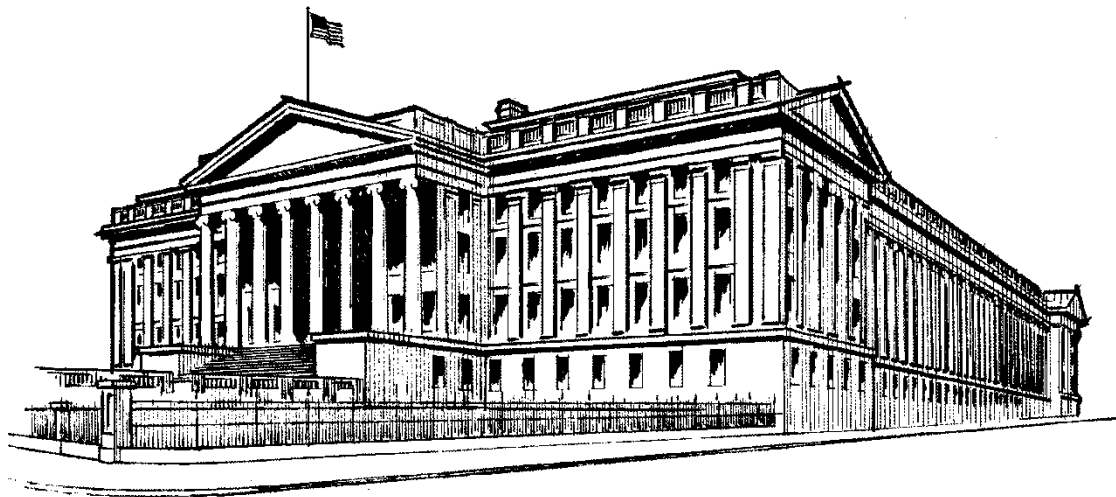


# **TERRORIST ASSETS REPORT**

## **Calendar Year 2017 Twenty-sixth Annual Report to the Congress on Assets in the United States Relating to Terrorist Countries and International Terrorism Program Designees**



**Office of Foreign Assets Control  
U.S. Department of the Treasury**



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**OFFICE OF FOREIGN ASSETS CONTROL  
U.S. DEPARTMENT OF THE TREASURY**

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## References

This report cites a number of sanctions-related authorities including executive orders. All of the legal materials cited in this report may be found in the legal section of OFAC's website at the following URL:

<https://www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>

## **BACKGROUND**

### **A. Economic Sanctions and Terrorism**

The U.S. government uses targeted economic sanctions as an impactful tool against international terrorists and terrorist organizations. Following the events of September 11, 2001, President Bush issued Executive Order 13224 (E.O. 13224), significantly expanding the scope of then-existing U.S. sanctions against terrorists and terrorist organizations. The combination of programs targeting international terrorists and terrorist organizations with those targeting terrorism-supporting governments constitutes a wide-ranging assault on international terrorism and its supporters and financiers.

The Department of the Treasury's Office of Foreign Assets Control (OFAC) is the lead U.S. Government agency responsible for implementing sanctions with respect to assets of international terrorist organizations and terrorism-supporting countries. OFAC implements these sanctions as part of its general mission to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals. In administering and enforcing U.S. economic sanctions programs, OFAC focuses on developing sanctions regimes; identifying persons (individuals and entities) for designation; assisting parties in complying with the sanctions prohibitions through its compliance, licensing, and regulatory efforts; assessing civil monetary penalties against sanctions violators; cooperating with other U.S. government agencies, including law enforcement, on sanctions-related matters and strategies; and coordinating with other nations to implement similar sanctions programs.

Currently, OFAC administers sanctions programs targeting, among others, international terrorists and terrorist organizations and their supporters, as well as those relating to countries that have been designated as state sponsors of terrorism. The impact of these sanctions programs extends beyond the blocked assets described in this report. Sanctions also expose and isolate terrorists and their organizations, help protect the international financial system from abuse, and can assist or complement the law enforcement actions of other U.S. agencies and other governments.

### **B. Nature of Blocked Assets**

The assets described below represent funds frozen under U.S. sanctions programs that block all property and interests in property in the United States or in the possession or control of a U.S. person (or in the case of Cuba, a person subject to U.S. jurisdiction) of designated or blocked parties. The term "interest" is broadly defined in OFAC's sanctions regulations in Chapter V of Title 31 of the Code of Federal Regulations. An interest in property may be direct or indirect and includes property interests short of full ownership. In many instances, the interest may be partial or contingent.

