



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 Third
Quarter Fiscal Year 2022

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 109 ISIS-associated individuals and organizations since 2014.

b. Details on individuals and organizations sanctioned for providing support to ISIS during the reporting period: April 1, 2022 – June 30, 2022.

On May 9, 2022, Treasury sanctioned a network of five ISIS financial facilitators operating across Indonesia, Syria, and Turkey pursuant to Executive Order (EO) 13224.¹

Dwi Dahlia Susanti was sanctioned for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS. Susanti has been an ISIS financial facilitator since at least 2017 and has assisted other ISIS members with money transfers involving individuals in Indonesia, Syria, and Turkey. In late 2017, Susanti helped her husband deliver nearly \$4,000 and weapons to an ISIS leader. At that time, Susanti diverted about \$500 of these funds for ISIS supporters in her own network. As of early 2021, Susanti facilitated money transfers from Indonesia to Syria in order to provide funds to individuals in internally displaced persons (IDP) camps. In some cases, these funds were used to smuggle teenage children out of the camps and into the desert, where they were received by ISIS foreign fighters, likely as child recruits for ISIS.

Rudi Heryadi was sanctioned for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS. In mid-2019, Heryadi advised an extremist associate about potential travel to ISIS-dominated areas, including Afghanistan, Egypt and other parts of Africa, and Yemen. Heryadi also asked for donations for travelers and their families. On June 24, 2020, Indonesian authorities convicted Heryadi on terrorism charges.

Ari Kardian was sanctioned for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS. Kardian was previously charged by Indonesian authorities for facilitating the travel of Indonesians to Syria to join ISIS.

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.

Muhammad Dandi Adhiguna was sanctioned for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS. On numerous occasions, Adhiguna provided assistance to Susanti, including for financial and operational matters. Adhiguna advised Susanti on the use of her personal bank accounts. In late 2021, Adhiguna completed a registration form to join ISIS and sent it to Susanti.

Dini Ramadhani was sanctioned for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS. Ramadhani provided financial assistance to Susanti on multiple occasions.

- c. **The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: April 1, 2022 – June 30, 2022.**

No sanctioned individuals or organizations were removed from the sanctions list 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 ISIS's financial facilitation networks in the Middle East. In addition, Treasury is working to designate ISIS facilitators, front companies, and fundraisers in various countries. Treasury also takes a leadership role in the Global Coalition to Defeat ISIS, serving as a co-lead of the Counter ISIS Finance Group (CIFG) along with its counterparts from Italy and Saudi Arabia. On May 9, 2022, Treasury co-led a CIFG meeting in Morocco with dozens of Coalition members and observers, including Iraqi partners, to exchange information on ISIS financing activities and the efforts to counter these activities across multiple continents.

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, including hawalas,² 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.

Q4. In an unclassified, publicly releasable format, describe ISIS-core's³ 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 money services businesses, 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 also use virtual currencies and online fundraising platforms to transfer funds, including to IDP camps. 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 camps.

² 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 hawala that distinguish it from other remittance systems are trust and the extensive use of connections such as family relationships or regional affiliations.

³ 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-Khorasan and ISIS-Philippines.

Q5. In an unclassified, publicly releasable format, describe the methodology ISIS uses to transmit and distribute funds into and out of al-Hawl⁴ and other camps, as well as Syrian Democratic Forces detention facilities holding ISIS detainees.

Treasury told us ISIS supporters use a combination of cash, hawalas, virtual currencies, and online fundraising platforms to transfer funds, including to individuals in al-Hawl. The group's supporters have gathered and sent funds to intermediaries in Turkey who smuggle the cash into Syria or send the funds to hawalas operating in the camp. In al-Hawl, ISIS supporters have received up to \$20,000 per month via the hawala system; the majority of these transfers originated outside Syria or passed through neighboring countries, such as Turkey.

Q6. In an unclassified, publicly releasable format, describe Treasury's actions to unfreeze Afghan government assets held in U.S. bank accounts, to include Da Afghanistan Bank's (DAB) assets inside the United States. Additionally, describe Treasury's role in transferring \$3.5 billion to Afghans in the form of humanitarian aid.

Treasury told us EO 14064⁵ blocks⁶ roughly \$7 billion in DAB assets held in the United States. The Administration seeks to facilitate access to \$3.5 billion of those assets for the benefit of the Afghan people, while leaving in place more than \$3.5 billion in light of ongoing litigation by U.S. victims of terrorism and their relatives.⁷

⁴ Al-Hawl is an IDP 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.

⁵ EO 14064, "Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan," (February 11, 2022) was issued as part of the U.S. Government's ongoing efforts to address the humanitarian and economic crisis in Afghanistan.

⁶ Blocking (also known as freezing) assets is a way of controlling targeted property and immediately imposes an across-the-board prohibition against transfers or dealings of any kind with regard to the property. EO 14064 also requires U.S. financial institutions to transfer the blocked property into a consolidated account held at the Federal Reserve Bank of New York.

