq.

Treasury told us ISIS's financial situation remains largely unchanged compared to the previous quarter. ISIS continued to use MSBs, including hawalas, to move funds in and out of Iraq and Syria, often relying on ISIS facilitators in Turkey and in other financial centers. ISIS also continued to use networks of couriers to smuggle cash between Iraq and Syria. In addition, ISIS supporters relied on virtual currencies and online fundraising platforms. ISIS members in Iraq transferred funds to ISIS members in northeastern Syria, including in Internally Displaced Persons camps, such as al-Hawl.³ The group's supporters gathered and sent funds to intermediaries in Turkey who then smuggled the cash into Syria or sent the funds to hawalas operating in the camp.

Q5. In an unclassified, publicly releasable format describe any changes to Treasury's programs and activities in light of the U.S.-Iraq Strategic Dialogue⁴ and the planned end of the U.S. combat mission in Iraq and Syria on December 31, 2021.

Treasury told us no changes to its programs and activities to counter ISIS financing in Iraq and Syria occurred during this quarter.

Q6. In an unclassified, publicly releasable format describe Treasury's actions to freeze Afghan government reserves held in U.S. bank accounts, to include Afghan Central Bank assets inside the United States.

Treasury told us it is actively tracking and monitoring the status of the Afghan Government's international reserves. Treasury's main focus is

² ISIS-core refers to the main portion of ISIS in Iraq and Syria, along with the key leaders of the global organization. The term is mainly used to differentiate the main ISIS leadership from the regional ISIS affiliates, such as ISIS-K in the Khorasan region and ISIS-P in the Philippines.

³ Al-Hawl is an Internally Displaced Persons camp in northern Syria housing upwards of 70,000 refugees. It holds one of the largest concentrations of current and former ISIS members who continue to receive donations from ISIS supporters internationally. The Tawasul hawala in al-Hawl served ISIS members and transferred payments for ISIS from outside Syria.

⁴ The U.S.-Iraq Strategic Dialogue were discussions held between Iraq and the United States initiated on June 11, 2020, and ending on July 26, 2021, in accordance with the *2008 Strategic Framework Agreement for a Relationship of Friendship and Cooperation between the United States and Iraq*. The discussions focused on strengthening the long-term strategic partnership and key issues of mutual concern: regional stability, public health, climate change, energy efficiency, energy independence, humanitarian aid, human rights, economic cooperation, and cultural and educational exchanges, among other issues.

to ensure that these funds are safeguarded for legitimate use by the Afghan people. Any assets the Afghan government has in the United States will not be made available to the Taliban. The Federal Reserve Bank of New York, which maintains accounts for Afghanistan's central bank, suspended the processing of transactions from these accounts.