

# Treasury Sanctions Vast Financial Network Supporting Iranian Paramilitary Force That Recruits and Trains Child Soldiers

October 16, 2018

**WASHINGTON** – The U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) took action today against a vast network of businesses providing financial support to the Basij Resistance Force (Basij), a paramilitary force subordinate to Iran’s Islamic Revolutionary Guard Corps (IRGC). Among other malign activities, the IRGC’s Basij militia recruits, trains, and deploys child soldiers to fight in IRGC-fueled conflicts across the region. This Iran-based network is known as Bonyad Taavon Basij, which is translated as Basij Cooperative Foundation, and is comprised of at least 20 corporations and financial institutions. The Bonyad Taavon Basij employs shell companies and other measures to mask Basij ownership and control over a variety of multibillion-dollar business interests in Iran’s automotive, mining, metals, and banking industries, many of which have significant international dealings across the Middle East and with Europe.

“The Bonyad Taavon Basij network is an example of how the IRGC and Iranian military forces have expanded their economic involvement in major industries, and infiltrated seemingly legitimate businesses to fund terrorism and other malign activities. This vast network provides financial infrastructure to the Basij’s efforts to recruit, train, and indoctrinate child soldiers who are coerced into combat under the IRGC’s direction,” said Treasury Secretary Steven Mnuchin.

“The international community must understand that business entanglements with the Bonyad Taavon Basij network and IRGC front companies have real world humanitarian consequences. This helps fuel the Iranian regime’s violent ambitions across the Middle East.”

## OVERVIEW OF TODAY’S ACTION

Today’s action targets Iran’s Basij Resistance Force for its connection to the IRGC and support to the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF), along with Bonyad Taavon Basij and its complex network of intermediary companies and financial institutions, which fund its violent domestic and regional conduct. The entities designated today comprise part of the Basij’s economic conglomerate, and are deeply entrenched in major Iranian industries, such as

automotive, mines and metals, tractor manufacturing, and banking. These entities are being designated as Specially Designated Global Terrorists (SDGTs) pursuant to Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism.

The IRGC and its domestic suppression arm, the Basij, use the monies generated from this network to support terrorism along with committing a variety of human rights abuses at home and abroad.

The IRGC-QF was designated pursuant to E.O. 13224 on October 25, 2007. The IRGC-QF's parent organization, the IRGC, was designated pursuant to E.O. 13224 on October 13, 2017. OFAC is designating the Basij pursuant to E.O. 13224 for being owned or controlled by the IRGC, and for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, the IRGC-QF. Basij was also designated by OFAC in 2011 pursuant to E.O. 13553 for its involvement in the violent crackdowns and serious human rights abuses occurring in Iran following the June 2009 contested presidential election and for being controlled by the IRGC.

## THE BASIJ: SUPPORT TO IRGC-QF, INCLUDING RECRUITMENT AND TRAINING OF CHILD SOLDIERS

The Basij, a paramilitary force formed soon after the 1979 revolution, is one of the Iranian regime's primary enforcers of internal security. The Basij, which came under the formal authority of the IRGC in 2007, has branches in every province and city in Iran. Its activities include indoctrinating schoolchildren and providing combat training to children as young as 12-years-old.



*High-definition photo*



*High-definition photo*



*High-definition photo*



*High-definition photo*

*Pictures obtained from the Basij's own websites, Basijpress and Basijnews, and Iran's MehrNews.*

In addition to its involvement in violent crackdowns and serious human rights abuses in Iran, the Basij recruits and trains fighters for the IRGC-QF, including Iranian children, who then deploy to Syria to support the brutal Assad regime. Since at least early 2015, the Basij has recruited and provided combat training to fighters before placing them on a waiting list for deployment to Syria.

In addition to Iranian nationals, the Basij also recruits Afghan immigrants to Iran, including children as young as 14-years-old, to join the Fatemiyoun Brigade, a militia made up of Afghan fighters under the control of the IRGC-QF in Syria. Some of these Afghan recruits, reportedly coerced to fight on the side of the Assad regime in Syria, choose instead to flee to Europe. The Basij also recruit Pakistani nationals to join the Zainabiyoun Brigade, a militia comprised of Pakistani nationals under the control of the IRGC-QF in Syria.



