

## **“Iran’s Islamic Revolutionary Guard Corps: Fueling Middle East Turmoil”**

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Chairman Royce, Ranking Member Engel, Members of the Committee, good morning and thank you for this opportunity to testify on “Iran’s Islamic Revolutionary Guard Corps: Fueling Middle East Turmoil.” As the Middle East continues to burn, the United States and its allies have numerous evidence to suggest that Iran has not really changed all that much since President Rouhani took office in September 2013. President Rouhani was elected to rescue Iran’s beleaguered economy, which he is well on his way to achieving.

Rouhani may appear moderate next to outspoken hardliners in the IRGC, but both are driven by the same revolutionary ideals that inspired Ayatollah Khomeini to create the Islamic Republic in 1979. Rouhani may disagree with the methods chosen by the IRGC, but there is little he can do to stop it. The recent unwillingness of the Obama Administration to weaken the IRGC is incompatible with its apparent belief that the JCPOA will strengthen moderates in Iran who favor internal reform and rapprochement with the West.

### **What is the IRGC Qods Force?**

The Qods Force, an elite branch of the Islamic Revolutionary Guard Corps, is responsible for irregular warfare and asymmetric operations. It leads subversive activities abroad ranging from non-violent cultural and business fronts to assassinations, backing political resistance organizations, and support to violent opposition groups.

### **What are its primary missions?**

- Conduct covert action and tactical intelligence collection, with operations designed to organize, train, equip and finance Islamic movements and pro-Iran militants around the world;
- Direct and support assassinations, mainly against Western and Israeli targets;
- Conduct covert diplomacy;
- Lead the planning and forward deployment of IRGC forces as the central piece of Iran’s asymmetrical warfare doctrine;
- Engage in covert influence and spread the resistance via cultural, social, economic, political, and business entities and organizations; and
- Build a global commercial apparatus designed to acquire new technologies, assist with government covert action programs, create new sources of revenue and add to existing threat facilitation networks.

The importance of covert action to Iran's revolutionary export strategy has been very clear: Since May 2011, there have been dozens of terrorist plots implicating Iran. From an attempt to murder the Saudi ambassador to the United States to a foiled bomb plot in Kenya, Iran continues to view covert action as an important tool of foreign policy.

The Qods Force is also engaged in various non-kinetic activities that play a central role in its external resistance mission. Qods Force officers work within a remarkable array of front companies, religious foundations, cultural centers, charities and quasi-governmental organizations.

For example, the Ahlul Bayt World Assembly (ABWA) was ostensibly set up to promote Iran's revolutionary ideology overseas and to serve as a link between the Iranian clerical establishment and foreign Shia clerics. However, ABWA has also served as an effective cover for assisting with intelligence-gathering; spotting and recruiting foreign students; and moving money and materiel destined for Qods Force (and MOIS) operations. The head of ABWA, Mohammad Hassan Akhtari, is a two-time ambassador to Syria with decades of experience in the Levant dating back to the formation of Hezbollah.

He understands Iran's objectives in Syria, Iraq and Lebanon as well as anyone and effectively merges ABWA and the Qods Force wherever necessary to advance covert action programs in the region. Qods Force commanders rely on entities such as ABWA to help with information operations designed to shape local opinion in favor of Iran; to maintain contact and supply lines with Shia proxy groups; and as foreign-based units for collecting information.