Because the blocked assets discussed in this report include assets not actually owned by designated or blocked parties, they are described throughout as assets

“relating to” a designated party. Many of the assets may be owned or subject to claims by third parties.

OFAC regulations generally prohibit any form of judicial disposition of blocked property, unless authorized by OFAC. However, the Terrorism Risk Insurance Act of 2002 (the TRIA) includes a provision making certain blocked assets of terrorist parties available to satisfy certain judgments against terrorist parties. A similar law, 22 U.S.C. § 8772, made most of the assets reported in the 2015 Terrorist Assets Report (TAR) as blocked in relation to the Government of Iran available for certain terrorism victims.

Some, but not all, of OFAC’s sanctions prohibitions relating to terrorism entail the blocking, i.e., freezing, of assets. The implementation of sanctions programs targeting international terrorist organizations has resulted in the blocking in the United States of approximately \$44 million in which there exists an interest of an international terrorist organization or other related designated party.<sup>1</sup>

Approximately \$199 million in assets relating to the three designated state sponsors of terrorism in 2017 have been identified by OFAC as blocked pursuant to economic sanctions imposed by the United States. See Exhibit A and Table 1, below.

### **C. Nature of OFAC Information Sources**

The sources of information that OFAC uses in this report vary depending on the nature of the sanctions target. With respect to terrorists and terrorist organizations, OFAC relies solely on information that U.S. persons are obligated to report to OFAC related to blocked assets. With respect to state sponsors of terrorism, OFAC relies primarily on reports of blocked property when applicable.

### **D. This Report**

Section 304 of Public Law 102-138, as amended by Public Law 103-236 (22 U.S.C. § 2656g) (hereinafter referred to as “Section 304”) (Tab 1), requires the Secretary of the Treasury, in consultation with the Attorney General and appropriate investigative agencies, to provide an annual report to the Congress concerning the nature and extent of assets held in the United States by terrorism-supporting countries and organizations engaged in international terrorism. The Department of the Treasury submitted its first TAR to the Congress in April 1993. The current report, covering calendar year 2017, is the 26th successive TAR.

The TAR, which is prepared by OFAC based on information from the Department of the Treasury and other government agencies and non-government parties, is submitted to the Committee on Foreign Relations and the Committee on Finance in the Senate, and to the Committee on Foreign Affairs and the Committee on Ways and Means in the House of Representatives.

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<sup>1</sup> This figure may not include certain amounts reported to OFAC as blocked where OFAC is reviewing the appropriateness of the blocking.



The agencies polled in developing this report are listed in Tab 2.

Both funds and real and tangible property are included in this report.<sup>2</sup> Funds are reported in the following exhibit and table:

- Exhibit A contains figures for blocked funds in the United States relating to international terrorist organizations.
- Table 1 contains figures for blocked funds in the United States relating to state sponsors of terrorism.<sup>3</sup>

Descriptions of real and tangible property are reported in Part I, Section E for international terrorist organizations and Part II, Section C for state sponsors of terrorism.

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<sup>2</sup> For purposes of this report, the term “funds” means financial holdings (e.g., cash accounts, securities, and debt obligations).

<sup>3</sup> North Korea was designated as a state sponsor of terrorism on November 20, 2017 ([see https://www.state.gov/j/ct/list/c14151.htm](https://www.state.gov/j/ct/list/c14151.htm).)

## **PART I ASSETS RELATING TO INTERNATIONAL TERRORIST ORGANIZATIONS**

Section 304 requires that the Department of the Treasury report on assets with respect to “organization[s] engaged in international terrorism.” For purposes of this report, “organizations engaged in international terrorism” include only those organizations targeted for sanctions under one or more of the three OFAC-administered sanctions programs relating to terrorist organizations as discussed below.

