



DEPARTMENT OF THE TREASURY
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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 the
Second Quarter Fiscal Year 2024

This summary provides an update on the Department of the Treasury's (Treasury) programs to combat terrorist financing and money laundering. 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 the Department of State (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, financiers, and associated organizations around the world. These efforts have resulted in Treasury designating 177 ISIS-associated individuals and entities since 2014.

b. Details on individuals and organizations sanctioned for providing support to ISIS in the reporting period: January 1, 2024 – March 31, 2024.

On January 30, 2024, Treasury sanctioned two ISIS cybersecurity experts and one ISIS financial facilitator for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, ISIS, pursuant to Executive Order (EO) 13224.^{1, 2}

Mu'min Al-Mawji Mahmud Salim

- Mu'min Al-Mawji Mahmud Salim (Mu'min Al-Mawji) is an Egyptian national and the creator and leader of the ISIS-affiliated platform Electronic Horizons Foundation (EHF). EHF provides cybersecurity guidance and training to ISIS supporters seeking to evade law enforcement scrutiny from their online activities. Mu'min Al-Mawji provided technical support on computer applications to ISIS leadership and shared cryptocurrency expertise and instruction with ISIS supporters, including posting a tutorial on the EHF website that provided specific instructions on how to donate funds to ISIS-affiliated entities. Mu'min Al-Mawji also established an ISIS-affiliated media outlet to create and distribute ISIS propaganda that calls for violence against the West.

Sarah Jamal Muhammad Al-Sayyid

- Sarah Jamal Muhammad Al-Sayyid is an Egyptian national who helped her partner, Mu'min Al-Mawji, establish EHF and who collaborated on projects including logistical management and cryptocurrency support. Additionally, Sarah Jamal Muhammad Al-Sayyid recruited other ISIS members to join EHF and procured web servers to host ISIS platforms on behalf of EHF.

Faruk Guzel

- Faruk Guzel is a Turkish national who, in 2020, received multiple transfers from a group of ISIS supporters for

¹ EO 13224, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism" (Sep. 23, 2001) provides a means by which to disrupt the financial support network for terrorists and terrorist organizations.

² For additional information, see Treasury's press release, "Treasury Designates ISIS Cyber Facilitators and Trainers" (Jan. 30, 2024).

individuals associated with ISIS in Syria via a money remittance service. In turn, Faruk Guzel distributed the money to ISIS-affiliated persons.

c. The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: January 1, 2024 – March 31, 2024.

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 Global Coalition to Defeat ISIS (Global Coalition) partners in Iraq and Syria to disrupt ISIS financial networks.

Treasury told us it continues to work with interagency and Global Coalition partners, including the Government of Iraq, to prioritize identifying ISIS's financial reserves and financial leaders, disrupting its financial facilitation networks in the Middle East. In addition, Treasury is working to designate ISIS facilitators, front companies, and fundraisers in various countries. Treasury takes a leadership role in the Global Coalition, serving as a co-lead of the Counter ISIS Finance Group, along with its counterparts from Italy and Saudi Arabia. On January 30 and 31, 2024, Treasury co-led a Counter ISIS Finance Group meeting with over 40 Global Coalition members and observers, including Iraqi partners, to exchange information on ISIS financing activities and efforts to counter them across Asia and Africa.³

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. Include the methods ISIS uses to transfer funds into and distribute funds within Iraq and Syria.

Treasury told us defeating ISIS Core⁴ continues to be the Global Coalition's top priority, despite the violent campaign by Iran-backed terrorist groups that undermines this critical mission. Since June 2023, U.S. forces have continued to conduct joint operations with the

³ For additional information, see Treasury's press release, "Counter ISIS Finance Group Leaders Issue Joint Statement" (Feb. 27, 2024).

⁴ 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.

Iraqi Security Forces, including the Kurdish Peshmerga⁵ and the Syrian Democratic Forces (SDF).⁶ These efforts resulted in the killing or capture of ISIS commanders, fighters, and facilitators across Iraq and Syria and degraded ISIS's capacity to plan, support, and carry out terrorist attacks.

Treasury told us that, despite suffering leadership losses, ISIS Core maintains organizational cohesion and access to significant funds, estimated between \$10 million and \$20 million, which are mostly held in cash and other liquid assets. Regional ISIS networks also continue to extort local populations as part of their effort to exert influence in parts of Iraq and Syria. In addition, ISIS members continue to receive contributions from sympathizers through informal funds transfer networks to secure the release of ISIS associates from detention, particularly in northeastern Syria.⁷

Q4. In an unclassified, publicly releasable format, provide an update on any changes in methods ISIS uses to transmit and distribute funds into and out of al-Hol,⁸ other camps, and SDF detention facilities holding ISIS detainees. Include any changes to estimates of funds transmitted, particularly to residents in al-Hol.

