



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 28, 2026

OIG-CA-26-038

**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 2026

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, describe Islamic State of Iraq and Syria (ISIS) funding in Iraq and Syria, to include what has changed since last quarter: (1) 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. (2) Provide an update on any changes in methods used by ISIS to transmit and distribute funds into and out of al-Hol,¹ other camps, and Syrian Democratic Forces (SDF)² detention facilities holding ISIS detainees. Include any changes to estimates of funds transmitted, particularly to residents in al-Hol. Provide an assessment of ISIS's ability to fund its activities in Iraq and Syria, noting the metrics used to

¹ Al-Hol (or al-Hawl) is a refugee camp in northern Syria that holds ISIS members. ISIS members in refugee camps have received donations from ISIS supporters internationally.

² 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.

formulate this assessment and explain how ISIS’s ability to fund these activities has changed over the past three quarters.

Treasury told us there are no substantial updates since last quarter related to ISIS funding in Iraq and Syria. As previously reported, Treasury noted in its 2024 Fact Sheet on ISIS that the group had an estimated \$10 million in reserves.³ Some of these reserves are transferred out of Iraq and Syria to other globally dispersed offices via virtual assets. ISIS relies on virtual assets to raise and transfer funds to individuals in al-Hol and other internal displacement camps in Syria. Historically, donors have used unhosted wallets,⁴ compliant and non-compliant crypto exchanges, and crypto-Automated Teller Machines.⁵ Treasury also told us that, in March 2025, a joint U.S.-Iraq effort resulted in the death of a senior Iraq-based ISIS leader who was heavily involved in ISIS’ finances. In 2022, TRM Labs⁶ identified multiple methods of on- and off-ramping⁷ platforms used by campaign operators and donors.⁸

Q2. 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 there have been no actions taken this quarter to unfreeze any Afghan Central Bank assets in the United States or held by any U.S. financial institution, based on Executive Order (EO) 14064,⁹ which declared a national emergency and blocked all such property and interests in property. On January 26, 2026, the President published a notice in the Federal Register continuing the national

³ For additional information, see Treasury’s “Fact Sheet on ISIS Financing” (August 8, 2024).

⁴ An unhosted wallet is a digital account not hosted by a third-party financial system. Unhosted wallets allow for anonymity and concealment of illicit financial activity.

⁵ A crypto-Automated Teller Machine is a kiosk designed to facilitate buying cryptocurrencies using any financial transaction card, including a cash or a debit card.

⁶ TRM Labs is a blockchain intelligence company that helps financial institutions, crypto businesses, and government agencies detect and investigate crypto-related financial crime and fraud.

⁷ On- and off-ramping describes the process of exchanging fiat currency, like dollars or euros, for cryptocurrencies, like Bitcoin or Ethereum, and vice versa.

⁸ For additional information, see TRM Labs’ report, “Fundraising Campaigns for ISIS Families: Analyzing the Use of Cryptocurrency” (April 12, 2022).

⁹ EO 14064, “Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan” (February 11, 2022).

emergency for one year.¹⁰ The President will need to continue the national emergency again no later than February 10, 2027, for these funds to remain blocked under EO 14064.¹¹

Q3. In an unclassified, publicly releasable format, describe any changes this quarter to (1) licenses designed to facilitate the continued delivery of humanitarian assistance to Afghanistan, (2) the designation of Taliban and/or Haqqani¹² officials as Specially Designated Nationals,¹³ and (3) the overall sanctions regime against the Taliban.

Treasury told us the overall sanctions regime against the Taliban has not changed since the last quarter. Existing licenses designed to facilitate the continued delivery of humanitarian assistance to Afghanistan have remained the same in this quarter.

Q4. Provide an unclassified, publicly releasable description of ISIS-Khorasan (ISIS-K)¹⁴ funding in Afghanistan, to include the following: (1) changes in funding streams; (2) estimated amount of funds at ISIS-K's disposal; (3) how funds are generated and distributed; (4) the methods ISIS uses to transfer funds into and distribute funds within Afghanistan; and (5) whether funding streams are sufficient to fund ISIS-K activities.

Treasury told us there are no substantial updates since last quarter related to ISIS-K funding in Afghanistan. As previously reported, ISIS-K has received funding from ISIS global leadership to conduct external operations. The branch relies heavily on virtual assets as a mechanism for receiving funding from leadership and from international donors. A large portion of ISIS-K's donations have come from ISIS-K's monthly

¹⁰ 91 FR 3311, Continuation of the National Emergency With Respect to the Widespread Humanitarian Crisis in Afghanistan and the Potential for a Deepening Economic Collapse in Afghanistan.

¹¹ For the past four quarters, Treasury reported that the President needed to continue the national emergency under EO 14064 no later than January 14, 2026 (see OIG-CA-26-023, OIG-CA-26-022, OIG-CA-25-057, and OIG-CA-25-050). However, Treasury reported this quarter that February 10 of each year is the correct date by which the President can complete and publish the continuation of the national emergency.

¹² The Haqqani Network is a Sunni Islamist militant organization primarily based in North Waziristan, Pakistan. It conducts cross-border operations into eastern Afghanistan, including Kabul.

¹³ As part of its enforcement efforts, the Office of Foreign Assets Control publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country specific. Collectively, such individuals and companies are called Specially Designated Nationals.

¹⁴ ISIS-K is an ISIS affiliate in the Khorasan region, which historically encompasses parts of modern-day Iran, Central Asia, Afghanistan, and Pakistan.

magazine, the Voice of Khorasan.¹⁵ ISIS has included advertisements in the magazines with embedded quick response codes linked to cryptocurrency wallets. The magazine is published in several languages to reach a wider audience.

¹⁵ Treasury reported that Voice of Khorasan is ISIS-generated propaganda published in several languages to reach a wider audience. For more information, see Treasury's fact sheet, "Fact Sheet on ISIS Financing" (August 8, 2024).