### **A. Programs**

#### **1. Executive Order 13224 - Specially Designated Global Terrorists (SDGTs)**

On September 23, 2001, President Bush declared a national emergency, pursuant to the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-1706 (IEEPA), and other authorities, in Executive Order 13224 (E.O. 13224), “Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism” (see OFAC legal document index at <https://www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>). E.O. 13224 was issued in response to the grave acts of terrorism and threats of terrorism committed by foreign terrorists, including the terrorist acts committed on September 11, 2001, in New York and Pennsylvania and against the Pentagon, and the continuing and immediate threat of future attacks on U.S. nationals and the United States. The terrorist acts of September 11, 2001 were also recognized and condemned in United Nations Security Council Resolutions (UNSCR) 1368 (September 12, 2001), 1373 (September 28, 2001), and 1390 (January 16, 2002). See also UNSCR 1267 (October 15, 1999) (creating the framework for the “Consolidated List” of individuals and entities associated with Al-Qa’ida, Usama bin Laden, and the Taliban); UNSCRs 1988 and 1989 (June 17, 2011) (separating the Consolidated List into separate lists targeting individuals and entities associated with the Taliban and Al-Qa’ida, respectively); UNSCRs 2255 (December 21, 2015) and 2253 (December 17, 2015) (updates to the sanctions regimes targeting the Taliban, the Islamic State of Iraq and the Levant, and Al-Qa’ida), and UNSCR 2368 (the most recent update to the sanctions regimes targeting the Islamic State of Iraq and the Levant and Al-Qa’ida).<sup>4</sup> E.O. 13224 imposes economic sanctions on persons who have been determined to have committed or pose a significant risk of committing acts of terrorism, as well as on persons determined to be owned or controlled by such persons or to provide support to such persons or acts of terrorism. It prohibits transactions or dealings in property or interests in property of any person designated under its authority, including the donation of funds, goods, or services (or receipt of donations of funds, goods, or services), and it blocks all property in the United States or within the possession or control of a U.S. person in which there is an interest of any designated person.<sup>5</sup>

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<sup>4</sup> 295 individuals and 96 entities designated by the United States government pursuant to E.O. 13224 are listed on the UNSCR 2255 or 2253 Lists.

<sup>5</sup> Executive Order 13372 amends E.O. 13224 to clarify that the Order prohibits donations to or receipt of donations from persons determined to be subject to E.O. 13224.

In the Annex to E.O. 13224, President Bush listed 12 individuals and 15 entities whose property and interests in property were blocked pursuant to the order. The Taliban and its leader were added to the Annex pursuant to Executive Order 13268 (E.O. 13268) (see OFAC legal document index at <https://www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>). Subsequently, additional individuals and entities have been identified or designated by the Department of State and the Department of the Treasury. As of December 31, 2017, a total of 1,030 individuals and entities had been designated and remained listed as “Specially Designated Global Terrorists” or “SDGTs” for having met one or more of the criteria for designation set forth in E.O. 13224 or had been identified as property and interests in property of designated entities and individuals and are therefore blocked.<sup>6</sup>

## **2. Executive Orders 12947 and 13099 - Specially Designated Terrorists (SDTs)**

On January 23, 1995, President Clinton declared a national emergency pursuant to IEEPA and other authorities in Executive Order 12947 (E.O. 12947), "Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process" (see OFAC legal document index at <https://www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>). E.O. 12947 targets terrorists threatening the Middle East peace process (termed “Specially Designated Terrorists,” or “SDTs”) and prohibits dealings in property or interests in property of any organization or individual designated under its authority, including the donation of funds, goods, or services, and it blocks all property in the United States or within the possession or control of a U.S. person in which there is an interest of any designated person. Twelve terrorist organizations were named in the Annex to E.O. 12947.

On August 20, 1998, President Clinton issued Executive Order 13099 (E.O. 13099) amending E.O. 12947 (see OFAC legal document index at <https://www.treasury.gov/resource-center/sanctions/Pages/legal-index.aspx>) by adding three individuals and one organization to the Annex of E.O. 12947, including Usama bin Ladin and Al-Qa’ida. As of December 31, 2017, a total of 33 individuals and entities had been identified or designated and remained listed as SDTs.<sup>7</sup>

## **3. Antiterrorism Act of 1996 – Foreign Terrorist Organizations (FTOs)**

On April 24, 1996, the President signed into law the Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. 104-132, 110 Stat. 1247-58, which authorizes the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, to designate organizations meeting stated criteria as FTOs, with prior notification to the Congress of the Secretary’s intent to designate. Section 303 of the

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<sup>6</sup> The 1030 SDGTs designated pursuant to E.O. 13224 include 61 Foreign Terrorist Organizations (FTOs) designated by the Secretary of State pursuant to the Antiterrorism and Effective Death Penalty Act of 1996.