⁷ The White House Briefing Room "FACT SHEET: Executive Order to Preserve Certain Afghanistan Central Bank Assets for the People of Afghanistan" (February 11, 2022).

Treasury told us that on the same date EO 14064 was issued, its Office of Foreign Assets Control (OFAC) issued a specific license⁸ authorizing the transfer of the \$3.5 billion in assets intended for the Afghan people. This transfer of funds is a multi-step process. Treasury is currently working with third parties, including the Department of State (State), two individuals certified by the Secretary of State,⁹ and international partners, to establish a foundation to hold and disburse the funds while minimizing potential touchpoints with the Taliban and maintaining appropriate controls to prevent diversion and illicit activity.

Q7. In an unclassified, publicly releasable format, describe Treasury's role in (1) issuance of licenses to facilitate the continued delivery of humanitarian assistance to Afghanistan; and (2) placing Taliban officials on the Specially Designated Nationals list, and its impact on Treasury's ongoing sanctions against the Taliban regime.

Treasury told us immediately following the events of mid-August 2021 in Afghanistan,¹⁰ it issued rapid guidance related to the U.S. government and its partners' evacuation efforts, the provision of humanitarian assistance, and the exportation of agricultural goods and medicine. Over the following six months, Treasury worked closely with international organizations and nongovernmental organizations to facilitate the provision of aid and financial resources to support humanitarian activities in Afghanistan. These efforts resulted in the

⁸ A license is an authorization from OFAC to engage in a transaction(s) that otherwise would be prohibited. There are two types of licenses: general licenses and specific licenses. General licenses allow all U.S. persons to engage in the activity described in the general license without needing to apply for a specific license. A specific license is a written document issued to a particular person or entity, authorizing a particular transaction in response to a written application.

⁹ Under the Federal Reserve Act, individuals certified by the Secretary of State have the authority to take actions, such as payment, transfer, delivery, or other disposal, with respect to DAB funds.

¹⁰ On August 15, 2021, Taliban fighters entered Kabul, the capital of Afghanistan, leading the Afghan president to flee the country and the Afghan government to collapse. The United States subsequently deployed six thousand troops to evacuate U.S. and allied personnel and secure Kabul's international airport.

issuance of six Afghanistan-related General Licenses¹¹ covering humanitarian activities; agricultural commodities, medicine, and medical devices; personal remittances; official U.S. government business, including activities of the U.S. Agency for International Development; official activities of international organizations; and certain transactions in support of nongovernmental organizations.

Most recently, on February 25, 2022, OFAC issued General License No. 20,¹² which authorizes certain transactions involving Afghanistan or governing institutions in Afghanistan, subject to strict conditions. These transactions include humanitarian assistance as well as other commercial activity in or involving Afghanistan. General License No. 20 continues to prohibit (1) financial transfers to the Taliban, the Haqqani Network,¹³ or any entity in which the Taliban or the Haqqani Network owns, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest; (2) debits to an account on the books of a U.S. financial institution belonging to any blocked person; and (3) any transactions involving persons blocked under Treasury's counterterrorism sanctions authorities, other than the Taliban or the Haqqani Network, any entity in which the Taliban or the Haqqani Network owns, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest. For transactions not otherwise authorized by an OFAC general license, OFAC considers requests for specific licenses and interpretive guidance on a case-by-case basis, prioritizing Afghanistan-related license applications and other requests for guidance that are related to humanitarian activity.

Treasury told us OFAC continues to maintain and enforce sanctions against the Taliban; notably, the Taliban continues to be sanctioned as a Specially Designated Global Terrorist pursuant to EO 13324, as

¹¹ OFAC General Licenses No. 14, "Authorizing Humanitarian Activities in Afghanistan" (September 24, 2021); No. 15, "Transactions Related to the Exportation or Reexportation of Agricultural Commodities, Medicine, Medical Devices, Replacement Parts and Components, or Software Updates in Afghanistan" (September 24, 2021); No. 16, "Authorizing Noncommercial, Personal Remittances to Afghanistan" (December 10, 2021); No. 17, "Authorizing Official Business of the United States Government" (December 22, 2021); No. 18, "Authorizing Official Activities of Certain International Organizations and Other International Entities" (December 22, 2021); No. 19, "Authorizing Certain Transactions in Support of Nongovernmental Organizations' Activities in Afghanistan" (December 22, 2021).

¹² OFAC General License No. 20, "Authorizing Transactions Involving Afghanistan or Governing Institutions in Afghanistan" (February 25, 2022).

¹³ The Haqqani Network is a Sunni Islamist militant organization primarily based in North Waziristan, Pakistan. It conducts cross-border operations into eastern Afghanistan and Kabul.

amended.¹⁴ Accordingly, all property or interests in property of the Taliban that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any U.S. person of the Taliban or associated persons, are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in, unless authorized.

¹⁴ Amended by EO 13886, "Modernizing Sanctions To Combat Terrorism" (September 9, 2019).