



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

## **TERRORIST ASSETS REPORT (January 1996)**

### **1995 Annual Report to the Congress on Assets Belonging to Terrorist Countries or International Terrorist Organizations**

#### **SUMMARY**

Nearly 3.8 billion dollars in assets of the seven state sponsors of terrorism are located within U.S. jurisdiction. Of that amount, over \$3.0 billion are blocked by the U.S. Treasury Department pursuant to economic sanctions imposed by the United States against five of the terrorist countries. In addition, during 1995, \$725,000 in assets of international terrorist organizations have been identified and blocked within the United States.

#### **BACKGROUND**

Section 304 of Public Law 102-138, as amended by Public Law 103-236 (22 U.S.C. § 2656g), requires the Secretary of the Treasury, in consultation with the Attorney General and appropriate investigative agencies, to provide annual reports to Congress concerning the nature and extent of assets held in the United States by terrorist countries and organizations engaged in international terrorism. The Department of the Treasury submitted its first Terrorist Assets Report to Congress in April 1993. This current report, covering calendar year 1995, is the fourth successive Terrorist Assets Report.

The Terrorist Assets Report is submitted to the Committee on Foreign Relations and the Committee on Finance in the Senate and to the Committee on International Relations and the Committee on Ways and Means in the House. It was prepared by the Treasury Department's Office of Foreign Assets Control ("OFAC"), which has the responsibility for administering and enforcing economic sanctions programs mandated by the President pursuant to his declaration of a national emergency with regard to particular foreign countries and non-state parties. Seventy-nine percent of the identified U.S.-based assets of state sponsors of terrorism and all blocked assets of international terrorist organizations are under the sanctions controls of OFAC.

More than a dozen Federal agencies and offices were polled in developing the report. They included:

Department of State	Bureau of Alcohol, Tobacco and Firearms
Department of Justice	U.S. Customs Service
Federal Bureau of Investigation	Internal Revenue Service
National Security Council	U.S. Secret Service
Intelligence Community	Department of Defense
Joint Chiefs of Staff	Financial Crimes Enforcement Network

Committee on Foreign Investment in the United States (CFIUS)

Office of Foreign Assets Control

State Sponsors of Terrorism: State sponsors of terrorism are those countries designated by the Secretary of State under Section 40(d) of the Arms Export Control Act, Title 22, United States Code, Section 2780(d). States currently listed as sponsors of terrorism are: Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria. Of those seven countries, OFAC currently administers a comprehensive embargo or other sanctions program against all but Sudan and Syria. These existing asset freezes, financial prohibitions, trade embargoes, and travel- and transportation-related restrictions are promulgated under the authority of the Trading With the Enemy Act, Title 50, United States Code, Appendix, Sections 1-44 (Cuba and North Korea), the International Emergency Economic Powers Act, Title 50, United States Code, Sections 1701-1706 (Iran, Iraq, and Libya), the United Nations Participation Act, Title 22, United States Code, Section 287c (Iraq and Libya), and the International Security and Development Cooperation Act, Title 22, United States Code, Sections 2349aa-8 & -9 (Iran and Libya).

Information concerning the known holdings in the United States of those seven state sponsors of terrorism is reported below in Part I. It should be noted that, with the exceptions of Sudan and Syria, these figures represent aggregate totals of assets blocked in the United States. Many of the assets blocked under the authority of existing United States economic sanctions programs may be the subject of claims by more than one party. Blocked assets, however, may not be attached by any claimant unless authorized by OFAC consistent with U.S. policy. Authorization to attach assets is unlikely until such time as the sanctions against the target state are lifted.

International Terrorist Organizations: Section 304 of Public Law 102-138 also requires the Secretary of the Treasury to report to the Congress annually on those assets of international terrorist

organizations that are held within the United States. For purposes of this report, Treasury has used two documents to establish a baseline for determining which groups may fall within the phrase "international terrorist organizations."

Appendix B of the April 1995 document "Patterns of Global Terrorism: 1994" ("Patterns") is the most comprehensive list of international terrorist organizations. The "Patterns" report is prepared annually by the Department of State's Office of the Coordinator for Counterterrorism in compliance with Title 22, United States Code, Section 2656f(a). Appendix B of the 1994 "Patterns" report is attached as Tab 1 of this report.

The other baseline document (Tab 2) is Executive Order 12947, which became effective on January 24, 1995, and which blocks assets in the United States of terrorists who threaten to disrupt the Middle East peace process. Twelve Middle East terrorist groups were identified in the Executive order. Accompanying and subsequent notices of the groups and individuals who comprise the "List of Specially Designated Terrorists Who Threaten to Disrupt the Middle East Peace Process," are discussed in more detail in Part II, which discusses international terrorist organizations' assets in the United States, and are included as individual attachments.