<sup>7</sup> Since the issuance in September 2001 of the global terrorism E.O. 13224, which has a broader scope than E.O.s 12947 and 13099, virtually all sanctions designations against terrorists and those supporting them have been made under E.O. 13224.

Act (18 U.S.C. § 2339B) makes it a crime for persons within the United States or subject to U.S. jurisdiction to knowingly provide material support or resources to an FTO designated under Section 302. Additionally, except as authorized by the Department of the Treasury, U.S. financial institutions in possession or control of funds in which an FTO or its agent has an interest are required to block such funds and report on them to the Department of the Treasury.

As of December 31, 2017, 61 organizations or groups had been designated as FTOs by the Department of State and remained listed as such.<sup>8</sup> These 61 FTOs include 10 of the 12 Middle East terrorist organizations designated under E.O.s 12947 and 13099 and 49 other foreign organizations located in South America, Europe, Asia, and Africa. All 61 of these groups are also designated pursuant to E.O. 13224.

## **B. Administering and Enforcing Terrorism Sanctions**

Terrorists, terrorist groups, and terrorist supporters that are designated pursuant to E.O.s 12947 and 13224, or as an FTO, are placed on OFAC's public list which is referred to as the "Specially Designated Nationals List" or "SDN List." In the context of the terrorism programs, they also may be known as SDGTs, SDTs, or FTOs, depending on the individual or entity in question.

U.S. persons<sup>9</sup> are prohibited from conducting unauthorized transactions or having other dealings with or providing services to the designated individuals or entities. Foreign persons may be held liable for effecting such transactions from or through the United States. Any property or property interest of a designated person that is or comes within the possession or control of the United States or a U.S. person is blocked and must be reported to OFAC.

## **C. Impact of Terrorism Sanctions**

The imposition of sanctions by the United States and its international partners against terrorists, terrorist organizations, and their support structures is a powerful tool. Its effects reach far beyond the blocking of terrorist assets. Designating individuals or organizations as SDGTs, SDTs, or FTOs notifies the U.S. public and the world that these parties are either actively engaged in or supporting terrorism or that they are being used by terrorists and their organizations. Notification exposes and isolates these individuals and organizations, deters would-be donors, and forces these groups to expend time and resources to find new sources of revenue and channels for moving these funds. These sanctions are also magnified by the central role of the U.S. dollar in the international financial system, as terrorist-related funds transfers that neither originate from nor are destined for the United States can nevertheless pass through or

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<sup>8</sup> See the U.S. Department of State's Designated Foreign Terrorist Organizations: <https://www.state.gov/j/ct/rls/other/des/123085.htm>

<sup>9</sup> U.S. persons include: all U.S. citizens, U.S. permanent resident aliens, and foreign nationals present in the United States; U.S. citizens and U.S. permanent resident aliens abroad; corporations organized under U.S. law and foreign companies' branches/subsidiaries located in the United States; and foreign branches of U.S. companies.

otherwise touch a U.S. financial institution, which reacts by blocking the transaction. Beyond the U.S. financial system, these designations help protect the international financial system from terrorist abuse, as banks and other private institutions around the world frequently consult OFAC's SDN List and report denying listed persons access to their institutions to minimize their own risk, and U.S. terrorism designations will often be implemented multilaterally by foreign partners or listed at the UN.

In addition, the imposition of economic sanctions can assist or complement the law enforcement actions of other U.S. agencies and/or other governments. For example, U.S. and foreign prosecutors can pursue criminal charges against individuals or entities that willfully provide financial or other material support to designated terrorists and terrorist organizations. A further indicator of the impact of these sanctions is how designation targets react. The United States has seen high-ranking officials within terrorist organizations subject to U.S. sanctions programs struggling to manage the effects of U.S. measures and worrying about additional actions that may be taken against them.

