



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

OFFICE OF  
INSPECTOR GENERAL

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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 Second  
Quarter Fiscal Year 2020

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 have provided this information in a question and answer format to help streamline the information. This information is provided by Treasury management and 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. The cumulative number of individuals and organizations sanctioned (by Treasury, not cumulative with State) for providing support to ISIS since 2014.**

Treasury uses the full range of its authorities to aggressively target ISIS leaders and operatives around the world. These efforts have resulted in the United States designating 95 ISIS-associated individuals and organizations since 2014.

**b. Details on individuals and organizations sanctioned for providing support to ISIS during the reporting period: January 1, 2020 – March 31, 2020.**

Treasury had no new designations this quarter.

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

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

**d. Describe what is being done with Coalition partners in Iraq and Syria to disrupt ISIS financial networks.**

Treasury told us they leverage participation and influence in several multilateral fora to develop a shared understanding of the threat posed by ISIS, as well as encourages countries to take action within their jurisdictions and in coordination with others to disrupt ISIS financing and facilitation. In January 2020, Treasury met with Coalition partners in Copenhagen to reaffirm the Coalition's shared determination to continue the fight against ISIS in Iraq and Syria. Additionally, Treasury told us they continue 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.

**e. Describe ISIS funding in Syria, to include 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 that since October 2019, when the United States withdrew from Syria, their ability to assess trends in ISIS financing in Syria has declined. ISIS continues to raise funds through extortion, looting, kidnapping for ransom, and the use of front companies. ISIS continues to have access to financial reserves in the hundreds of millions of dollars even as it works to rebuild its significantly reduced fundraising networks. ISIS primarily uses cash couriers, hawaladars, and money services businesses to move funds within and out of Syria and Iraq. Treasury assesses that the group's revenues in Syria remain at historic lows due to its lack of territorial control over extortable populations or recurrent access to natural resources.

**Q2. Describe ISIS's ability to move funds into and out of Syria and Iraq, particularly through Turkey or other neighboring countries.**

Treasury told us ISIS primarily uses cash couriers, hawaladars, and money services businesses to move funds within and out of Syria and Iraq, including through neighboring countries. Turkey, in particular has

been used by ISIS to facilitate money movements, as highlighted by the designation of more than 10 Turkey-based ISIS facilitators or money services businesses in the past six months.

**Q3. Describe whether the fighting in western Syria has had any impact on ISIS financing this quarter or its ability to move funds.**

Treasury told us in Syria, ISIS continues to use cash couriers, hawaladars, and money services businesses to move funds, including through neighboring countries.

**Q4. Describe the extent to which the redistribution of U.S. and Coalition forces in Iraq and the redeployment to Erbil has affected ISIS's financing in Iraq or ability to move funds this quarter.**

Treasury told us that following ISIS's territorial defeat, it is regrouping in Iraq, particularly in territories under dispute between the Kurdistan Regional Government and the federal government in Baghdad. In these disputed territories, ISIS carries out small-scale attacks and kidnappings. ISIS continues to have access to financial reserves in the hundreds of millions of dollars. These trends in ISIS's adaptation to the current environment are ongoing during the redistribution of U.S. and Coalition forces, however we cannot draw a causal relationship or make conclusions on the impact on ISIS's ability to make money.

**Q5. Last quarter, the Counter ISIS Finance Group (CIFG) issued a public release regarding its 12th working group meeting in Luxembourg. In a publicly releasable response, address the following:**

- a. **What specific successes in identifying terrorist financiers and facilitators and bringing them to justice has resulted from the CIFG working group efforts?**

Treasury told us the CIFG has facilitated multilateral information sharing on ISIS's global financial activity, deepened the Coalition's understanding of ISIS's finances' effect on the group's operations, and member states have nominated and co-sponsored the designation of ISIS financiers and their money transfer companies to the United Nations (UN) 1267 Islamic State in Iraq and the Levant (ISIL) and Al-Qaida Sanctions Lists.<sup>1</sup> In 2020, the following

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<sup>1</sup> Pursuant to UN Security Council Resolutions 1267 (1999), 1989 (2011), 2368 (2017), the Security Council imposes individual targeted sanctions (an assets freeze, travel ban, and arms embargo) upon individuals, groups, undertakings, and entities designated on the ISIL & Al-Qaida Sanctions List.

entities and individuals were added to the 1267 List, in part, as a result of engagements through the CIFG:

- Islamic State in the Greater Sahara;
- ISIL – Libya;
- ISIL – Yemen;
- Islamic State West Africa Province; and
- Jamaah Ansharut Daulah

- b. **What specific ways is ISIS working to adapt to Coalition pressure and what specific steps are CIFG member countries taking to ensure the group’s financial resources and flows dwindle and frustrate its global ambitions?**

Treasury told us ISIS continues to adapt its financial model to respond to its fundraising challenges. CIFG members continue to track and share any changes in ISIS’s financial model as well as share practices for disrupting the model that can be applied in partner jurisdictions.

- c. **What are the CIFG best practices for working with private sector partners to shut ISIS out of the global financial system as identified during the November 2019 meeting?**

Treasury told us best practices include robust information sharing between the financial sector and relevant authorities including law enforcement, Financial Intelligence Units, and other government organizations with the financial sector, and other industries. This should include the private sector taking a risk-based approach, having regular contacts with the appropriate authorities, and established procedures for information sharing and consultation.