## PART I - KNOWN ASSETS OF STATE SPONSORS OF TERRORISM

The following information describes the nature and extent of assets within United States jurisdiction that belong to countries identified as state sponsors of terrorism. These countries and the gross amounts of their reported U.S.-based assets are (in millions): Cuba - \$147.6; Iran - \$22.8; Iraq - \$1,926.8; Libya - \$893.6; North Korea - \$15.6; Sudan - \$38; and Syria - \$740. The total of their gross assets within U.S. jurisdiction is 3.8 billion dollars.

Seventy-nine percent of these assets are blocked by the Treasury Department. However, not all of the blocked assets are literally within the United States. Substantial amounts, identified further below, are in foreign branches of U.S. banks. They are blocked because, under U.S. law, those bank branches are subject to United States jurisdiction. Consequently, those assets are not blocked at institutions located within the United States.

The sums identified below may change at any time as OFAC identifies and blocks additional assets of sanctioned countries, as final determinations are made on the status of blocked funds, or if OFAC receives more recent data concerning the assets of terrorist countries not subject to economic sanctions.

Exhibit A  
Known Assets of State Sponsors of Terrorism  
(amounts in millions of U.S. dollars)

<u>COUNTRY</u>	<u>Amount</u>	<u>Explanation</u>
CUBA	\$147.6	Government of Cuba's blocked assets. Primarily bank accounts. Source: OFAC, Treasury.
	(-0.4)	(Blocked in U.S. banks' foreign branches.)
	\$147.2	<i>Net Blocked Cuban Assets in U.S.</i>
IRAN	\$22.8	Government of Iran's diplomatic properties remaining blocked since 1979-1981 hostage crisis. Primarily real estate. Source: OFAC, Treasury.
IRAQ	\$1,926.8	Government of Iraq's blocked assets. Primarily bank deposits. Source: OFAC, Treasury.
	( -459.7)	(Blocked in U.S. banks' foreign branches.)
	( -200.0)	(Loan to the U.N. in compliance with UNSCR 778.)
	\$1,267.1	<i>Net Blocked Iraqi Assets in U.S.</i>
LIBYA	\$893.6	Government of Libya's frozen assets. Primarily bank deposits. Source: OFAC, Treasury.
	( -14.6)	(Blocked in US banks' foreign branches.)
	\$879.0	<i>Net Blocked Libyan Assets in U.S.</i>
NORTH KOREA	\$15.6	North Korea's frozen bank deposits. Source: OFAC, Treasury.
	( -2.2)	(Blocked in U.S. banks' foreign branches.)
	\$13.4	<i>Net Blocked North Korean Assets in U.S.</i>

SUDAN	\$38.0	Total liabilities of U.S. banking and non-banking institutions to Sudanese institutions. Source: <u>Treasury Bulletin</u> , September 1995.
SYRIA	\$740.0	Total liabilities of U.S. banks (\$719) to official Syrian institutions and (\$21) in total liabilities of U.S. nonbanking institutions to Syria. Source: <u>Treasury Bulletin</u> , September 1995.
TOTALS:	\$3,784.4	Total state sponsor assets within U.S. jurisdiction.
	( -38.0)	(Unencumbered assets of Sudan.)
	( -740.0)	(Unencumbered assets of Syria.)
	\$3,006.4	Total blocked state sponsor assets within U.S. jurisdiction.
	( -476.9)	(Total blocked in U.S. banks' foreign branches.)
	( -200.0)	(UNSCR 778 loan [Iraq].)
	\$2,329.5	Total blocked state sponsor assets within the United States.

The increase in the amount shown for Iraqi assets blocked offshore was caused because British authorities postponed court-ordered liquidation proceedings against Rafidain Bank in which the U.K. branches of U.S. banks were involved. The bank branches were, therefore, not required to transfer certain deposits to the court-appointed liquidator in fulfillment of their obligations under British law as originally permitted by OFAC license.

The decrease in the amount shown for blocked Libyan assets was due to funds previously, inaccurately reported by U.S. financial institutions to OFAC as blocked assets.

The decrease in the amount shown for blocked North Korean assets was due to the implementation of the 1994 U.S.-North Korea Agreed Framework which allows for the return of certain blocked funds transfers to non-North Korean remitters.

## PART II - ASSETS OF INTERNATIONAL TERRORIST ORGANIZATIONS

On January 23, 1995, President Clinton declared a "national emergency" pursuant to the International Emergency Economic Powers Act ("IEEPA") (50 U.S.C. §§1701 et seq.) and other authorities and signed Executive Order 12947, "Prohibiting Transactions With Terrorists Who Threaten to Disrupt the Middle East Peace Process." Twelve Middle East terrorist organizations were named in the annex to the Order.<sup>1</sup> The Order prohibits transfers, including "charitable contributions," of funds, goods, or services to any organizations or individuals designated under its authority; and it blocks all property subject to U.S. jurisdiction in which there is an interest of any designated terrorist.

The Order also applies to persons determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of, any person designated under the Order. Collectively, these prohibited persons are known as "Specially Designated Terrorists" or "SDTs." A concurrent notice from Treasury published 31 pseudonyms and name variations for the twelve terrorist organizations and added the identities of 18 individuals who have important roles with the terrorist groups.<sup>2</sup>

The Order also blocks the property and interests in property of persons found by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, (1) to have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to be assisting in, sponsoring or providing financial, material, or technological support for, or services in support of, terrorist activities.

