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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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September 13, 2016

The Honorable Eric Thorson
Inspector General of the Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Inspector General Thorson,

According to a database at the Department of the Treasury's Bureau of the Fiscal Service, on January 19, 2016, thirteen separate payments of \$99,999,999.99 and one payment of \$10,390,236.28 were drawn from the "Judgment Fund" by the Department of State.¹ The Judgment Fund constitutes a permanent, indefinite appropriation for, among other things, payment of final monetary judgments and awards against the United States, as authorized in 31 U.S.C. § 1304. Given the lack of transparency surrounding these payments, as well as the large amount of funds involved, I ask that you undertake the following work:

1. Please identify whether the Treasury Department fully complied with Volume I, Part 6, Chapter 3100 ("Certifying Payments and Recording Corresponding Intragovernmental Receivables in the Federal Government's Judgment Fund") of the "Treasury Financial Manual" (TFM) of the Bureau of the Fiscal Service within Treasury in connection with payment made out of the Judgment Fund on January 19, 2016 as listed on the Judgment Fund Payment Search website under Control #201601676 for 13 separate payments of \$99,999,999.99, with Payment ID numbers 016832016, 016842016, 016852016, 016862016, 016872016, 016882016, 016892016, 016902016, 016912016, 016922016, 016932016, 016942016, and 016952016 (hereafter, the 13 payments).
2. Please provide to the Committee a copy of any certification and/or payment request to the Treasury Department in connection with the 13 payments that the Department of State requested from the Judgment Fund, including supporting documentation that was submitted, which must have included a copy of the judgment or settlement agreement
 - a. Note that:
 - i. according to the Treasury's website, requests for payment from the Judgment Fund are made "by faxing or mailing completed Fiscal Service Judgment Fund payment request

¹ <https://jfund.fms.treas.gov/jfradSearchWeb/JFPymtSearchAction.do> (the payments are associated with the Department of State as Defendant Agency, with: Jurisdiction being Foreign Claims; Defendant Agency File # 163-68-50; Control # 201601676 for all 13 payments; Payment Sent Date being 1/19/2016 for all 13 payments; Principal Citation Code being 28-USC-2414 [Title 28-Judiciary and Judicial Procedure, Section 2414-Payments of judgments and compromise settlements] for all 13 payments; and Principal Citation Code Description being Attny Gen Cetr-Settlements/State&Foreign Cts ONLY for all 13 payments).

forms or by submitting payment request information electronically through the Judgment Fund Internet Claims System;” and,

- ii. according to 31 CFR Part 256, regarding supporting documentation when an agency submits a request for payment from the Judgment fund “The submitting agency must submit a copy of the judgment or settlement agreement, as applicable, in addition to the request for payment from the Judgment Fund. The request for payment must be on the appropriate Judgment Fund payment request forms.”
3. Please provide a copy of any certification and/or payment request to the Treasury Department in connection with the Department of State’s request that payment be made out of the Judgment Fund, including supporting documentation that was submitted, which must have included a copy of the judgment or settlement agreement, with the relevant payment made on January 19, 2016 as listed on the Judgment Fund Payment Search website under Control #201601676 for a single payment of \$10,390,236.28, with Payment ID #016962016 (hereafter, the single payment).
4. Please provide a complete description of what particular foreign claim the single payment was made to cover.
5. According to Secretary of State Kerry’s Press Statement of January 17 of this year, there was a roughly \$1.3 billion payment made to Iran as a “compromise on the interest claim” which arrived at a result that “Iran’s recovery was fixed at a reasonable rate of interest.” If the aggregate amount of the 13 payments (i.e. \$1,299,999,999.87, or “roughly” \$1.3 billion) represented what Secretary Kerry referred to as a “compromise on the interest claim,” then those payments were made to provide interest at a “reasonable rate” to someone in Iran. However, with respect to each of the 13 payments and to the single payment, the “Interest Amount” in the accounting provided by results from the Judgment Fund Payment Search website is listed as \$0.00 and the “Interest Citation Code” and “Interest Citation Code Description” fields are blank. If the 13 payments and possibly the single payment represented payment of interest at a reasonable rate, please determine and detail to the Committee why the “Interest Amount” was listed as \$0.00 for each payment and the “Interest Citation Code Description” field was left blank.
6. Note that, according to the Treasury Financial Manual, Volume 1, Part 6, Chapter 3100, Section 3130 (“Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism”):

Executive Order 13224 prohibits transactions with persons who commit, threaten to commit, or support terrorism. The Department of the Treasury’s Office of Foreign Assets Control (OFAC) maintains the Specially Designated Nationals (SDN) and Blocked Persons list, which provides a list of individuals and entities covered by Executive Order 13224. The SDN and Blocked Persons list also includes the additional restrictions found in the Foreign Assets Control regulations at 31 CFR Chapter V. The Judgment Fund Branch does not make or certify payments, or draw checks or warrants, payable to an individual or organization listed on the SDN and Blocked Persons list.

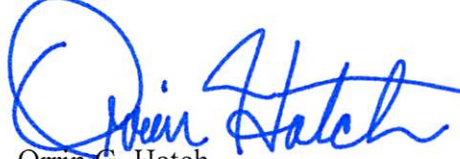
Please provide evidence that no individual or entity on the SDN and Blocked Persons list received payments made from the Judgment Fund Branch of the U.S. Treasury and

representative of the final settlement of whatever is (are) the judgment(s) or settlement(s) that were submitted for the 13 payments and for the single payment.

7. With regard to 13 payments and the single payment:
 - a. To what financial institution(s) or central bank(s) or individual(s) were the 13 payments sent and to what financial institution(s) or central bank(s) or individual(s) was the single payment sent?
 - b. If the 13 payments were made to settle a claim by Iran against the U.S., were there any instructions accompanying or associated with the payments out of the Judgment Fund to convert the electronic balances that were sent into hard currency to be delivered to agents of the Iranian government?

Please provide responses and relevant information no later than October 12, 2016, to Jason Stegmaier of the Finance Committee.

Sincerely



Orrin G. Hatch
Chairman
Senate Committee on Finance