

United States Senate

WASHINGTON, DC 20510

August 8, 2016

The Honorable John F. Kerry
Secretary of State
U.S. Department of State

Dear Secretary Kerry,

We write to express concern over recent reports that the Administration paid \$400 million in hard currency to Iran this January. The Administration has claimed that this payment was an initial installment of the \$1.7 billion settlement to resolve a dispute over money Iran paid to the United States for military equipment that was never delivered to Iran after the U.S. Embassy in Tehran was invaded, 52 Americans were held hostage for 444 days, and the regime's leadership changed. However, we question the timing—concurrent with the release of five American hostages—as well as the method and lack of disclosure of the payment.

According to an announcement made on January 17, 2016, the United States agreed to pay funds to the rogue regime of Iran in order to settle a longstanding bilateral dispute at The Hague's Iran-U.S. Claims Tribunal. We seek to obtain more information regarding the details of the \$400 million cash payment made via airlift to Iran, seemingly skirting sanctions on American currency and financial systems.¹ What account was used to provide this currency to Iran? How was the foreign currency shipment facilitated? Where did the flight of the cargo plane used for the payment originate from? Where was the currency exchanged from U.S. dollars? Why did the Administration not disclose information about this payment to Congress? Were any sanctions or U.S. law violated by this currency transfer?

We are very troubled to learn that the Administration not only allowed, but facilitated this hard currency payment to Iran. Iran has a long history of fomenting instability and violence throughout the Middle East, posing an existential threat to our friend and ally, Israel, and killing or otherwise endangering innocent Americans. Upon making this payment, did you have any monitoring systems in place for the end-use of this cash? Did you receive any assurances from the Iranians that this payment would not be used to fund terrorism, the Assad regime in Syria, or other Iranian efforts to further sow instability in the region? Can you assure us that U.S. taxpayer dollars—specifically the hard currency provided in the January 2016 shipment—have not been used to fund terrorism?

As you may know, Iran has increased its defense budget by \$1.7 billion—exactly the same amount as the U.S. settlement payment.² Can you confirm that this is true? Does this not indicate to you that Iran is expanding its military and nefarious operations at the expense of the U.S. taxpayer?

Further, we question the rationale for the Administration providing Iran with any settlement payments. According to a list of lawsuits compiled by the Congressional Research Service, Iran owes American victims of terrorism over \$46 billion.³ Why would the Administration pay Iran \$1.7 billion, when Iran owes its American victims so much more? What efforts is the Administration making to ensure that these American victims and their families receive damages that Iran owes them?

¹ <http://www.wsj.com/articles/u-s-sent-cash-to-iran-as-americans-were-freed-1470181874>

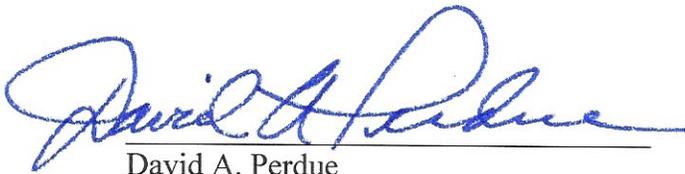
² <http://www.bloomberg.com/view/articles/2016-06-09/u-s-taxpayers-are-funding-iran-s-military-expansion>

³ <http://www.crs.gov/products/Documents/IranJudgments/pdf>

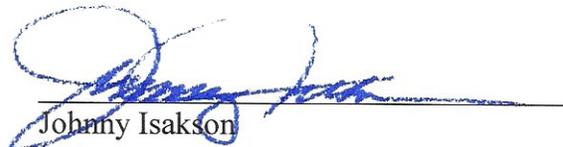
You also must understand that especially due to the timing of the \$400 million cash payment, as part of the broader \$1.7 billion settlement, from the U.S. to Iran appears to serve as a ransom for the five American hostages that were released earlier this year. Was this settlement agreement in any way linked to the release of these American hostages? Would Iran have released these American hostages had this currency transfer not taken place? We are concerned that this payment, along with the swap for seven Iranian prisoners detained in the U.S., has and will encourage further hostage-taking of Americans by Iran. Just this July, yet another American—Robin Shahini—was detained in Iran, adding to a growing list of dual nationals of the United States and other Western nations that have been arrested and detained on trumped-up charges.⁴

This administration must uphold the letter and spirit of U.S. sanctions policy towards Iran and hold the government in Tehran accountable for its actions. This deal with a rogue regime appears to let Iran skirt this accountability, and fractures the trust of Congress and the American people. We look forward to your prompt and thorough reply to our questions.

Sincerely,



David A. Perdue
United States Senator



Johnny Isakson
United States Senator



Mark Kirk
United States Senator

⁴ https://www.washingtonpost.com/world/national-security/another-american-has-been-detained-in-iran-the-fourth-dual-national-in-five-months-to-be-arrested/2016/07/26/84ab02fa-52a7-11e6-88eb-7dda4e2f2aec_story.html