*High-definition photo*

*Screenshot of a November 25, 2017 video broadcast by the Islamic Republic of Iran Broadcasting (IRIB) news agency purporting to show a 13-year old Basij member in the Syrian border city of Abu Kamal. He said he was a "defender of the shrine," the euphemism the Iranian government uses for fighters it sends to Syria and Iraq. He names two of his fellow soldiers who were killed in Syria. In the video, the boy speaks about his motivation to join forces in Syria.*

In addition to committing acts of violence at home and abroad and supporting the IRGC-QF's involvement in the Syrian civil war, the Basij, through its economic arm, Bonyad Taavon Basij, has increased its involvement in Iran's major industries such as the metals and minerals, automotive, and banking sectors.

## **BONYAD TAAVON BASIJ: FINANCIAL AND ECONOMIC CONGLOMERATE PROVING LIFELINE TO THE BASIJ**

In addition to providing social welfare services, including housing and financial support, to Basij members, **Bonyad Taavon Basij** manages Basij members' economic activities by funding small companies. However, as its role in domestic oppression and support for the IRGC-QF's external meddling has increased, Bonyad Taavon Basij has expanded its reach into Iran's economy by establishing several investment firms through its financial and investment offshoot **Mehr Eqtesad Bank**.

Formerly known as Mehr Finance and Credit Institution, Mehr Eqtesad Bank pays the equivalent of hundreds of millions of dollars each year to Bonyad Taavon Basij in the forms of dividends and interest free lines of credit.

OFAC is designating Bonyad Taavon Basij pursuant to E.O. 13224 for being owned or controlled by the Basij, and also for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, the Basij.

OFAC is also designating Mehr Eqtesad Bank pursuant to E.O. 13224 for being owned or controlled by Bonyad Taavon Basij, and also for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, the Basij and Bonyad Taavon Basij.

## **BANK MELLAT: MAJOR IRANIAN BANK SUPPORTING BONYAD'S MEHR EQTESAD BANK**

**Bank Mellat** has provided Mehr Eqtesad Bank, an institution owned by Bonyad Taavon Basij, hundreds of millions of dollars each year in the form of dividends, interest free loans, and lines of credit, supporting an institution that facilitates and funds the Basij's domestic and foreign aggression.

OFAC is designating Bank Mellat pursuant to E.O. 13224 for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of,

Mehr Eqtesad Bank.

## INTERMEDIARY COMPANIES OBSCURING THE BASIJ'S REACH INTO IRANIAN INDUSTRIES

Mehr Eqtesad Bank's investment firm, **Mehr Eqtesad Iranian Investment Company**, acts as an intermediary for the economic entrenchment of the Basij and Bonyad Taavon Basij. Mehr Eqtesad Iranian Investment Company also further obfuscates the Basij's entrenchment into Iranian industries through its own investment firms. Mehr Eqtesad Iranian Investment Company pays Mehr Eqtesad Bank the equivalent of billions of dollars annually in profit obtained through its direct or indirect investment in various Iranian industries.

OFAC is designating Mehr Eqtesad Iranian Investment Company pursuant to E.O. 13224 for being owned or controlled by Mehr Eqtesad Bank, and also for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, Mehr Eqtesad Bank.

In addition to Mehr Eqtesad Iranian Investment Company, OFAC is designating five other investment firms pursuant to E.O. 13224: **Tadbirgaran Atiyeh Investment Company**, **Negin Sahel Royal Company**, **Mehr Eqtesad Financial Group**, and **Technotar Engineering Company** are being designated for being owned or controlled by Mehr Eqtesad Iranian Investment Company, and **Taktar Investment Company** is being designated for being owned or controlled by **Technotar Engineering Company**.

Tadbirgaran Atiyeh is a shareholder of several companies in different Iranian industries, including the automotive and construction sectors.

### **Additional Companies within Bonyad Taavon Basij's Network**

*The Middle East's Largest Tractor Manufacturer, Generating Millions of Dollars for the Basij*

**Iran Tractor Manufacturing Company (ITMC)**, the largest tractor manufacturer in the Middle East and North Africa was established in 1968 and predates Iran's 1979 revolution and the creation of the Basij. However, ITMC is now owned by Mehr Eqtesad Iranian Investment Company and its Negin Sahel Royal Company, generating millions of dollars in profit for the investment firms that represent the economic agenda of the Basij and its Bonyad Taavon Basij.

