



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 20, 2019

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Senator Wyden:

I write in response to your October 24, 2019 letter regarding Türkiye Halk Bankasi A.S., a/k/a Halkbank.

As your letter notes, on October 15, 2019, the Department of Justice (DOJ) charged Halkbank with a multi-year scheme to violate and evade U.S. national security controls against the Government of Iran.¹ The U.S. government treats any matter under criminal indictment by DOJ with utmost sensitivity, and the Department of the Treasury is unable to comment on this or any other ongoing prosecution of potential sanctions violations or potential investigations thereof.

Treasury and this Administration take potential sanctions violations very seriously. For example, in 2017, Treasury officials provided extensive information to DOJ concerning the investigation into Mehmet Hakan Atilla, former Deputy General Manager of International Banking at Halkbank, referenced in your letter. In January 2018, in the U.S. District Court for the Southern District of New York, Atilla was found guilty of conspiring with others, including Reza Zarrab, an Iranian-Turkish gold trader, to use the U.S. financial system to conduct transactions on behalf of the Government of Iran and other Iranian entities and defraud U.S. financial institutions by concealing the true nature of the transactions. Specifically, Atilla was convicted of conspiracies to defraud the U.S., to violate the International Emergency Economic Powers Act (IEEPA), to commit bank fraud, and to commit money laundering, as well as a substantive count of bank fraud.

Treasury is proud of its role as an integral part of the Administration's maximum pressure campaign against the Iranian regime and administers a robust sanctions program against the Government of Iran and those who act on its behalf. On this and other fronts, federal law entrusts Treasury and DOJ with authority over enforcement of U.S. sanctions. DOJ has

¹ See Department of Justice Press Release, "Turkish Bank Charged In Manhattan Federal Court For Its Participation In A Multibillion-Dollar Iranian Sanctions Evasion Scheme" (October 15, 2019), *available at*: <https://www.justice.gov/usao-sdny/pr/turkish-bank-charged-manhattan-federal-court-its-participation-multibillion-dollar>.

exclusive authority over criminal prosecutions of alleged schemes to evade U.S. sanctions, though Treasury routinely consults with DOJ on such matters.

Treasury will not hesitate to target prohibited or sanctionable conduct involving Iran wherever it occurs. While the Department does not comment on its investigations of potential violations of sanctions prohibitions or possible sanctions actions against specific targets, as a general matter, we have aggressively used our authorities to pursue enforcement actions against those who violate our sanctions prohibitions within U.S. jurisdiction, as well as to impose designations and other sanctions against those who support the Iranian regime's malign activity or engage in other sanctionable conduct, including conduct that is wholly outside of the United States.

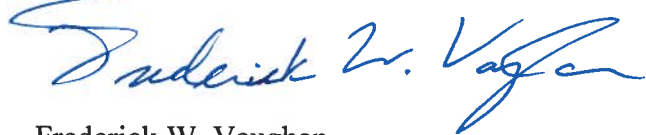
The Department's authorities for pursuing such actions include Executive Orders 12957 and 12959, as clarified by Executive Order 13059, which prohibit, among other things, the exportation, re-exportation, sale or supply, directly or indirectly, to Iran of any goods, technology, or services from the U.S. or by a U.S. person. In addition, in 2018, the President broadened the scope of the sanctions that were in effect prior to January 16, 2016 and directed the reimposition of U.S. sanctions relating to Iran that had been lifted or waived in connection with the Joint Comprehensive Plan of Action (JCPOA). These sanctions include all relevant blocking sanctions, menu-based sanctions, and correspondent account and payable-through account sanctions, as determined by Treasury or State, consistent with applicable authorities.

The Secretary of the Treasury generally implements the sanctions imposed by the Iran program through regulation. Transactions prohibited by these authorities, including transactions with the purpose of evading or avoiding sanctions, which are not otherwise licensed by OFAC, constitute violations of IEEPA or other applicable law. Depending on the facts and circumstances of a particular matter, an OFAC investigation may lead to a finding of violation, civil monetary penalty, or criminal referral.

With respect to your letter's questions, Secretary Mnuchin has met with senior officials from the government of Turkey on multiple occasions to discuss a range of foreign policy and national security issues, and a list of those meetings, based on the Secretary's official schedule, is enclosed. At some of those meetings, Turkish government officials expressed concern about the impact on Halkbank of U.S. economic sanctions on Iran. As was publicly reported, when Prime Minister Erdogan raised concerns directly with President Trump in April 2019, the President referred the issue to the Executive Branch departments responsible by law for the investigation and enforcement of economic sanctions—the Treasury and DOJ. As previously noted, the U.S. government treats pending criminal matters with utmost sensitivity, and Treasury is unable to comment on any ongoing prosecution of potential sanctions violations or potential investigations thereof. The Secretary's consistent position is that the United States expects full compliance with all applicable sanctions programs.

If you have further questions, please direct your staff to contact the Office of Legislative Affairs.

Sincerely,



Frederick W. Vaughan
Deputy Assistant Secretary
Office of Legislative Affairs

Enclosure

cc: The Honorable Charles E. Grassley, Chairman

Enclosure

As referenced in the accompanying letter, provided below is a list of meetings based on Secretary Mnuchin's official schedule involving the Secretary and senior officials from the Republic of Turkey:

- April 22, 2017: Pull Aside at World Bank/IMF Annual Spring Meetings with Deputy Prime Minister Mehmet Simsek of Turkey
- October 13, 2017: Pull Aside at World Bank/IMF Annual Fall Meetings with Deputy Prime Minister Mehmet Simsek of Turkey
- July 21, 2018: Bilateral Meeting with Finance Minister Berat Albayrak of Turkey
- April 12, 2019: Pull Aside at World Bank/IMF Annual Spring Meetings with Finance Minister Berat Albayrak of Turkey
- April 15, 2019: POTUS Meeting at The White House with Finance Minister Berat Albayrak of Turkey
- June 29, 2019: POTUS Bilateral Meeting in Osaka, Japan with President Recep Tayyip Erdogan of Turkey
- November 13, 2019: POTUS Working Lunch at The White House with President Recep Tayyip Erdogan of Turkey