#### **D. Summary of Blocked Assets Relating to International Terrorist Organizations**

As of December 31, 2017, assets blocked pursuant to E.O.s 12947 and 13224 and 18 U.S.C. § 2339B(a)(2), other than assets blocked due to an interest of a state-owned entity belonging to a state sponsor of terrorism, totaled approximately \$44 million. These assets are reported in Exhibit A.<sup>10</sup>

The value, location, and composition of reported blocked assets may change over time based on OFAC's receipt of reports from holders of blocked assets identifying additional assets relating to terrorist entities; updates of information received from holders of blocked accounts on accrued interest and fluctuating market values; and licensing of various transactions in accordance with United States foreign policy and national security objectives and applicable law, such as when OFAC identifies that funds were blocked by U.S. financial institutions as a result of false positive name matches to entries on OFAC's SDN List. The primary reasons for major changes in recent years generally involve increases in the amount of blocked assets based upon new listings of or transactions associated with terrorist-related entities or decreases in assets when victims of terrorism obtain blocked assets pursuant to TRIA or similar statutes.<sup>11</sup> In some cases, blocked funds reported in Exhibit A involve funds that were sent to third-party organizations that transact with one of the organizations listed in

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<sup>10</sup> Funds blocked pursuant to E.O. 13224 due to an interest of a state-owned entity belonging to a state sponsor of terrorism are included in Table 1.

<sup>11</sup> Section 201(a) of the TRIA, as amended, provides:

(a) IN GENERAL-Notwithstanding any other provision of law, and except as provided in subsection (b), in every case in which a person has obtained a judgment against a terrorist party on a claim based upon an act of terrorism, or for which a terrorist party is not immune under section 1605A or 1605(a)(7) (as such section was in effect on January 27, 2008) of Title 28, United States Code, the blocked assets of that terrorist party (including the blocked assets of any agency or instrumentality of that terrorist party) shall be subject to execution or attachment in aid of execution in order to satisfy such judgment to the extent of any compensatory damages for which such terrorist party has been adjudged liable.

Exhibit A but that do not appear to support those organizations' policy or strategic objectives.

### E. Real and Tangible Property Relating to International Terrorist Organizations

The U.S. Government has identified and designated organizations inside the United States that are branches of, or have been determined to provide support to or be owned or controlled by, designated terrorist groups or individuals. For example, the Benevolence International Foundation owns real estate in the greater Chicago area. OFAC neither maintains nor conducts valuations or appraisals of real property, and the specific current value of such blocked real estate is not known. In some cases, tax assessments for real property are available from a local tax office, but these assessments may not reflect true market value.

<b>EXHIBIT A</b>		
<b><u>BLOCKED FUNDS IN THE UNITED STATES</u></b>		
<b>RELATING TO THE SDGT, SDT, AND FTO PROGRAMS</b>		
<b>ORGANIZATION/RELATED DESIGNEES</b>	<b>BLOCKED AS OF 2017</b>	<b>BLOCKED AS OF 2016</b>
AL ASHTAR BRIGADES	\$511	N/A
AL-ITIIHAAD AL-ISLAMIYA	\$40	N/A
AL-QA'IDA	\$7,396,912	\$5,884,983
AL-SHABAAB	\$22,094	N/A
AUM SHINRIKYO	\$18,828	N/A
HAMAS	\$1,143,815	\$1,121,905
HAQQANI NETWORK	\$1,108	N/A
HARAKAT UL-MUJAHIDIN	\$488	N/A
HEZB-E-ISLAMI GULBUDDIN	\$273	N/A
HIZBALLAH	\$9,814,664	\$6,266,456
HIZBUL MUJAHIDEEN	\$1,943	N/A
ISLAMIC MOVEMENT OF UZBEKISTAN	\$3,153	N/A

ISLAMIC REVOLUTIONARY GUARD CORPS-QODS FORCE	\$14,491,594	\$14,303,467
ISLAMIC STATE OF IRAQ AND THE LEVANT (ISIL)	\$251,613	\$145,846
JAISH-E MOHAMMED	\$1,725	N/A
JEMAAH ISLAMIYAH	\$38,532	N/A
KURDISTAN WORKERS PARTY (PKK) <sup>1</sup>	\$17,165	N/A
LASHKAR-E JHANGVI	\$12,829	\$15,188
LASHKAR-E TAYYIBA	\$218,639	\$53,457
LIBERATION TIGERS OF TAMIL EELAM	\$580,811	\$580,811
NEW PEOPLE'S ARMY	\$3,750	\$3,750
PALESTINIAN ISLAMIC JIHAD	\$59,739	\$63,843
REVOLUTIONARY ARMED FORCES OF COLOMBIA (FARC)	\$224,634	\$88,906
TALIBAN	\$10,728	\$2,539
TEHRIK-E TALIBAN PAKISTAN	\$224	N/A
UNITED SELF-DEFENSE FORCES OF COLOMBIA (AUC) <sup>2</sup>	\$34,624	N/A
OTHER <sup>3</sup>	\$9,255,735	\$5,583,721
<b>Total Blocked Funds relating to SDGTs, SDTs, and FTOs</b>	<b>\$43,606,172</b>	<b>\$34,114,872</b>
Exhibit Source: Office of Foreign Assets Control		