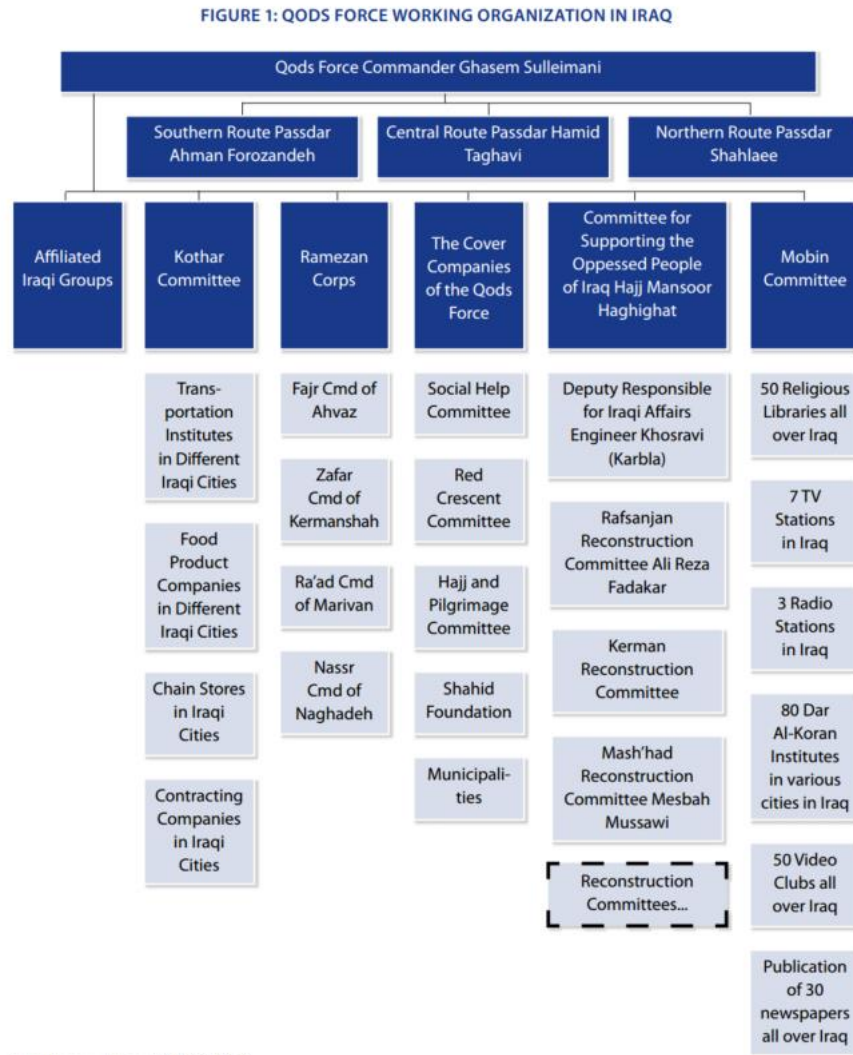
### **How is the IRGC destabilizing the region?**

The following is just a few of the ways in which the IRGC undermines security and stability in the region:

1. Sectarian Repopulation: The active strategy that few are talking about is the IRGC's leading role in a long-term strategy to alter the sectarian balance across the region, beginning in The Levant. When and where it can, Iran-sponsored militias are creating Shia support bases across Iraq and Syria and pressuring Sunnis to relocate. It perpetuates Sunni distrust, hatred, and organized opposition to Iran-backed militias.
2. Intra-Shia Tension in Iraq: In Iraq, there are three major categories of Shia militias – those backed by Iran, those funded by Ayatollah Sistani, and others aligned with powerful Iraqi Shia politicians such as Moqtada al Sadr and Ammar al-Hakim. The lifting of sanctions in 2016 will allow Iran to increase its support to militias, cementing Iran's influence in areas far from Shia-dominant Baghdad and Basrah.
3. Foreign Fighter Pipelines: The IRGC program to identify non-Iranians to train, equip, and command in foreign conflict zones creates conflicts that would not normally exist. Iran's Qods Force recruits, trains, and deploys Afghan Shia to fight in Syria-based IRGC Qods Force units (known as the Fatemiyoun Brigades). Iran's transport of foreign fighters serves its greater mission of externalizing the Islamic Revolution, but adds fuel to a sectarian fire already raging out of control.
4. Yemen: The prospect of a nuclear Iran combined with IRGC support to Houthi rebels on its border led Saudi Arabia to take its Iran pushback strategy to the next level. The longer IRGC units provide lethal support to Houthis, the greater the chance such support escalates in unintended ways (e.g., creeping toward the Bab al-Mandeb Strait, Eastern Province, etc.).
5. Bahrain: The propaganda war between Manama and Tehran continues to intensify as a result of persistent public messaging from Iranian hardliners that Bahrain belongs to Iran. The recent arrest of 36 Bahraini Shiites on charges of spying for the IRGC, the 400 or so others in prison on similar charges, and the dozens of incidents over the years almost always lead back to the Qods Force.

6. Saudi Arabia: While President Rouhani and Foreign Minister Zarif have made some attempt at diplomatic outreach to the Saudis, the IRGC has continued on a more confrontational path, both openly and covertly. The Saudi government continues to uncover IRGC attempts to penetrate and militarize Shia communities in its oil-rich Eastern Province. Department 1000 Ramezan Corps units operating out of Basrah continue to play a key role in these and other efforts against the Kingdom.

