

# United States Senate

WASHINGTON, DC 20510

February 14, 2019

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Secretary Mnuchin:

We write to urge you to use the voice and influence of the United States to ensure that the Financial Action Task Force (FATF) re-imposes countermeasures against Iran at its February 17 meeting in Paris, which are necessary to counter Iranian illicit finance and protect the global banking system from toxic Iranian transactions.

In 2007, the FATF expressed concern that deficiencies in Iran's anti-money laundering / combating the financing of terrorism (AML/CFT) regime represented a significant vulnerability within the international financial system. In 2009, the FATF called on its members and urged all jurisdictions to apply effective countermeasures to protect their financial sectors from Iran's money laundering and financing of terrorism (ML/FT).

Nevertheless, in 2016 the FATF agreed to suspend countermeasures against Iran, and Iran agreed to an "Action Plan" to address its AML/CFT deficiencies.

Iran has refused to fully implement the Action Plan and has recommitted to using its financial system to launder money and finance terrorism. In September, Iranian Defense Minister Amir Hatami said Iran would increase its support for designated terrorist groups including Hezbollah. A month later, the Iranian parliament approved AML/CFT measures but built in loopholes for continued financing of designated terrorist organizations.

The FATF has already acknowledged the inadequacy of those measures. In February, it issued a statement that "Iran should fully address its remaining action items, including by... adequately criminalising terrorist financing, including by removing the exemption for designated groups." In October it issued a statement that "Iran's action plan expired in January 2018 . . . [and] the majority of the Action Plan remains outstanding . . . Until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system."

The Trump administration has identified and sought to curb Iran's illicit finance. In November 2017, The Treasury Department's Office of Foreign Assets Control (OFAC) designated a counterfeiting operation that was producing counterfeit Yemeni bank notes to help Iran's Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF), a designated terrorist organization, move

weapons and other advanced equipment to Iran's Houthi proxies in Yemen. In May, OFAC imposed sanctions on the Governor and a senior official of the Central Bank of Iran (CBI) for covertly funneling millions of dollars on behalf of the IRGC-QF to support Hezbollah, a designated terrorist organization. The State Department's "Country Reports on Terrorism 2017" assessed Iran has allowed Al Qaeda (AQ) "facilitators to operate a core facilitation pipeline through Iran since at least 2009, enabling AQ to move funds and fighters to South Asia and Syria."

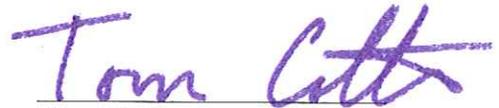
Two years is more than enough to establish that the Ayatollahs intend to do what they say, which is to continue using their financial system to fund terrorist groups committed to attacking and even eradicating us and our allies. The risk that such financing poses to the global financial system is unacceptable and must be countered.

The U.S. must use the full spectrum of our diplomatic and economic resources to ensure that the FATF re-imposes countermeasures against Iran at this month's meeting.

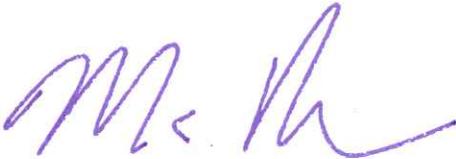
Sincerely,



Ted Cruz  
United States Senator



Tom Cotton  
United States Senator



Marco Rubio  
United States Senator



Thom Tillis  
United States Senator