1/ The PKK and the AUC were added to Exhibit A for the first time in 2017 after OFAC determined that a number of transactions blocked under the counter narcotic sanctions programs contained a name match to individuals designated for their association with the PKK or the AUC. These blocked funds are being

included in this report because of the designation of the PKK under the Global Terrorism Sanctions Regulations (GTSR), 31 C.F.R. Part 594, and the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597, and of the AUC under the GTSR. As with other funds included in this report, this figure may include assets owned by third parties, as described on page 2.

2/ See footnote 1 above.

3/ This category contains terrorism-related blockings where the nexus to a particular terrorist organization cannot be established or disclosed.



## **PART II ASSETS RELATING TO STATE SPONSORS OF TERRORISM**

### **A. State Sponsors of Terrorism**

“Terrorist countries” for purposes of this report are the state sponsors of terrorism designated by the Secretary of State under Section 6(j) of the Export Administration Act (50 U.S.C. App. § 2405), Section 40(d) of the Arms Export Control Act (22 U.S.C. § 2780(d)), and Section 620A of the Foreign Assistance Act (22 U.S.C. § 2371). States currently designated as sponsors of terrorism are: Iran, Sudan, and Syria, and North Korea.<sup>12</sup>

### **B. Reported Blocked Assets Relating to State Sponsors of Terrorism**

The following information describes the nature and extent of assets held in the United States that are blocked because they relate to countries designated as state sponsors of terrorism. These assets include approximately \$199 million in funds, as reported in Table 1, as well as real and tangible property described in Section C, below.

As noted in Part I.D above, the value, location, and composition of reported blocked assets may change over time for a variety of factors. The primary reasons for major changes in recent years generally involve increases in the amount of blocked assets based upon new listings of or transactions associated with terrorist-related entities, decreases in assets when victims of terrorism obtain blocked assets pursuant to the TRIA or similar statutes, or decreases due to licensing activity.

#### **IRAN**

The fund totals relating to Iran, as set forth in Table 1, are derived from annual reports of blocked property submitted to OFAC pursuant to OFAC’s regulations. See 31 C.F.R. § 501.603(b)(2). Executive Order 13599 of February 5, 2012 blocks all property and interests in property of the Government of Iran and Iranian financial institutions. Assets blocked under Executive Orders 13224 and 13382 that contain an interest of the Government of Iran are also blocked under Executive Order 13599.<sup>13</sup> These assets are reported in Table 1.<sup>14</sup> These blocked assets include, as noted on page 2, assets that may be owned by third parties, but which contain an Iranian interest of some kind.

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<sup>12</sup> See the U.S. Department of State’s State Sponsors of Terrorism: <https://www.state.gov/j/ct/list/c14151.htm>

<sup>13</sup> Property blocked under Executive Order 13599 may also be blocked under other authorities.

<sup>14</sup> On May 8, 2018, the President decided to cease the United States’ participation in the Joint Comprehensive Plan of Action (JCPOA) and to reimpose all of the U.S. sanctions lifted or waived in connection with the JCPOA. To implement this decision, the President issued E.O. 13846 on August 6, 2018 to reimpose relevant provisions of several executive orders that had been revoked by E.O. 13716 and to revoke E.O. 13716. Certain blocking sanctions are being reimposed pursuant to E.O. 13846 and various statutory authorities following the relevant wind-down periods, depending on the activity involved. Any assets blocked as a result of the reimposition of these sanctions are not within the temporal scope of this report.