SDT Blockings Under E.O. 12947. Total current blockings by OFAC under the terrorism Executive order are just below \$725,000. These blockings involve assets connected to individuals who have been added to the list of Specially Designated Terrorists

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<sup>1</sup> Tab 2 - Executive Order 12947, 60 FR 5079, January 25, 1995. The terrorist organizations identified in the Annex are: (1) Abu Nidal Organization (ANO), (2) Democratic Front for the Liberation of Palestine (DFLP), (3) Hizballah, (4) Islamic Gama'at (IG), (5) Islamic Resistance Movement (HAMAS), (6) Jihad, (7) Kach, (8) Kahane Chai, (9) Palestinian Islamic Jihad-Shiqaqi faction (PIJ), (10) Palestine Liberation Front-Abu Abbas faction (PLF-Abu Abbas), (11) Popular Front for the Liberation of Palestine (PFLP), and (12) Popular Front for the Liberation of Palestine-General Command (PFLP-GC).

On January 18, 1996, President Clinton signed a Notice which continues the national emergency with respect to foreign terrorists who threaten to disrupt the Middle East peace process. That Notice (Tab 7 of this report), was published on January 22, 1996, at 61 FR 1695.

<sup>2</sup> Tab 3 - 60 FR 5084 (January 25, 1995). This Federal Register notice of the Specially Designated Terrorists List included the 12 organizations named in E.O. 12947, 31 pseudonyms and name variations for the groups, and 18 key individuals including 9 "aka's" for them. See Tabs 4, 5 and 6 for additional individuals who have been added to the SDT list.

subsequent to the publication of the first SDT list in January 1995. Accounts of two individuals acting on behalf of the terrorist organization HAMAS, Mohammad SALAH<sup>3</sup> and Mousa Abu MARZOOK<sup>4</sup>, are blocked in U.S. banks; and more than \$250,000 of their U.S. real estate holdings are blocked. Furthermore, a bank account belonging to Ramadan Abdullah SHALLAH<sup>5</sup>, the new head of the terrorist organization Palestinian Islamic Jihad ("PIJ"), has been blocked; and an account belonging to the World & Islam Studies Enterprise ("W.I.S.E."), over which SHALLAH has held signature authority, has been blocked. In addition, shortly after Executive Order 12947 went into effect, a small account of the terrorist organization KAHANE CHAI was blocked in a Brooklyn bank.

A chart detailing the assets of international terrorist organizations that have been blocked pursuant to E.O. 12947 is attached as Exhibit B. No U.S.-located assets of international terrorist organizations outside the scope of the Executive order have been identified. Specific information contained in the annex to the 1994 Terrorist Assets Report has not changed and, therefore, has not been repeated in this report.

In carrying out the Treasury Department's responsibilities under Executive Order 12947, OFAC continues to examine information concerning possible interests of terrorist groups in assets within United States jurisdiction. To date, such information has become available principally as a result of OFAC's authority under the Executive order and the International Emergency Economic Powers Act. Furthermore, as part of its regular sanctions enforcement operations, OFAC continues to search for additional information concerning possible assets of the state sponsors of terrorism.

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<sup>3</sup> Tab 4 - The designation of Mohammad Abd El-Hamid Khalil SALAH was published in the Federal Register (60 FR 41152) on August 11, 1995.

<sup>4</sup> Tab 5 - The designation of Mousa Mohammed ABU MARZOOK as a Specially Designated Terrorist was published in the Federal Register (60 FR 44932) on August 29, 1995.

<sup>5</sup> Tab 6 - The designation of Dr. Ramadan Abdullah SHALLAH as a Specially Designated Terrorist was published in the Federal Register (60 FR 58435) on November 27, 1995.

## List of Exhibits & Attachments

### Exhibits

- Exhibit A. Chart of "Known Assets of State Sponsors of Terrorism" (included at pages 4 and 5 of the report).
- Exhibit B. Chart of "Blocked Assets Under SDT Program" (attached).

### Tabs

- Tab 1. Appendix B, "Patterns of Global Terrorism: 1994"
- Tab 2. 60 FR 5079, January 25, 1995. Part IX, The President, "Executive Order 12947--Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process"
- Tab 3. 60 FR 5084, January 25, 1995. Part X, Department of the Treasury, Office of Foreign Assets Control, "List of Specially Designated Terrorists Who Threaten To Disrupt the Middle East Peace Process; Notice"
- Tab 4. 60 FR 41152, August 11, 1995. (Adding SDT name)
- Tab 5. 60 FR 44932, August 29, 1995. (Adding SDT name)
- Tab 6. 60 FR 58435, November 27, 1995. (Adding SDT name)
- Tab 7. 61 FR 1695, January 22, 1996. Presidential Documents. Notice of January 18, 1996. "Continuation of Emergency Regarding Terrorists Who Threaten to Disrupt the Middle East Peace Process"