

# United States Senate

WASHINGTON, DC 20510

March 30, 2016

Secretary Jacob Lew  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Secretary Lew:

We are gravely alarmed by news reports suggesting the Administration is working to give Iran access to the U.S. financial system or to dollar transactions outside of the U.S. financial system. Any such efforts would benefit Iran's financiers of international terrorism, human rights abuses, and ballistic missile threats while also ignoring the Treasury Department's finding under Section 311 the USA PATRIOT Act that Iran's entire financial sector is a jurisdiction of primary money laundering concern, and undermining ongoing calls by the Financial Action Task Force (FATF) for countermeasures to protect international financial sectors from Iran's terrorist financing. As co-authors of the *Iran Terrorism and Human Rights Sanctions Act of 2016* (S.2726) and the *Iran Ballistic Missile Sanctions Act of 2016* (S.2725), we believe the United States should instead increase pressure on the Iranian regime in order to hold it fully accountable for its threatening and destabilizing activities outside of the nuclear realm.

As you know, the United States has led efforts within the international financial community to highlight the dangers of Iran's financial system. On November 25, 2011, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued a finding that Iran is a jurisdiction of primary money laundering concern under the USA PATRIOT Act's Section 311. On February 19, 2016, the Financial Action Task Force renewed its February 2009 call for its members and other jurisdictions to apply countermeasures to protect their financial sectors from money laundering and financing of terrorism risks emanating from Iran.

That said, we are aware the Iranian regime is urging the United States to provide access to the American and international financial systems. Iran's leaders have complained both publicly and privately that foreign companies and financial institutions are avoiding business deals with Iran because they fear U.S. sanctions. Most notably, Iranian Supreme Leader Ali Khamenei said in his Persian New Year address: "In Western countries and places which are under U.S. influence, our banking transactions and the repatriation of our funds from their banks face problems ... because [banks] fear the Americans."

Senior officials in the Treasury Department have repeatedly assured Congress that the Administration will not allow Iran direct or indirect access to the U.S. financial system, and we believe this prohibition to be prudent in light of the Iranian regime's continued state sponsorship of terrorism, threatening ballistic missile activities, and egregious violations of human rights. In testimony before the Senate Foreign Relations Committee on July 23, 2015, you said: "Iranian banks will not be able to clear U.S. dollars through New York, hold correspondent account

relationships with U.S. financial institutions, or enter into financing arrangements with U.S. banks.” And in testimony before the Senate Committee on Banking, Housing, and Urban Affairs on September 17, 2015, Acting Under Secretary of the Treasury Adam Szubin assured lawmakers that “no Iranian banks can access the U.S. financial system; not to open an account, not to purchase a security, and *not even to execute a dollarized transaction* where a split seconds worth of business is done in a New York clearing bank” (emphasis added).

We request corresponding assurances from you that the United States will not issue a general license authorizing “U-turn transactions” for Iran, in which a U.S. bank processes a transaction for a foreign financial institution on behalf of Iran while the Iranian part of the transaction does not touch the U.S. financial system directly. It is important that we maintain the prohibition against “U-turn transactions” that was implemented on November 6, 2008. Because Iran remains under the USA PATRIOT Act’s Section 311 finding and FATF’s call for international countermeasures, the United States cannot and should not be seen to undermine the global consensus on Iran’s financial system.

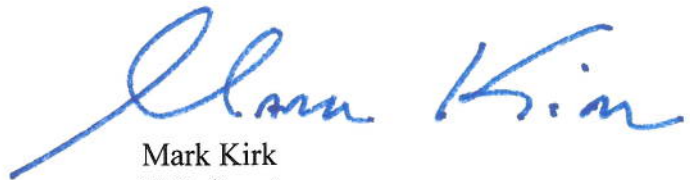
We also request assurances from you that the United States will not work on behalf of Iran to enable Iranian access to U.S. dollars elsewhere in the international financial system, including assisting Iran in gaining access to dollar payment systems outside the U.S. financial system. Such actions would fundamentally undermine our nation’s own reputation as a global leader on anti-money laundering and countering the financing of terrorism, and also provide Iran legitimacy in the international financial system that it has not earned, especially as the regime in Tehran has not addressed its use of Iranian financial institutions and foreign financial institutions to conduct illegitimate transactions, nor its lack of anti-money laundering or countering the financing of terrorism (AML/CFT) controls. Granting Iran the ability to process transactions in U.S. dollars would also be a bad precedent given Iran’s current status with a finding as a jurisdiction of primary money laundering concern and the FATF’s call for countermeasures. It is critical to preserve the U.S. dollar’s status as the world’s reserve currency, including by ensuring that countries engaged in destabilizing activities do not have the privilege of processing transactions in U.S. dollars.

We look forward to your response in timely manner to our requests.

Sincerely,



Marco Rubio  
U.S. Senator



Mark Kirk  
U.S. Senator