The blocked Iranian property includes property of the Government of Iran that was blocked as a result of the 1979 hostage crisis and that has remained blocked since that crisis was resolved in 1981 under OFAC's Iranian Assets Control Regulations, 31 C.F.R. Part 535. The property remains blocked in part because of pending claims before the Iran-U.S. Claims Tribunal, under which proceedings continue in The Hague. Blocked funds in which the Government of Iran has an interest are reported in Table 1. The blocked Iranian diplomatic and consular real and tangible property is described in Section C below. The blocked funds reported in Table 1 include rental proceeds derived from the diplomatic and consular property; the security deposits of the tenants are included in the reported figure. The State Department's Office of Foreign Missions, the custodian of the diplomatic and consular real property, is authorized to use the rental proceeds to maintain the blocked properties in keeping with the treaty obligations of the United States, and certain funds may have been earmarked for these purposes. In addition to the diplomatic and consular real property and rental proceeds, there are six Government of Iran consular accounts that have been blocked since 1981.

## **SUDAN**

Effective January 17, 2017, OFAC amended the Sudanese Sanctions Regulations, 31 C.F.R. part 538 (SSR), to add a general license authorizing all transactions previously prohibited by the SSR and by Executive Orders 13067 and 13412, including transactions that involve property in which the Government of Sudan has an interest. As a result, there are no blocked assets reported in Table 1 in relation to Sudan. Effective October 12, 2017, certain sanctions with respect to Sudan and the Government of Sudan — namely sections 1 and 2 of Executive Order (13067 of November 3, 1997 and all of Executive Order 13412 of October 13, 2006 — were revoked, pursuant to Executive Order 13761 of January 13, 2017, as amended by Executive Order 13804 of July 11, 2017, and as a result, OFAC has removed the SSR from the Code of Federal Regulations.

## **SYRIA**

The majority of blocked property in which the Government of Syria has an interest is blocked pursuant to Executive Order 13582 of August 17, 2011. This includes assets that are also blocked pursuant to Executive Order 13573 of May 18, 2011, Executive Order 13382 of June 28, 2005, or Executive Order 13338 of May 11, 2004. These assets are reported in Table 1 and, as noted on page 2, may include assets owned by third parties. Although Executive Order 13399 of April 25, 2006 blocks the property and interests in property of individuals and entities designated by the Secretary of the Treasury, in consultation with the Secretary of State, no assets relating to the individuals and entities presently targeted by such sanctions have been reported to OFAC as blocked. While assets have been blocked pursuant to Executive Order 13460 of February 13, 2008 and Executive Order 13572 of April 29, 2011, it does not appear that the Government of Syria has an interest in these assets, and they are not reported here.

## **NORTH KOREA**

On November 20, 2017, the State Department designated North Korea as a State Sponsor of Terrorism.

Because the North Korea sanctions have targeted not only the Government of North Korea, but also individuals and entities acting on its behalf or engaging in other North Korea-related activity, the reported figure may include the blocked assets of all these parties. The majority of blocked property in which the Government of North Korea has an interest is blocked pursuant to Executive Order 13551 of September 1, 2010, Executive Order 13687 of January 6, 2015, Executive Order 13722 of March 18, 2016, Executive Order 13810 of September 20, 2017, and Executive Order 13382 of June 28, 2005. The fund totals include funds owned by third parties that have been blocked due to indirect interests of the North Korean government or other blocked person. These assets are included in Table 1.

### **C. Real and Tangible Property of State Sponsors of Terrorism**

Based on available information, some of the current state sponsors of terrorism own diplomatic and consular real property in the United States. Syria owns four blocked properties in New York and Washington, D.C. Iran owns 11 blocked properties in California, Illinois, Maryland, New York, Texas, and Washington, D.C.

Bank Melli also had an interest in a building in New York, New York, through its control of Assa Corp. and Assa Co. Limited. Assa Corp. and Assa Co. Ltd. were designated pursuant to Executive Order 13382 in 2008, and their interests in property are blocked. The remainder of the interest in the building is held indirectly by an entity, the Alavi Foundation, which was recently held in legal proceedings in the Southern District of New York to be part of the Government of Iran. In June 2017, a jury reached a verdict in a trial relating to that building, which allows the Department of Justice to seize the building in the largest terrorism-related asset forfeiture in U.S. history, and the case is under appeal.

OFAC does not conduct valuations of tangible property or appraisals of real property. In some cases, tax assessments for real property are available from a local tax office, but these assessments may not reflect a true market value.

