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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

December 5, 2024

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Yellen:

We are writing to express ongoing concerns regarding the implementation and enforcement of sanctions on Iran's oil sector, particularly as they relate to mandates established under the Stop Harboring Iranian Petroleum (SHIP) Act, which was signed into law in April of this year. Congress has consistently identified Iran's oil sector as a critical area for sanctions due to its significant role in financing destabilizing regional terrorism and nuclear development. Unfortunately, delays in fully implementing the SHIP Act remain a concern, as does the need for increased sanctions enforcement.

During April testimony by Deputy Secretary Adeyemo, Ranking Member Scott directly inquired about Iran's oil sector continuing to flourish and whether your Department needed additional authority to address Iran's sanction evasion. Deputy Secretary Adeyemo's response deferred to the State Department, with subsequent written responses citing a post-pandemic rise in global oil demand as a partial explanation for the increase in Iranian oil sales.^{1, 2}

The recent determination on October 11th to expand Executive Order 13902 to persons supporting Iran's petroleum or petrochemical sectors and the subsequent action on December 3rd are encouraging steps, but now your Department must continue to follow through with rigorous

¹ U.S. Department of the Treasury. Deputy Secretary Wally Adeyemo. *Testimony to the U.S. Senate Committee on Banking, Housing, and Urban Affairs: "An Update from the Treasury Department: Countering Illicit Finance, Terrorism, and Sanctions Evasion."* April 9, 2024. Available at: <https://www.banking.senate.gov/hearings/an-update-from-the-treasury-department-countering-illicit-finance-terrorism-and-sanctions-evasion>.

² "We attribute the rise in Iranian oil sales, at least in part, to the recovering demand in global oil markets coming out of the pandemic. As economies recover and demand grows, we have seen an increase in entities willing to purchase or facilitate the sale of sanctioned oil, despite the risk of U.S. sanctions." U.S. Department of the Treasury. Deputy Secretary Wally Adeyemo. *Questions for the Record to the U.S. Senate Committee on Banking, Housing, and Urban Affairs: "An Update from the Treasury Department: Countering Illicit Finance, Terrorism, and Sanctions Evasion."* April 9, 2024.

enforcement actions.^{3, 4} Lax sanctions enforcement has enabled certain nations, particularly in Southeast Asia, to openly disregard U.S. sanctions and sell Iranian crude to China. For example, trade data show that Malaysia is exporting oil to China in excess of its own production capacity, a clear indication of involvement in Iranian oil trade.⁵ To address these deficiencies, it is critical that Treasury deploys all available enforcement tools and fully engages in monitoring and sanctioning illicit oil transactions involving Iran.

Iran's illicit oil exporting tactics are well known. For example, United Against Nuclear Iran (UANI) provides valuable public data, such as through its tanker tracker and "Ghost Armada" analysis, monitoring vessels moving Iranian oil, especially to and from Kharg Island.⁶ Given the capabilities of the United States Government, we are confident that Treasury has access to additional intelligence sources to further these efforts.

In light of the above, we request the following information from your department no later than December 20, 2024.

1. An assessment of all vessels listed by UANI in its Tanker Tracker and its Ghost Armada to determine whether they meet the criteria for sanctions under E.O. 13902 as entities operating in Iran's petroleum and petrochemical sectors.^{7, 8}
2. A comprehensive assessment of all foreign financial institutions facilitating Iranian oil exports.
3. A briefing on Treasury's engagements with foreign governments to improve sanctions enforcement on Iranian oil exports.
4. A classified briefing on Treasury's utilization of intelligence community resources to effectively monitor Iranian oil exports and the associated financial networks.
5. An updated Financial Crimes Enforcement Network (FinCEN) advisory to financial institutions alerting them of recent tactics and emerging trends in sanctions evasion by Iran and its oil buyers.

Thank you for your attention to these urgent matters and for your Department's role in upholding the integrity of U.S. sanctions on Iran.

Sincerely,

³ U.S. Department of the Treasury. Secretary Janet Yellen. *Determination Pursuant to Section 1(a)(i) of Executive Order 13902*. October 11, 2024. Available at: <https://ofac.treasury.gov/media/933491/download?inline>.

⁴ U.S. Department of the Treasury, Office of Foreign Assets Control. *Iran-related Designations*. December 3, 2024. Available at: <https://ofac.treasury.gov/recent-actions/20241203>.

⁵ Kimani, Alex. "Iranian Oil Exports Have Risen Sharply, Facilitated By Malaysia." *OilPrice.com*. July 24, 2024. Available at: <https://oilprice.com/Energy/Crude-Oil/Iranian-Oil-Exports-Have-Risen-Sharply-Facilitated-By-Malaysia.html>.

⁶ Claire Jungman and Daniel Roth. "Iran Tanker Tracking." *United Against a Nuclear Iran*. Available at: <https://www.unitedagainstnucleariran.com/tanker-tracker>.

⁷ Claire Jungman and Daniel Roth. "October 2024 Iran Tanker Tracker." *United Against a Nuclear Iran*. November 1, 2024. Available at: <https://www.unitedagainstnucleariran.com/blog/october-2024-iran-tanker-tracker>.

⁸ Claire Jungman and Daniel Roth. "The Ghost Armada." *United Against Nuclear Iran*. Oct. 31, 2024. Available at: <https://www.unitedagainstnucleariran.com/blog/stop-hop-ii-ghost-armada-grows>.



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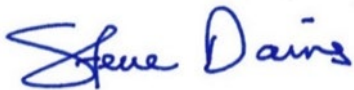
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