OFAC is designating Iran Tractor Manufacturing Company (ITMC) pursuant to E.O. 13224 for being owned or controlled by Mehr Eqtesad Iranian Investment Company and Negin Sahel Royal Investment Company.

### *A Shell Company: Basij's Gateway to Iran's Zinc and Lead Industries*

The Basij's involvement in Iran's major industries extends to Iran's mining of zinc, lead, and other minerals. This is also done through intermediaries to further obfuscate ties to the Basij and its companies. **Technotar Engineering**, which is an engineering firm owned by Mehr Eqtesad Iranian Investment Company, specializes in the production of refueling equipment, but it has recently purchased **Taktar Investment Company**.

Taktar Investment Company in turn purchased **Iran's Zinc Mines Development Company (IZMDC)**, Iran's preeminent, multibillion-dollar zinc and lead mining and processing holding company, which owns several subsidiary mining, smelting, and mineral production complexes. Technotar and Taktar serve as intermediaries to obscure Mehr Eqtesad Iranian Investment Company's control over IZMDC. Calcimin, which is owned by IZMDC, acts as an intermediary to maintain ownership over four additional mineral companies: **Bandar Abbas Zinc Production Company, Qeshm Zinc Smelting And Reduction Company, Zanjan Acid Production Company, and Parsian Catalyst Chemical Company**.

OFAC is designating Technotar Engineering Company pursuant to E.O. 13224 for being owned or controlled by Mehr Eqtesad Iranian Investment Company. OFAC is also designating Taktar Investment Company pursuant to E.O. 13224 for being owned or controlled by Technotar Engineering Company.

OFAC is designating IZMDC pursuant to E.O. 13224 for being owned or controlled by Taktar Investment Company.

OFAC is designating Calcimin pursuant to E.O. 13224 for being owned or controlled by IZMDC. Additionally, OFAC is designating Bandar Abbas Zinc Production Company, Qeshm Zinc Smelting and Reduction Company, Zanjan Acid Production Company, and Parsian Catalyst Chemical Company pursuant to E.O. 13224 for being owned or controlled by Calcimin.

### *Iran's Largest Steel Producer, Generating Millions of Dollars of Profit for Bonyad Taavon Basij Subsidiaries*

**Esfahan's Mobarakeh Steel Company**, the largest steel maker in the Middle East and North Africa region, is used as a revenue stream for Bonyad Taavon Basij's economic conglomerate. Esfahan's Mobarakeh Steel Company has provided millions of dollars each year to Mehr Eqtesad Iranian Investment Company, an entity with close ties to the Basij and its Bonyad Taavon Basij.

OFAC is designating Esfahan's Mobarakeh Steel Company pursuant to E.O. 13224 for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other

services to or in support of, Mehr Eqtesad Iranian Investment Company.

OFAC is designating **Andisheh Mehvaran Investment Company** pursuant to E.O. 13224 for being owned or controlled by IZMDC, and also for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, IZMDC.

Andisheh Mehvaran acted as an investment firm for IZMDC, obtaining profit from its investments in large entities such as Parsian Bank, Sina Bank, and Bahman Group. OFAC is designating **Parsian Bank, Sina Bank, and Bahman Group** pursuant to E.O. 13224 for assisting, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, Andisheh Mehvaran Investment Company.

## GLOBAL IMPACT

A number of the below entities have known business ties with companies around the globe. International companies from Asia to Europe that partner with companies associated with the Basij are conducting business that could contribute to the ongoing human rights abuses and terrorism the Basij exports to the region. Treasury urges international companies to ensure they are conducting the necessary due diligence to avoid engaging in sanctionable activity with entities that support the Iranian regime's malign activity.

## SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of these entities that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

In addition, persons that engage in certain transactions with the entities designated today may themselves be exposed to designation. Furthermore, any foreign financial institution that knowingly facilitates a significant transaction or provides significant financial services for any of the entities designated today could be subject to U.S. correspondent account or payable-through sanctions.

[Identifying information on the entities designated today.](#)

[A chart describing the entities designated today.](#) 

Last week, Treasury's Financial Crimes Enforcement Network (FinCEN) issued [a comprehensive advisory highlighting Iran's deceptive practices](#). Financial institutions are advised to sophisticate their compliance programs in anticipation of continued attempts to circumvent sanctions.

####