DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

August 31, 2026

OIG-CA-26-041

**MEMORANDUM FOR DEPARTMENT OF WAR
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 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. Provide an unclassified, publicly releasable description of the status of waivers on U.S. sanctions of Russian crude oil and petroleum products at sea, to include the following: (1) the quantities and dollar values of products that Russia has been able to sell due to the waivers as of the end of the quarter; (2) which countries purchased these products (and amounts purchased) from Russia during the quarter; and (3) the extent to which these waivers offset U.S. and international sanctions pressure on Russia in the near- and long-term.

Treasury told us that the Office of Foreign Asset Control (OFAC) issued two temporary 30-day Russia-related general licenses:[1]

[1] A license is an authorization from OFAC to engage in a transaction(s) with a sanctioned party that otherwise would be prohibited. There are two types of licenses: general and specific licenses. A general license authorizes particular type of transaction for a class of persons without the need to apply for a 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.

General License (GL) 133[2] on March 5, 2026, and GL 134[3] on March 12, 2026. GL 134 has been amended and renewed three times, to provide additional stability to global energy markets and to provide vulnerable nations with the ability to temporarily access Russian oil stranded at sea. The precise quantity and value of Russian crude oil and petroleum that was sold due to OFAC's GLs is unknown. The countries that have purchased seaborne Russian crude and condensate from the start of the GLs include China, India, Turkiye, Brunei, Egypt, the Netherlands, the Philippines, Georgia, Syria, Cuba, Azerbaijan, Saudi Arabia, and Japan. However, some of these countries were purchasing Russian crude and condensate before issuance of the GLs. Treasury assessed that the waivers reduced overall global prices by increasing supply.

In addition, Treasury told us the GLs have not caused a material reduction in short-term sanctions pressure on Russia, and that this temporary relief has not been a reward to Russia and does not signal a change in Treasury's posture toward Russia's war in Ukraine, nor in Treasury's resolve to achieve a lasting peace for Ukraine.

Q2. 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 to ISIS operatives in Syria now that al-Hol[4] has been closed and many of the ISIS detainees have been transferred to Iraq, and any efforts by ISIS to transmit or distribute funds to ISIS detainees that have been transferred from Iraq to Syria. (3) Provide an assessment of ISIS's ability to fund its activities in Iraq and Syria, noting

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[2] Russia-related General License 133, "Authorizing the Delivery and Sale of Crude Oil and Petroleum Products of Russian Federation Origin Loaded on Vessels as of March 5, 2026, to India." For more information, see Treasury's press release, "Issuance of Russia-related General License; Issuance of Amended Venezuela-related Frequently Asked Question" (March 5, 2025).

[3] Russia-related General License 134, "Authorizing the Delivery and Sale of Crude Oil and Petroleum Products of Russian Federation Origin Loaded on Vessels as of March 12, 2026." For more information, see Treasury's press release, "Issuance of Russia-related General License" (March 12, 2025).

[4] Al-Hol (or al-Hawl) was a refugee camp in northern Syria that holds ISIS members. The Syrian Government closed the camp on February 22, 2026. ISIS members in refugee camps have received donations from ISIS supporters internationally.

the metrics used to 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. Syria officially joined the U.S.-led Global Coalition to Defeat ISIS as its 90th member in November 2025. The Government of Syria's renewed commitment to countering ISIS, including ISIS financing, is likely to have a positive impact on the U.S. Government's ability to disrupt ISIS financing in Syria.

As previously reported, Treasury noted in its 2024 Fact Sheet on ISIS that the group had an estimated $10 million in reserves.[5] 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,[6] compliant and non-compliant crypto exchanges, and crypto-Automated Teller Machines.[7] Treasury also told us that the relocation of most ISIS detainees from Syria to Iraq, and the changes in administration and reduction in population at al-Hol are likely to have second- and third-order implications on ISIS recruitment and financing in northern Syria.

Q3. In an unclassified, publicly releasable format, assess the impact of changes in the operating environment in Iraq and Syria, the reduced U.S. force presence, the loss of vetted partners in Syria, and the Iran conflict on Treasury's ability to assess and monitor ISIS funding in Iraq and Syria. Include whether the Syrian government is providing assistance in monitoring ISIS funding, and if so, in what capacity.

Treasury told us the Government of Syria's renewed commitment to countering ISIS, including ISIS financing, is likely to have a net positive impact on the U.S. Government's ability to disrupt ISIS financing in Syria. Military operations have historically been leveraged to apply kinetic pressure on ISIS financiers and financing. Treasury defers to the Department of War regarding whether there have been changes in the operating environment, changes to U.S.

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5 For additional information, see Treasury's "Fact Sheet on ISIS Financing" (August 8, 2024).

6 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.

7 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.

force posture, and/or changes to vetted partners that impacts the Department of War's ability to counter ISIS in Iraq and Syria.

In addition, Treasury told us that according to open-source reporting on Iran, Syrian President Ahmed al-Sharaa stated that "Unless Syria is targeted by any party, Syria will remain outside any conflict." In multiple conversations with Treasury during this quarter, the Syrian Ministry of Finance and Central Bank of Syria have committed to reforming Syria's current anti-money laundering and countering the financing of terrorism (CFT) regime to align with global standards and to CFT connected to a range of malign actors. Treasury continues to work with its counterparts in Syria to strengthen Syrian CFT efforts in the formal and informal financial sectors.

Q4. 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,[8] 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 emergency for one year.[9] 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.

Q5. 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

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[8] EO 14064, "Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan" (February 11, 2022).

[9] 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.

and/or Haqqani[10] officials as Specially Designated Nationals,[11] 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.

Q6. Provide an unclassified, publicly releasable description of ISIS-Khorasan (ISIS-K)[12] 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 magazine, the Voice of Khorasan.[13] 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.

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[10] 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.

[11] As part of its enforcement efforts, OFAC 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.

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

[13] 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).