



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
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MEMORANDUM FOR DEPARTMENT OF DEFENSE
LEAD INSPECTOR GENERAL

FROM: Kieu T. Rubb /s/
Audit Director

SUBJECT: Operation Inherent Resolve - Summary of Work Performed by the
Department of the Treasury and Office of Inspector General Related
to Terrorist Financing, ISIL, and Anti-Money Laundering

This summary provides an update to the Department of the Treasury (Treasury) programs to combat terrorist financing and specific examples of activities to disrupt the Islamic State of Iraq and the Levant's (ISIL) financing, and work performed by Treasury Office of Inspector General (OIG) to review these programs. These activities occurred subsequent to our January 2017 summary.

As previously discussed, Treasury has global terrorism authorities to target the activities of extremist groups, including ISIL. Treasury's Office of Terrorism and Financial Intelligence (TFI) disrupts the ability of terrorist organizations to fund their operations. Within TFI, the Office of Foreign Assets Control (OFAC) administers the U.S. foreign sanction programs and the Financial Crimes Enforcement Network (FinCEN) administers the Bank Secrecy Act (BSA).¹

Treasury's Efforts to Combat Terrorism

The following notable events took place for Treasury this quarter:

- On January 10, 2017, and March 30, 2017, Treasury designated six individuals as Specially Designated Global Terrorists pursuant to Executive Order 13224.² Treasury identified Neil Christopher Prakash, Khaled Sharrouf, Bachrumsyah Mennor Usman,

¹ The Currency and Foreign Transactions Reporting Act of 1970, commonly referred to as BSA, requires U.S. financial institutions to assist U.S. government agencies to detect and prevent money laundering. Specifically, the act requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions (CTRs) exceeding \$10,000 (daily aggregate amount), and report suspicious activity (SARs) that might signify money laundering, tax evasion, or other criminal activities. BSA is also referred to as the "anti-money laundering" (AML) law. Several AML acts, including provisions in Title III of the USA PATRIOT Act of 2001, have been enacted to amend the BSA.

² Executive Order 13224, *Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism*

Oman Rochman, Muhammad Bahrn Naim Anggih Tamtomo, and Muhammad Wandy Bin Mohamed Jedi as ISIL members based in Iraq, Syria, and Indonesia who are involved in ISIL's financial and operational support, propaganda, recruitment, attack planning, and support networks in Indonesia, Malaysia and elsewhere in Southeast Asia and in Australia. Treasury's actions block the individuals' interest and assets and prohibits U.S persons from engaging in transactions with them.

- FinCEN³ participated in the Egmont Group⁴ of Financial Intelligence Units (FIUs) meeting from January 29, 2017, through February 3, 2017. During the meeting, the heads of FIUs approved two reports on the Egmont Group's ISIL Project Phase 2: a financial typology of foreign terrorist fighters and information sharing challenges involving FIUs.
- On March 29th and 30th, 2017, Treasury participated in the seventh meeting of the Counter ISIL Finance Group.⁵ The meeting focused on how ISIL can be prevented from obtaining financial resources and accessing the international financial system.

Treasury OIG Products

During this quarter, Treasury OIG initiated an audit of OFAC's Iran Sanctions Program.

The objectives of this audit are to determine whether (1) OFAC's Iran Sanctions program complies with the 2016 Joint Comprehensive Plan of Action and applicable laws and regulations; and (2) sanction decisions and deliberations are properly documented and approved by OFAC officials.

For this quarter's summary, we also used information provided in previous quarters' summaries, testimonies, and press releases. For reference, we are providing a copy of Treasury and Denmark press releases as a separate attachment that we used to prepare this summary.

- January 10, 2017, Treasury Press Release, *Treasury Designates Australian and Southeast Asian ISIL Operatives and Leaders*
- March 29, 2017, Ministry of Foreign Affairs of Denmark Press Release, *Denmark Hosts Meeting of the International Coalition Against ISIL*
- March 30, 2017, Treasury Press Release, *Treasury Designates Indonesian and Malaysian ISIS Operatives and Leaders*

³ FinCEN is the Financial Intelligence Unit (FIU) that represents the U.S.

⁴ The Egmont Group is an international network designed to improve interaction among FIUs in the areas of communications, information sharing, and training coordination. The goal of the Egmont Group is to provide a forum for FIUs around the world to improve support to their respective governments in the fight against money laundering, terrorist financing, and other financial crimes.

⁵ Established in January 2015, the Counter ISIL Finance Group is a key component of the Global Coalition to Counter ISIL, a broad international group formed to degrade and ultimately defeat ISIL. The mission of the Global Coalition to Counter ISIL is to disrupt ISIL's sources of revenue and its ability to move and use funds to wage its campaign of terror. The U.S. co-chairs the group with Italy and Saudi Arabia.