In regard to tangible property, Iran has laid claim before the Iran-U.S. Claims Tribunal to miscellaneous blocked and non-blocked military and non-military property that it asserts was in the possession of private entities in the United States when the hostage crisis was resolved in 1981. In response, the United States has asserted, among other arguments, that Iran has failed to identify the property, establish that the property was in existence in 1981, prove that it owned the property, and/or demonstrate that, due to physical deterioration, obsolescence, or other reasons, the property had anything more than a nominal or negligible value. These issues are pending before the Tribunal.

**TABLE 1**

<b>Blocked Funds<sup>1</sup> in the United States Relating to State Sponsors of Terrorism<sup>2</sup></b>		
<b>(Amounts in millions of U.S. dollars)</b>		
<b>Country</b>	<b>2017</b>	<b>2016</b>
<b>IRAN</b>	\$104.50	\$87.90
<b>SUDAN<sup>3</sup></b>	--	\$28.80
<b>SYRIA</b>	\$33.63	\$32.10
<b>NORTH KOREA</b>	\$63.40	--
<b>TOTAL</b>	<b>\$201.53</b>	<b>\$148.80</b>
Table Source: Office of Foreign Assets Control		

1/ The value of real and tangible property is excluded from the amounts reported in Table 1 and is discussed separately in Part II, Section C.

2/ North Korea was designated as a State Sponsor of Terrorism on November 20, 2017. See <https://www.state.gov/j/ct/list/c14151.htm>.

3/ Since January 17, 2017, all transactions prohibited under the Sudanese Sanctions Regulations, 31 C.F.R. Part 538 (SSR), are authorized pursuant to a general license located at 31 C.F.R. § 538.540.

## TITLE 22--FOREIGN RELATIONS AND INTERCOURSE

### CHAPTER 38-- DEPARTMENT OF STATE

#### Sec. 2656g. Report on terrorist assets in United States

##### (a) Reports to Congress

Beginning 90 days after October 28, 1991, and every 365 days thereafter, the Secretary of the Treasury, in consultation with the Attorney General and appropriate investigative agencies, shall submit to the Committee on Foreign Relations and the Committee on Finance of the Senate and the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives a report describing the nature and extent of assets held in the United States by terrorist countries and any organization engaged in international terrorism. Each such report shall provide a detailed list and description of specific assets.

##### (b) Definitions

For purposes of this section--

- (1) the term "terrorist countries", refers to countries designated by the Secretary of State under section 2780(d) of this title; and
- (2) the term "international terrorism" has the meaning given such term in section 2656f(d) of this title.

(Pub. L. 102-138, title III, Sec. 304, Oct. 28, 1991, 105 Stat. 710; Pub. L. 103-236, title I, Sec. 133(b)(2), Apr. 30, 1994, 108 Stat. 396.)

#### Amendments

1994--Subsec. (a). Pub. L. 103-236 substituted "Secretary of the Treasury, in consultation with the Attorney General and appropriate investigative agencies," for "Secretary of the Treasury" and inserted at end "Each such report shall provide a detailed list and description of specific assets."

#### Change of Name

Committee on Foreign Affairs of House of Representatives treated as referring to Committee on International Relations of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

# TAB 2

## FEDERAL AGENCIES POLLED FOR INFORMATION

Board of Governors, Federal Reserve System
Federal Reserve Bank of New York
Department of the Treasury <ul style="list-style-type: none"><li>• Office of Terrorist Financing and Financial Crimes</li><li>• Financial Crimes Enforcement Network</li><li>• Office of Foreign Assets Control</li><li>• Internal Revenue Service</li><li>• Office of International Affairs</li><li>• Office of Intelligence and Analysis</li><li>• Office of Investment Security</li></ul>
Department of State <ul style="list-style-type: none"><li>• Office of Foreign Missions</li><li>• Bureau of Counterterrorism</li></ul>
Department of Homeland Security <ul style="list-style-type: none"><li>• Immigration and Customs Enforcement</li><li>• U.S. Customs and Border Protection</li><li>• U.S. Secret Service</li></ul>
Department of Justice <ul style="list-style-type: none"><li>• National Security Division</li><li>• Counterterrorism Section</li><li>• Federal Bureau of Investigation, Counter Terrorism Division</li><li>• Drug Enforcement Administration</li></ul>