April 3, 2024

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

The Honorable Antony Blinken
Secretary of State
U.S. Department of State
2201 C Street N.W.
Washington, D.C. 20520

Dear Secretary Yellen and Secretary Blinken:

We write again to express concern regarding the Biden administration's ongoing strategy of appeasement in response to Iranian aggression. In recent testimony before Congress, General Michael Kurilla, the Commander of U.S. Central Command (CENTCOM), acknowledged that "[Iran] is not paying the cost" for their continued support of terrorism and called for a "whole of government approach to deter Iran's malign behavior."[1] We fully agree. That is why we are concerned that you issued yet another Iranian sanctions waiver on March 12, 2024.[2]

We have two primary concerns with the decision to renew the waiver. First, the waiver makes restricted Iranian funds more accessible to the Ayatollah's regime, at a time when Iranian-backed aggression in the region is at a peak. Second, the administration appears to be disregarding congressional intent that any payments made to Iran remain severely restricted.

To our first point, since Hamas' brutal attack against Israel on October 7, 2023, Iranian proxies have sustained a violent campaign in the Red Sea and across the Middle East. This campaign not only threatens to disrupt critical supply chains and drive up the cost of goods, but it also relentlessly targets U.S. servicemembers—to deadly effect. It is unfathomable that this is the context in which the administration determined that it was within the national security interest of the United States to waive sanctions on restricted Iranian funds, making them more accessible to the regime. If we want to actually restore deterrence in the region, those funds should be placed further out of Iran's reach, not closer.

On our second point, the *Iran Threat Reduction Act* amended section 1245(d)(4) of the FY12 NDAA to require that any funds due to the Iranian regime for petroleum sales must be kept in bank accounts in the country purchasing Iranian oil, in locally dominated currency from which the regime could draw for the purchase of commercial goods. This requirement was intended to limit the Iranian regime's ability to access hard currency from these sales. In the context of Iraq's continued purchase of electricity from Iran, section 1245(d)(4) requires that the funds be kept in Iraqi bank accounts and that any payments due to Iran are paid in Iraqi dinar. However, you have now issued three waivers related to Iraqi electricity payments that authorize funds to be transferred outside of Iraq and for those funds to be denominated in euro. While we understand that such waivers have been consistently issued for several years, the timing

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[1] *To Receive Testimony on the Posture of United States Central Command and United States Africa Command in Review of the Defense Authorization Request for Fiscal Year 2025 and the Future Years Defense Program: Hearing Before the S. Comm. on Armed Services*, 118th Cong. (2024) (statement of Gen. Michael Kurilla, Commander, U.S. Cent. Command).

[2] National Defense Authorization Act for Fiscal Year 2012 (NDAA FY2012), as amended, 22 U.S.C. 8513a(d)(5) (2011); Iran Freedom and Counter-Proliferation Act of 2012 (IFCA), 22 U.S.C. 8803(i) and 8806(f) (2013).

of these actions accrue even greater financial benefit to the regime and appear to be in direct conflict with the statutory requirement.

The United States should be restricting Iran's access to currency abroad. Instead, your administration is expanding it, all while continuing to share limited information on a strategy to restore deterrence in the Middle East with Congress or the American people. To clarify important details regarding your actions and bring transparency to this process, we therefore request your timely responses to the following questions:

1) Please explain how the transfer of restricted Iranian funds out of Iraq and into accounts in Oman, France, and Italy is in the national security interest of the United States, especially in light of recent attacks by Iranian proxy forces that have killed American servicemembers and continue to target Israel, a key U.S. ally.

2) Given the fungibility of money, please explain why the administration would provide Iran with increased access to hard currency, particularly euros, which are far more valuable to Iran than locally demonstrated currencies like the Iraqi dinar.

3) Please explain why the Trade Bank of Iraq was permitted to engage in financial transactions denominated in euro with the Central Bank of Iran.
    a. Please identify the total amount of restricted Iranian funds in accounts at the Trade Bank of Iraq that is denominated in euro and the total amount that is denominated in Iraqi dinar.

4) Given that financial institutions in France were authorized to engage in transactions with restricted Iranian funds and that the report to Congress certified that France faced exceptional circumstances preventing them from reducing their purchase of oil from Iran, please answer the following:
    a. How many banks in France, if any, received restricted Iranian funds?
        i. Are those funds denominated in euro or Iraqi dinar?
    b. How much petroleum or petroleum products were being imported from Iran to France prior to the waivers issued July 17, 2023, November 13, 2023, and March 12, 2024?
    c. Please explain the "exceptional circumstances" that did not allow for a significant reduction in France's purchase of Iranian petroleum or petroleum products?

5) Given that financial institutions in Italy were authorized to engage in transactions with restricted Iranian funds and that the report to Congress certified that Italy faced exceptional circumstances preventing them from reducing their purchase of oil from Iran, please answer the following:
    a. How many banks in Italy, if any, received restricted Iranian funds?
        i. Are those funds denominated in euro or Iraqi dinar?
    b. How much petroleum or petroleum products are being imported from Iran to Italy prior to the waivers issued November 13, 2023, and March 12, 2024?
    c. Please explain the "exceptional circumstances" that did not allow for a significant reduction in Italy's purchase of Iranian petroleum or petroleum products?

6) Given that financial institutions in Oman were authorized to engage in transactions with restricted Iranian funds and that the report to Congress certified that Oman faced exceptional circumstances preventing them from reducing their purchase of oil from Iran, please answer the following:
    a. How many banks in Oman, if any, received restricted Iranian funds?
        i. Are those funds denominated in euro or Iraqi dinar?
    b. How much petroleum or petroleum products are being imported from Oman prior to the waivers issued July 17, 2023, November 13, 2023, and March 12, 2024?
    c. Please explain the "exceptional circumstances" that did not allow for a significant reduction in Oman's purchase of Iranian petroleum or petroleum products?

Thank you for your cooperation on this important national security inquiry.

Sincerely,

Tim Scott
United States Senator

Charles E. Grassley
United States Senator

Tom Cotton
United States Senator

Mike Crapo
United States Senator

Kevin Cramer
United States Senator

Pete Ricketts
United States Senator

Ted Budd
United States Senator

Ted Cruz
United States Senator

Marco Rubio
United States Senator

Rick Scott
United States Senator

Katie Boyd Britt
United States Senator

Todd Young
United States Senator

John Cornyn
United States Senator