

# U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Treasury Sanctions Kunlun Bank in China and Elaf Bank in Iraq for Business with Designated Iranian Banks

7/31/2012

*Action Imposes Sanctions on Foreign Financial Institutions under the Comprehensive Iran Sanctions, Accountability, and Divestment Act*

**WASHINGTON** – The U.S. Department of the Treasury today announced the imposition of sanctions under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA), against two financial institutions for knowingly facilitating significant transactions and providing significant financial services for designated Iranian banks. The financial institutions sanctioned today are Bank of Kunlun in China and Elaf Islamic Bank in Iraq.

Acting to expose and isolate Iranian financial institutions connected to Iran's WMD proliferation or support for terrorism, the Treasury Department has imposed sanctions against two dozen Iranian banks. As financial institutions around the world have cut ties with these designated Iranian banks, Bank of Kunlun and Elaf Islamic Bank took the opposite approach by providing financial services to designated Iranian banks and facilitating the movement of millions of dollars worth of international transactions.

"Our actions to cut off Kunlun and Elaf from the U.S. financial system underscore Treasury's commitment to use all the tools at its disposal to intensify financial pressure against Iran while protecting the U.S. financial system from illicit activity," said Under Secretary for Terrorism and Financial Intelligence David S. Cohen. "Any bank, anywhere, that seeks to provide a financial lifeline to Iran's designated financial institutions should know that it will be held accountable and its activity will be exposed."

Today's action against Bank of Kunlun and Elaf Islamic Bank effectively bars them from directly accessing the U.S. financial system. As a result of the sanctions imposed today under CISADA, financial institutions may not open correspondent or payable-through accounts for Bank of Kunlun or Elaf Islamic Bank in the United States and any financial institutions that currently hold such accounts must close them within 10 days.

### **Bank of Kunlun**

Bank of Kunlun has provided significant financial services to more than six Iranian banks that were designated by the United States in connection with Iran's weapons of mass destruction (WMD) programs or its support for international terrorism. .

Bank of Kunlun has provided hundreds of millions of dollars worth of financial services to these designated banks, including holding accounts, making transfers, and paying their letters of credit.

In early 2012, Bank of Kunlun transferred hundreds of payments totaling roughly \$100 million dollars from accounts it holds for designated Bank Tejarat. This activity happened after Bank Tejarat was designated by the United States (and the European Union) in January 2012 for providing financial services to several Iranian banks and firms already subject to sanctions for their involvement in Iran's illicit proliferation activities.

In addition to these transfers, in early 2012 Bank of Kunlun made at least one payment for an affiliate of Iran's Islamic Revolutionary Guard Corps pursuant to a letter of credit opened by Bank Tejarat.

### **Elaf Islamic Bank**

Elaf Islamic Bank, a privately-owned Iraqi financial institution, has facilitated significant financial transactions and provided significant financial services for a designated Iranian bank. Iraq's Elaf Islamic Bank has engaged in activity during the past year worth tens of millions of dollars with the Export Development Bank of Iran, which was designated by the United States in October 2008 and also designated by the European Union in July 2010 for its support of Iran's proliferation activities.

## **Financial Provisions of CISADA**

CISADA was signed into law by President Obama in July 2010. It provides the Secretary of the Treasury with the authority to impose strict conditions on, or prohibit the opening or maintaining of, correspondent accounts or payable-through accounts in the United States for foreign financial institutions that the Secretary finds knowingly:

- Facilitate the efforts of the Government of Iran, including Iran's Islamic Revolutionary Guard Corps (IRGC), to acquire WMD or delivery systems for WMD or to support international terrorism.
- Facilitate the activities of a person subject to financial sanctions under certain United Nations Security Council Resolutions related to Iran.
- Engage in money laundering, or facilitate the efforts of the Central Bank of Iran or any other Iranian financial institution, to carry out the activities described above.
- Facilitate a significant transaction or provide significant financial services for the IRGC or its agents or affiliates whose property and interests in property are blocked under the International Emergency Economic Powers Act (IEEPA); or a financial institution whose property and interests in property are blocked under IEEPA in connection with Iran's proliferation of WMD or delivery systems for WMD or Iran's support for international terrorism.

The Treasury Department has issued the Iranian Financial Sanctions Regulations (IFSR) to implement these and other provisions of CISADA.

To view more information on the IFSR, click [here](#).

## **Identifying Information:**

### **Bank of Kunlun Co. Ltd.**

FKA: Karamay Urban Credit Cooperatives

FKA: Karamay City Commercial Bank Co Ltd.

Location 1: (Head Office) 9 Dongzhimen North Street, Dongcheng District, Beijing 100007, China

Location 2: (Registered Office) No. 7 Century Ave, Karamay 834000 Xinjiang, China

Location 3: (Daqing, Heilongjiang Branch) 172 Xibin Rd, Ranghai District, Daqing 163453

Location 4: (Urumqi, Xinjiang Branch) No. 68 Zhongya South Rd, Economic and Technological Development Zone, Urumqi 830026

SWIFT/BIC: CKLB CN BJ

### **Elaf Islamic Bank**

Address: PO Box 3440, Bldg No. 14, Street 99, Hai Al Wehda-Mahala 902, Alweih, Baghdad, Iraq

SWIFT/BIC: ELAF IQ BA

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