



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
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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 Third  
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 180 ISIS-associated individuals and entities since 2014.

**b. Details on individuals and organizations sanctioned for providing support to ISIS in the reporting period: April 1, 2024 – June 30, 2024.**

On June 14, 2024, Treasury sanctioned three individuals, including members of an ISIS-linked human smuggling network, 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.<sup>1, 2</sup>

***Olimkhon Makhmudjon Ugli Ismailov***

- Olimkhon Makhmudjon Ugli Ismailov is an Uzbekistan-based individual involved in the ISIS-linked human smuggling network.

***Muhammad Ibrohimjon Niyazov***

- Muhammad Ibrohimjon Niyazov is a supporter of the human smuggling network and separately provided administrative and logistics support for ISIS members in Türkiye.

***Muhammadyusuf Alisher Ogli Mirzoev***

- Muhammadyusuf Alisher Ogli Mirzoev was involved in efforts to establish an ISIS military training camp in mid-2023.

**c. The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: April 1, 2024 – June 30, 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 the 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

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

<sup>2</sup> For additional information, see Treasury’s press release, “Treasury Targets ISIS-linked Human Smuggling Network in Coordinated Action with Türkiye” (June 14, 2024).

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.

**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 Core<sup>3</sup> 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 Iraqi Security Forces, including the Kurdish Peshmerga<sup>4</sup> and the Syrian Democratic Forces (SDF).<sup>5</sup> 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.<sup>6</sup>

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<sup>3</sup> 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.

<sup>4</sup> The Kurdish Peshmerga is a volunteer military force operated by the Kurdish regional government in Iraq.

<sup>5</sup> 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.

<sup>6</sup> For additional information, see Treasury's Fact Sheet, "Fact Sheet: Countering ISIS Financing" (February 27, 2024).

**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,<sup>7</sup> 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,<sup>8</sup> 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.

**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 it did not take any action this quarter to unfreeze Afghan Central Bank assets held in the United States.

**Q6. In an unclassified, publicly releasable format, describe any changes this quarter to (1) licenses<sup>9</sup> designed to facilitate the continued delivery of humanitarian assistance to Afghanistan, (2) the designation of Taliban and/or Haqqani<sup>10</sup> officials as Specially Designated Nationals, and (3) the overall sanctions regime against the Taliban.**

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<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> A license is an authorization from the Office of Foreign Assets Control 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.

<sup>10</sup> 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.

Treasury told us it did not issue any new sanctions or general licenses this quarter.

**Q7. In an unclassified, publicly releasable format, describe ISIS-Khorasan (ISIS-K)<sup>11</sup> 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.**

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.<sup>12</sup>

**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

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<sup>11</sup> ISIS-K is an ISIS affiliate in the Khorasan region, which historically encompasses parts of modern-day Iran, Central Asia, Afghanistan, and Pakistan.

<sup>12</sup> For additional information, see Treasury's Fact Sheet, "Fact Sheet: Countering ISIS Financing" (February 27, 2024).

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.<sup>13</sup> 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 sanctions, even as Treasury has taken innovative measures to spare the global economy from collateral damage.<sup>14</sup>

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<sup>13</sup> A "third country" refers to a nation that is neither the target of sanctions nor an adopter of sanctions against another country. These third countries are not legally bound by the sanctions but can play a significant role in facilitating or evading them. For instance, countries like Armenia, Cyprus, and Saudi Arabia have been involved in sanctions evasion and avoidance related to the sanctions imposed on Russia. Their actions can impact the effectiveness of sanctions and influence international relations. For additional information, see Treasury's press release, "U.S. Continues to Degrade Russia's Military-Industrial Base and Target Third-Country Support with Nearly 300 New Sanctions" (May 1, 2024).

<sup>14</sup> For more information, see Treasury's featured story, "Sanctions and Russia's War: Limiting Putin's Capabilities" (December 14, 2023).