

U.S. Treasury Takes Action to Protect Iraqi Financial System From Abuse

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FinCEN Identifies Al-Huda Bank as a Primary Money Laundering Concern for Serving as Conduit for Terrorist Financing by Iran

OFAC Imposes Sanctions on Bank's Owner

WASHINGTON – Today, the U.S. Department of the Treasury is using powerful tools to protect the Iraqi and international financial system from abuse by terrorist financiers, fraudsters, and money launderers. Treasury is issuing a finding and notice of proposed rulemaking (NPRM) that identifies Al-Huda Bank, an Iraqi bank that serves as a conduit for terrorist financing, as a foreign financial institution of primary money laundering concern. Along with its finding, the Financial Crimes Enforcement Network (FinCEN) proposed a rule that would sever the bank from the U.S. financial system by prohibiting domestic financial institutions and agencies from opening or maintaining a correspondent account for or on behalf of Al-Huda Bank. In addition, the Office of Foreign Assets Control (OFAC) is imposing sanctions on the bank's owner.

Al-Huda Bank and its foreign sponsors, including Iran and its proxy groups, divert funds that could otherwise support legitimate business and the economic aspirations of the Iraqi people. These bad actors fuel violence that threatens the stability of Iraq and the lives of U.S. and Iraqi citizens alike. Treasury remains committed to its longstanding shared work with the Government of Iraq to strengthen the Iraqi economy and protect both the U.S. and Iraqi financial systems from abuse.

“Iraq has made significant progress in rooting out illicit activity from its financial system, but unscrupulous actors continue to seek to take advantage of the Iraqi economy to raise and move money for illicit activity,” said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. “By identifying Al-Huda Bank as a key money laundering channel for destabilizing terrorist activity by Iran, proposing a special measure that will sever its correspondent banking access, and imposing sanctions on its owner, we can help protect the Iraqi financial system and its legitimate businesses, as well as the international financial system, from abuse by Iran and other illicit actors.”

“Evidence available to FinCEN has demonstrated that Al-Huda Bank served as a significant conduit for the financing of Foreign Terrorist Organizations,” said FinCEN Director Andrea Gacki. “We will continue to leverage the full range of Treasury authorities to target terrorist financing while simultaneously supporting the legitimate use of the international financial system.”

Last week, OFAC [designated the Iraqi airline Fly Baghdad](#) and its CEO for providing assistance to Iran’s Islamic Revolutionary Guard Corps (IRGC) Qods Force (IRGC-QF) and its regional proxy groups by transporting fighters and weapons. OFAC also designated three leaders and supporters of Kata’ib Hizballah and a business that served as a cover for Kata’ib Hizballah to move and launder funds. On November 17, OFAC designated six individuals affiliated with KH following the group’s attacks against United States personnel and partners in Iraq and Syria.

AL-HUDA BANK FINDING

As described in the finding, for years, Al-Huda Bank has exploited its access to U.S. dollars to support designated FTOs including the IRGC, as well as Iran-aligned Iraqi militia groups including Kata’ib Hizballah and Asa’ib Ahl al-Haq. Moreover, the chairman of Al-Huda Bank is complicit in Al-Huda Bank’s illicit financial activities including money laundering through front companies that conceal the true nature of and parties involved in illicit transactions, ultimately enabling the financing of terrorism.

Since its establishment, Al-Huda Bank has been controlled and operated by the IRGC and the IRGC-QF. After establishing the bank, the Al-Huda Bank chairman began money laundering operations on behalf of the IRGC-QF and Kata’ib Hizballah. Additionally, Al-Huda Bank affords access to the U.S. financial system to actors known to use fraudulent documentation, fake deposits, identity documents of the deceased, fake companies, and counterfeit Iraqi dinar, providing opportunities to obscure the identities of the transaction counterparties to correspondent banking relationship providers. Of note, the chairman of Al-Huda Bank also is the bank’s owner and president of the board of directors.

To protect U.S. banks from Al-Huda Bank’s illicit activity, FinCEN is taking this action pursuant to section 311 of the USA PATRIOT Act. Section 311 actions alert the U.S. financial sector to foreign institutions, such as Al-Huda Bank, that are of a primary money laundering concern and through the public rulemaking process, prevent direct and indirect access to the U.S. financial system.

The proposed imposition of special measure five would prohibit domestic financial institutions and agencies from opening or maintaining a correspondent account for or on behalf of this foreign financial institution.

The full NPRM as submitted to the *Federal Register* is [available here](#). Written comments on the NPRM may be submitted within 30 days of publication of the NPRM in the *Federal Register*.

OFAC SANCTIONS

Today, OFAC designated **Hamad al-Moussawi**, the owner and president of the board of directors of Iraq's Al-Huda Bank, for his support to the IRGC-QF, including through support for its proxy militia groups in Iraq. Al-Huda Bank has exploited its access to U.S. dollars to support foreign terrorist groups, including the IRGC-QF and Kata'ib Hizballah. Today's actions underscore the IRGC-QF's abuse of the Iraqi banking sector to gain access to the U.S. dollars and the international financial system.

Al-Moussawi maintains relationships with, and launders money for, the IRGC-QF and Kata'ib Hizballah. He received guidance from the IRGC-QF to establish Al-Huda Bank to conduct money laundering operations for Kata'ib Hizballah, which has a prominent role in laundering money for the IRGC-QF. Al-Moussawi has used partially witting, unaffiliated individuals to execute the purchase of U.S. dollars during currency auctions held by Iraq's central bank by using their identity documents to circumvent limits on currency purchases. Since its inception, Al-Huda Bank has used forged documents to execute at least \$6 billion in wire transfers out of Iraq.

Hamad al-Moussawi is being designated pursuant to Executive Order 13224, as amended, for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the IRGC-QF.

SANCTIONS IMPLICATIONS

As a result of today's OFAC action, all property and interests in property of the designated persons described above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, in general any entities that are owned, directly or indirectly, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or exempt, OFAC's regulations generally prohibit all transactions by U.S.

persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons.

In addition, non-U.S. financial institutions and other persons that engage in certain transactions or activities with sanctioned entities and individuals may expose themselves to sanctions or be subject to an enforcement action. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any designated person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the Specially Designated Nationals and Blocked Persons List (SDN List), but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to [OFAC's Frequently Asked Question 897 here](#). For detailed information on the process to submit a request for [removal from an OFAC sanctions list](#), please [click here](#).

[Click here for identifying information on the individual designated today.](#)

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