A dated org chart of IRGC Qods Force networks in Iraq shows the degree to which its security services have emphasized the importance of a ground-up approach to gaining and maintaining influence in countries across the region:



Source: Harmony document DMX8-2007-001686.

## The Response of the Obama Administration

The Administration has prioritized the JCPOA above all else, opting to cordon off the deal from Iran's destabilizing activities in the region and its repressive activities at home. The Administration has maintained terrorism and human rights-related sanctions, which have little to no bearing on Iran's economic recovery,

and offered occasional strategic reassurance to old allies in the Gulf and Israel. The White House seems to believe that by ignoring Iran's hardliners, a moderate-seeming President like Hassan Rouhani will somehow transform the Islamic Republic into a newer, nicer version that no longer adheres to the great but dangerous ambition set forth in its own revolutionary ideals.

### **The Impact of JCPOA Sanctions Relief on IRGC Capabilities**

The destabilizing activities mentioned above continue to occur even though sanctions have not been lifted. Once sanctions are lifted, Iran will be in an even stronger position to carry out plans that have been necessarily put on hold due to budgetary shortfalls. Entire IRGC units and IRGC support to Iran's proxies, including Lebanese Hezbollah, have already started to creep back up after having plummeted due to the power of multi-lateral economic sanctions. The impact of sanctions on lost operational capability should not be underestimated. It meant less money for training, running intelligence source networks, funding local businesses, cultural centers, and other "dual use" operational infrastructure, and

### **Policy Recommendations**

I would recommend new policies and the strengthening or better use of existing ones, as there are already tools and capacities already at our disposal for countering the IRGC. A few of them include the following:

#### More Sanctions on the IRGC

The IRGC is not a one-dimensional organization. Just as there are still true believers on the front lines, the IRGC also consists of jaded bureaucrats and businessmen. The latter presents several opportunities for exposing the corruption, hypocrisy, and criminal nature of the organization. The US designation of IRGC Qods Force General Gholamreza Baghbani as a Specially Designated Narcotics Trafficker pursuant to the Foreign Narcotics Kingpin Designation Act was the first use of the Kingpin Act against an Iranian official.

Recommendation: More SDN designations, sanctions, and other forms of public exposure and punishment linked to IRGC involvement in narcotics trafficking and money laundering would hurt its credibility, cut into profitable streams of revenue (that not only enrich IRGC commanders but also regional suppliers such as the Taliban), and weaken illicit networks across the region that support a wide variety of transnational organized crime.

Recommendation: Designating the entire IRGC a terrorist organization would force the regime to make some very hard choices, but it would almost certainly make it more difficult for Iran to project power across the region. It would make it easier for allied countries in the region to justify taking stronger measures against IRGC-affiliated individuals and commercial networks.

#### The Rewards for Justice Program

The State Department's Rewards for Justice (RFJ) Program needs to be brought into the 21<sup>st</sup> Century. Since its inception over 30 years ago, the Program has paid out ~\$125M to approximately 90 individuals. That equates to a cumulative average of 3 payouts per year – a woefully inadequate result in large part due to the Program's overly passive, tactically inflexible, and one-dimensional functionality. Several examples address these and other shortcomings. First, the Bureau of Diplomatic Security's website. It is an English-only site with a 1-800 call-in number, an address in Washington, DC, and links to RFJ-related banter on Facebook, Twitter, and YouTube that's more suitable for Western counter-terrorism analysts than jihadists.

Recommendation: Congress should mandate changes to the site based on the recommendations of intelligence and law enforcement professionals that would make it as easy and secure as possible for would-be informants to make contact with the U.S. Government. Such a panel should include those who have serviced existing US Government “write-in” web pages, such as CIA’s Virtual Walk In program. Law enforcement agencies with experience handling sources around the world, such as the Drug Enforcement Administration, should be consulted for ideas on operational exploitation perhaps, but their write-in sites are poorly administered, under-utilized, and no better than the existing RFJ website.

The RFJ website also focuses exclusively on 75 individuals who are among the “who’s who” of international terrorists. While it would be unwise to publish a more exhaustive list that could undermine ongoing counter-terrorism investigations or operations, the site should be more than a series of wanted posters and a box to write in. RFJ Program pay-outs for information on these 75 individuals should extend to underfunded and overworked foreign intelligence, military, and police units. More agile marketing of RFJ money will increase the odds of finding “liaison plus” contacts that can quietly enhance counter-terrorism cooperation with friendly or not-so-friendly liaison services.