Treasury told us ISIS supporters use a combination of cash, the hawala system,⁹ virtual currencies, and online fundraising platforms to transfer funds, including to individuals in al-Hol. The group's supporters have gathered and sent funds to intermediaries in Türkiye, who smuggle the cash into Syria or send the funds to hawala dealers operating in the camp. In al-Hol, ISIS supporters have received up to \$20,000 per month via the hawala system. The majority of those funds transfers have originated outside Syria or passed through neighboring countries such as Türkiye.

⁵ The Kurdish Peshmerga is a volunteer military force operated by the Kurdish regional government in Iraq.

⁶ The SDF is a multi-ethnic coalition of Kurdish, Arabic, and Christian fighters, created in 2015 with U.S. support. Operating in the local Autonomous Administration in North and East Syria, the SDF established itself as the West's main partner in the fight against ISIS.

⁷ For additional information, see Treasury's Fact Sheet "Fact Sheet: Countering ISIS Financing" (Feb. 27, 2024).

⁸ Al-Hol (or al-Hawl) is an internally displaced person's camp in northern Syria. It holds one of the largest concentrations of current and former ISIS members who continue to receive donations from ISIS supporters internationally.

⁹ The hawala system is a widely used form of informal value transfer system, a term used to describe those money or value transfer systems that operate informally to transfer money as a business.

Q5. In an unclassified, publicly releasable format, provide an update on any actions taken this quarter regarding the unfreezing of Afghan Central Bank assets held in the United States and the implementation of these funds for humanitarian aid for the Afghan people.

Treasury told us the Board of Trustees of the Fund for the Afghan People (Afghan Fund)¹⁰ met for the fifth time on January 29, 2024. The Board signed an agreement with the Government of Switzerland granting the Afghan Fund and its Board important privileges and immunities, pursuant to the Host State Act of the Swiss Confederation,¹¹ with the agreement entering force on February 1, 2024. The Board took pivotal steps to finalize the operationalization of the Afghan Fund and put in place robust safeguards to prevent any funds disbursed from being used for illicit activity. The Board conducted a comprehensive review of the Afghan Fund's administrative processes, approved a travel policy to guide the reimbursement of expenses related to travel, and discussed options for information technology upgrades to ensure protection from cybersecurity threats.

Treasury also told us the Board reviewed the financial performance of the Afghan Fund's inaugural fiscal year of operations, ending in December 2023. These figures will be reflected in the audited financial statements and included in the Afghan Fund's first annual report, to be published in the second half of 2024. The Board acknowledged the growth of the Afghans Fund's assets, which reached \$3.74 billion at the end of December 2023. The Board committed to continuous monitoring of the portfolio based on market opportunities and reiterated its commitment to preserving the value of the Afghan Fund's assets on behalf of the Afghan people by prioritizing safety and liquidity when considering investments. The Board also reviewed a draft operational budget for 2024 and agreed to continue to allocate less than half a percent of the yearly returns on assets to cover the operating costs necessary to ensure good management of the Afghan Fund, unless and until external funds are secured.

¹⁰ The United States, through Treasury and State, and in coordination with international partners, announced the establishment of the Afghan Fund on September 14, 2022. The Afghan Fund will protect, preserve, and make targeted disbursements of its \$3.5 billion in assets to help provide greater stability to the Afghan economy to benefit the people of Afghanistan.

¹¹ The Host State Act is a Swiss law that governs the granting of privileges, immunities, and facilities, as well as financial subsidies and other support, to eligible individuals and institutions.

Additionally, Treasury told us the Board reviewed the list of candidates for the International Advisory Committee and agreed on the next steps of the selection process. The Board was also briefed on the status of the draft framework to ensure that the Afghan Fund has in place appropriate due diligence and control procedures related to any potential disbursements. Upon approval of these policies and procedures, the Board agreed that the Afghan Fund will make its first disbursement to the Asian Development Bank, intended to address Afghanistan's outstanding arrears to that institution.¹² The Board anticipates that these funds will unlock additional resources that will be dedicated to enhancing the welfare of the Afghan people. Lastly, the Board decided to initiate a public competition for selecting a logo and visual identity for the Afghan Fund, which will soon be launched on the Afghan Fund's website.

Q6. In an unclassified, publicly releasable format, describe any changes this quarter to (1) licenses¹³ designed to facilitate the continued delivery of humanitarian assistance to Afghanistan, (2) the designation of Taliban and/or Haqqani¹⁴ officials as Specially Designated Nationals, and (3) the overall sanctions regime against the Taliban.

Treasury told us that since August 2021, the Taliban has implemented expansive policies of targeted discrimination against women and girls that impede their enjoyment of a wide range of rights, including but not limited to those related to education, employment, peaceful assembly, and movement. Treasury also told us Afghanistan is the only nation in the world where women and girls are prohibited from pursuing secondary education. Throughout Afghanistan, the Taliban's policies banning access to education for women and girls have been met with strong opposition from both women and men, including activists advocating for girls' access to education. The Taliban's response to this opposition has been severe, including disrupting

¹² Arrears refers to debt that has accumulated and that has not yet been paid upon the due date.

