



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: Operation Inherent Resolve - Summary of Work Performed by  
the Department of the Treasury Related to Terrorist  
Financing, ISIS, and Anti-Money Laundering for First Quarter  
Fiscal Year 2021

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 October 1, 2020 – December 31, 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 October 1, 2020 – December 31, 2020.**

No individuals or organizations were sanctioned during this quarter.

- c. **The number, if any, of previously sanctioned individuals and/or organizations removed from the sanctions list during the reporting period: October 1, 2020 – December 31, 2020.**

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

- d. **Details on individuals and/or organizations sanctioned for connections to anti-U.S. Popular Mobilization Forces, and for providing support to anti-U.S. Popular Mobilization Forces.**

On October 22, 2020, Treasury designated Iraj Masjedi, a general in Iran's Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) and Iran's Ambassador to Iraq, for acting for or on behalf of the IRGC-QF. In his decades of service with the group, Masjedi oversaw a program of training and support to Iraqi militia groups, and he directed or supported groups that are responsible for attacks that have killed and wounded U.S. and coalition forces in Iraq. Masjedi publicly admitted the IRGC-QF's role in special operations and the training of militia groups in Iraq, Syria, and beyond.

**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. On November 10, 2020, Treasury contributed to the virtual meeting on countering ISIS in West Africa with members of the Global Coalition to Defeat ISIS, co-hosted by the State Department and Nigeria, highlighting the importance of countering terrorist financing as part of a larger effort against ISIS in the region.

**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 compared to 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, looting, and possibly 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,<sup>1</sup> to transfer funds between Iraq and Syria as well as internationally, often relying on logistical hubs in Turkey. 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. In an unclassified, publicly releasable format, describe ISIS-core's<sup>2</sup> 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 logistical hubs in Turkey and in other financial centers. In addition, ISIS supporters increasingly relied on cryptocurrencies. They also rely on traditional methods of transferring funds into Iraq and Syria. ISIS members in Iraq transferred funds to ISIS members in northeastern Syria, including in Internally Displaced Persons camps, such as al-Hawl.<sup>3</sup> The group often gathered and sent funds to intermediaries in Turkey who smuggle the cash into Syria or send the funds to hawalas operating in the camp.

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<sup>1</sup> 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.

<sup>2</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-K in the Khorasan region and ISIS-P in the Philippines.

<sup>3</sup> Al-Hawl is an Internally Displaced Persons camp in northern Syria housing upwards of 70,000 refugees and holds one of the largest concentration 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.

**Q5. In an unclassified, publicly releasable format, describe ISIS/ISIS-Khorasan (ISIS-K)<sup>4</sup> funding in Afghanistan, the estimated amount of funds at their disposal, and how funds are generated and distributed.**

Treasury told us ISIS-K primarily raises funds through local donations, taxation, extortion, and some financial support from ISIS-core. In 2019, Afghan Taliban and Afghan government forces retook ISIS-K's stronghold in southern Nangarhar, which decreases the amount of money the group could earn exploiting natural resources in this territory. As of early 2020, ISIS core was possibly providing some funds to ISIS-K. According to Treasury's information, ISIS-K retains at least some financial reserves and relies on hawalas, particularly in Kabul and Jalalabad, to transfer funds.

**Q6. In an unclassified, publicly releasable format, describe al-Qaeda funding in Afghanistan, the estimated amount of funds at their disposal, and how funds are generated and distributed.**

Treasury told us, as of 2020, al-Qaeda is gaining strength in Afghanistan while continuing to operate with the Taliban under the Taliban's protection. Al-Qaeda broadly still depends on donations from likeminded supporters, and from individuals who believe that their money is supporting humanitarian or charitable causes.

Treasury told us Al-Qaeda capitalizes on its relationship with the Taliban through its network of mentors and advisers who are embedded with the Taliban, providing advice, guidance, and financial support. Senior Haqqani Network<sup>5</sup> figures have discussed forming a new joint unit of armed fighters in cooperation with and funded by al-Qaeda.

**Q7. In an unclassified, publicly releasable format, describe ISIS-core's ability to move funds into and out of Afghanistan.**

Treasury told us ISIS-core has used hawala networks to transfer funds from overseas. According to Treasury's information, ISIS-K cultivated relationships with particular hawaladars who store tens of thousands of dollars for the group.

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<sup>4</sup> ISIS-K is ISIS's province in the Khorasan region, which historically encompasses parts of modern day Iran, central Asia, Afghanistan, and Pakistan. ISIS announced its expansion into the Khorasan region in 2015.

<sup>5</sup> The Haqqani Network is a Sunni Islamist militant organization primarily based in North Waziristan, Pakistan and conducts cross-border operations into eastern Afghanistan and Kabul.

**Q8. In an unclassified, publicly releasable format describe al-Qaeda's ability to move funds into and out of Afghanistan.**

Treasury told us elements of al-Qaeda, including affiliate al-Qaeda in the Indian Subcontinent (AQIS), and terrorist groups targeting Pakistan, such as Tehrik-e Taliban Pakistan (TTP),<sup>6</sup> continue to use the Afghanistan-Pakistan border region as a safe haven. AQIS likely receives funding from al-Qaeda senior leadership.

**Q9. In an unclassified, publicly releasable format describe any known financial relationships between the Taliban and ISIS and its affiliates or between the Taliban and al-Qaeda and its affiliates.**

Treasury told us the Taliban do not have any known financial relationships with ISIS and its affiliates. Al-Qaeda maintains close contacts with the Taliban, providing advice, guidance, and financial support.

**Q10. In an unclassified, publicly releasable format describe what changes, if any, have been observed in financial relationships between the Taliban and terrorist organizations since February 29, 2020.**

Treasury told us as of May 2020, the Taliban and al-Qaeda maintained a strong relationship and continued to meet regularly.

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<sup>6</sup> TTP is an alliance of militant networks formed in 2007 to unify opposition against the Pakistan military. TTP historically maintained close ties to senior al-Qaeda leaders, including al-Qaeda's former head of operations for Pakistan.