Recommendation: Congress should consider using RFJ funds to reward those who provide actionable information on governments, companies, and individuals who are in violation of US sanctions for doing business with designated IRGC entities. One of the biggest challenges to JCPOA implementation will be how to keep tabs on Iran’s illicit nuclear procurement apparatus. To that end, Congress should ensure that RFJ funds can be used in smaller amounts to compensate those who accurately reveal JCPOA transgressions involving the IRGC, Iran’s Ministry of Intelligence and Security (MOIS), or the vast network of others who support them.

### **Countering the IRGC’s Business of Irregular Warfare**

For the past decade or so, the US government has attempted to develop a professional cadre of law enforcement agents, civilian and military intelligence officers, analysts, and others to specialize in Counter Network Operations. The purpose was to effectively counter the financial and logistical depth and sustainment capacity of adversaries engaged in irregular or traditional warfare. Hitting the finances, financiers, and illicit networks, it was thought, would become an important means of warfare. Progress has been limited.

Key military, law enforcement, and intelligence bureaucracies must be properly oriented, educated, trained, and integrated into a government-wide effort that consists of coordinated Counter Network actions against critical IRGC infrastructure and personnel around the world. The IRGC has long relied on a networked approach to broadening Iran’s influence at home and abroad, from illicit procurement to providing lethal support to proxies across the region. We need to be better equipped to work transnationally against an enemy that continues to rely on asymmetric warfare.

We are unprepared to take full advantage of the information collected and stored by Foreign Intelligence Units (FIUs).

Recommendation: We should explore new ways of using FIUs in sustained lines of attack against cultural, business, and social bases of operations and lines of communication that make up “the business of irregular warfare.” Businesses seek to be self-supporting, self-financing, and cloaked in licit covers.

Recommendation: Congress should call on the Treasury Department to assess the current state of designated banks, investment companies, exchange houses, and other nodes of IRGC networks, the impact of US pressure over time, how designated entities have countered, and the degree to which they have been

disrupted, dismantled, or destroyed. A Treasury study should serve as the basis for recommendations for tracking and countering illicit IRGC business practices, and go hand in hand with a global Commerce Department-led effort to warn US and foreign businesses doing business in Iran. Congress should push for strengthening the operational capacity of Treasury and Commerce Department attaches. Overseas, neither is adequately staffed or funded to conduct investigations of banks, exchange houses, hawaladars, and others who will gradually return to their old ways as the taint of doing business with Iran begins to fade.

This could begin with a study to assess the current state of designated banks, investment companies, exchange houses, and other financial nodes of terrorist networks, the impact of USG pressure over time, how designated entities and individuals have countered, and the degree to which they have been disrupted, dismantled, or destroyed. It should also offer recommendations for tracking and countering illicit IRGC business practices.

Recommendation: Congress should explore options for enhancing global awareness of how IRGC illicit networks operate across the region and exposing and embarrassing the individuals, companies, and governments who abet them. This should begin with a global media campaign that spells out the risks involved in doing business with Iran and regularly offers updates on business entities that are linked to IRGC-sanctioned entities. Media efforts in the US should focus on revealing individual state investments in Iran and mandating certifications that such investments are not linked to IRGC entities still subject to human rights and terrorism-related sanctions.

Media operations could also be used to highlight Iran's failure to criminalize terrorist financing, effectively implement and act on suspicious transaction reporting, and to create a genuine Financial Intelligence Unit (FIU personnel are not authorized by law to investigate financial transactions). They could also be used to expose the hypocrisy of untaxed, unregulated, and unaudited assets worth tens of billions of dollars controlled by Iran's state-run foundations known as "bonyads" and Supreme Leader Khamenei's personal network, the Executive Committee of the Imam Khomeini's Order (EIKO). This is important because it links the shortcomings of Iran's financial system and the inability of the international community to identify and disrupt the flow of IRGC money and support to destabilizing terrorist proxies in the Middle East, South Asia, and beyond. Illicit money flows also reflect insufficient border control programs and a lack of effective multi-lateral counter terrorism initiatives with all the countries on Iran's borders.