¹³ A license is an authorization from the Office of Foreign Assets Control (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.

¹⁴ 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.

protests, beating protesters, banning assemblies, and detaining and assaulting journalists covering the demonstrations.

Treasury's Office of Foreign Assets Control (OFAC) administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals. OFAC designated Fariduddin Mahmood and Khalid Hanafi on December 8, 2023, pursuant to EO 13818,¹⁵ for serious human rights abuses related to the repression of women and girls, including restricting access to secondary education for women and girls in Afghanistan based solely on gender. This gender-based restriction reflects severe and pervasive discrimination against women and girls and interferes with their enjoyment of equal protection.

Fariduddin Mahmood is a member of the Taliban's so-called "cabinet," which decided to close education centers and schools to women and girls after the sixth grade. He serves as the so-called "head of the Afghanistan Academy of Sciences" and supported the education-related bans on women and girls. Khalid Hanafi serves as the Taliban's so-called "Minister" for the so-called "Ministry for the Propagation of Virtue and Prevention of Vice," whose members engaged in serious human rights abuse, including killings, abductions, and assaults since August 2021. OFAC also clarified that the designation of an individual with a leadership role in a governing institution does not itself block the governing institution. Accordingly, engaging in a routine interaction with a governing institution in which a blocked individual is an official, but that does not directly or indirectly involve the blocked individual in question, is not prohibited.¹⁶

Q7. In an unclassified, publicly releasable format, describe ISIS-Khorasan (ISIS-K)¹⁷ funding in Afghanistan, 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. Include the methods ISIS uses to transfer funds into and distribute funds within Afghanistan.

¹⁵ EO 13818, "Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption" (December 20, 2017), allows a person to be sanctioned for being responsible for or complicit in, or to have directly or indirectly engaged in, serious human rights abuse.

¹⁶ For additional information, see OFAC's "Frequently Asked Question 1145. What if a governing institution in Afghanistan is led by an individual who has been blocked pursuant to the Global Magnitsky Sanctions Regulations?" (December 8, 2023).

¹⁷ ISIS-K is an ISIS affiliate in the Khorasan region, which historically encompasses parts of modern-day Iran, Central Asia, Afghanistan, and Pakistan.

Treasury told us the Global Coalition continues to remain concerned about ISIS-K and its efforts to increase the use of its base in Afghanistan to establish external financial and logistical cells that could enable terrorist attacks worldwide. Additionally, ISIS-K serves as a regional hub, transferring hundreds of thousands of dollars to financial facilitators, and provides personnel and weapons to support external operations. ISIS-K continues to use kidnapping for ransom and extortion to provide a significant amount of money to the group.¹⁸

Q8. In an unclassified, publicly releasable format, describe Treasury’s activities and interagency coordination with the Department of Defense, State, United States European Command, and other U.S. Government agencies in support of Operation Atlantic Resolve and related U.S. Government support to Ukraine. Include activities to sanction Russian leaders as well as Ukrainian and/or other individuals or entities engaging in fraud, corruption, or other misappropriation of U.S. assistance. Provide specific examples of said activities, as well as any measures of effectiveness for these efforts overall.

Treasury told us that at the direction of President Biden, it has effectively deployed sanctions to prevent Russia’s efforts to procure critical components to support its unjust war against Ukraine and to limit the Kremlin’s financial resources to wage its war of choice. Treasury maintains a high level of coordination with interagency counterparts, including on sanctions, where they collaborate with interagency counterparts to build evidentiary packages. Treasury works with State to seek foreign policy guidance, and with all relevant agencies to assess U.S. Government equities and appropriate mitigation steps before imposing new sanctions. Treasury also coordinates with State to enhance Treasury’s sanctions approach by encouraging allies and partners to take complementary action, as well as understanding and helping to resolve specific challenges related to specific partners and Treasury designations.

Treasury also told us it has imposed sanctions on over 80 percent of Russia’s banking system, preventing access to the global system. Treasury has issued hundreds of designations, which have hindered Russia’s efforts to evade sanctions in third countries. Treasury has restricted Russia’s energy revenues, relative to last year, through implementation of the oil price cap, alongside Treasury’s partners’ actions on oil. Russia’s macroeconomic performance has been constrained due to the impact of the war and Treasury’s multilateral

¹⁸ For additional information, see Treasury’s Fact Sheet “Fact Sheet: Countering ISIS Financing” (Feb. 27, 2024).

sanctions, even as Treasury has taken innovative measures to spare the global economy from collateral damage.¹⁹

¹⁹ For more information, see Treasury’s featured story, “Sanctions and Russia’s War: Limiting Putin’s Capabilities” (December 14, 2023).