4.) IRGC AND TERRORISM (Mr. Smith – OFAC)
Last month the Chief of the Israeli Defense Forces Gadi Eisekot said that Iran provides between $800 million and $1 billion in support of Hezbollah annually.

QUESTION: Does the U.S. agree with the estimate provided by the Israelis? If so, what steps has your office taken to prevent the money flowing from Iran to Hezbollah and other terrorist organizations like Hamas?

While we cannot comment on the Israeli estimate of Hizballah funding in an unclassified response, we note that Hizballah has received significant monetary payments from Iran to fund the group's activities in support of the brutal Assad regime, which is why we have continued to aggressively target this conduct. We retain all the legal authorities necessary to aggressively target Iran's support for Hizballah and other terrorist organizations, and we have intensified our collaboration with Israel and the Gulf states to better track Iranian support networks and to put them out of business, including through the use of our sanctions authorities. Implementation of the JCPOA has not reduced our ability to target Hizballah.

Under our primary terrorism sanctions authority, Executive Order 13224, we have designated terrorists, their organizations, and their supporters across the globe. We have employed this authority forcefully against Iran's IRGC-Qods Force and the terrorist groups it supports – including Hizballah – and will continue to do so. Since 2001, we have designated more than 100 Hizballah-affiliated individuals and entities comprising the group's organizational infrastructure, financial networks, and procurement nodes in Lebanon and abroad.

We have continued to target the sources of financial flows into Hizballah. For example, in January of this year, we sanctioned a Hizballah financier who had received millions of dollars to invest in commercial projects that financially support the group. Prior to that, in July 2015, we imposed sanctions against a Hizballah facilitator and businessman who served as the point person for the procurement and transshipment of weapons and materiel for Hizballah and its Syrian partners. In June 2015, we targeted key Hizballah members and businessmen, as well as related companies, for their role in supporting Hizballah's financial and commercial operations in Lebanon and Iraq, including a Lebanon-based real estate development company that Hizballah used as an investment mechanism. In February 2015, we designated a key Hizballah support network based in West Africa involving three individuals that supported Hizballah terrorist activity, including an individual who solicited donations and helped arrange the transmission of these funds to Hizballah, and three entities. Even after Implementation Day, secondary sanctions continue to attach to non-U.S. persons who engage in certain transactions or activities involving Iranian persons designated for their Hizballah-related activities, as well as any individual or entity designated in connection with Iran's support for terrorism.

We also continue to actively designate other terrorist groups affiliated with Iran. In September 2015, we designated four key Hamas financial facilitators and a company involved in investments and money transfers on behalf of Hamas. One of the individuals was a major Hamas financier who led the Hamas Finance Committee in Saudi Arabia, and who oversaw the

transfer of tens of millions of dollars from Iran to Saudi Arabia to fund, among other things, Hamas activities in Gaza. This financier managed several front companies in Saudi Arabia that conducted money laundering activities for Hamas.

Treasury has also used Section 311 of the USA PATRIOT Act to identify as a "primary money laundering concern" Lebanese financial institutions that facilitate money laundering activities including Lebanese Canadian Bank (2011), Rmeity Exchange (2013), and Halawi Exchange (2013). These actions, which require U.S. domestic financial institutions to take special measures against identified entities, served to further expose Hizballah's involvement with and benefit from illicit activities, and to safeguard the U.S. financial system from the institutions through which such funding moved.

In addition to our domestic targeting of Hizballah, Treasury regularly engages with our foreign partners to encourage them to take concrete steps to deny Hizballah access to the international financial system. In November, Treasury participated in the U.S.-Gulf Cooperation Council Working Group on Iran, where participants discussed joint efforts to counter Iran's support for Hizballah, the Assad regime, and militant proxies in the region. Later that month, the Saudi government designated 12 Hizballah-affiliated individuals, including senior Hizballah military officials, terrorist operatives, and financiers, some of whom had previously been sanctioned by Treasury. On March 3, the Gulf Cooperation Council (Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Oman) designated Hizballah as a terrorist organization. Separately, in July 2013 the European Union designated Hizballah's military wing as a terrorist organization. We have worked with multiple European countries to pass lead information, resulting in many successes, including the arrest of Hizballah-linked money launderers by French law enforcement in January. Treasury also engages with Lebanese authorities to support their efforts to prevent Hizballah from accessing the Lebanese financial system. These actions are in part the result of sustained U.S. Treasury engagement and demonstrate our shared focus on targeting this violent terrorist organization and its support apparatus. We would be happy to provide you with additional information and as well as answer any questions you may have in a classified setting.