

January 29, 2016

The Honorable John Kerry  
Secretary  
U.S. Department of State  
2201 C Street, N.W.  
Washington, D.C. 20520

The Honorable Jacob J. Lew  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 2022

Dear Secretaries Kerry and Lew,

I write to express my strong concerns regarding the administration's decision to provide the Islamic Republic of Iran, which is officially classified as a state sponsor of terrorism by the State Department, approximately \$1.7 billion to settle a decades-old claim at the Iran-U.S. Claims Tribunal at The Hague. The administration's announcement of the massive payment came just one day after three American hostages were released by Iran, raising serious questions about the reasons for the settlement and the exact source of the funds.

Secretary Kerry, in your statement on January 17, 2016, you said the claim originated with a \$400 million trust fund used by Iran to purchase military equipment from the United States prior to the severing of diplomatic ties in 1979. In addition, the administration has agreed to pay \$1.3 billion in interest, bringing the total payout from the United States to Iran to \$1.7 billion. What you failed to mention, however, is whether the account contains sufficient funds to settle the claim, or if Americans' hard-earned tax dollars will instead be used to pay off the Iranian regime.

Let's be clear about the nature of these funds. The original \$400 million payment from Iran was placed in a Foreign Military Sales (FMS) account under the control of the Department of Defense. The *Victims of Trafficking and Violence Protection Act*, which was signed into law in 2000, directed the Secretary of the Treasury to utilize the funds in that account to compensate American victims of Iranian-sponsored terror attacks who had won legal judgments against the regime.

There have been numerous occasions when this account has been used to pay such judicial damages, including *Flatow v. Islamic Republic of Iran* (D.D.C. 1998), *Cicippio v. Islamic Republic of Iran* (D.D.C. 1998), *Anderson v. Islamic Republic of Iran* (D.D.C. 2000), *Eisenfeld v. Islamic Republic of Iran* (D.D.C. 2000), and *Higgins v. Islamic Republic of Iran* (D.D.C. 2000). Together, the damages awarded in these cases far exceed the \$400 million contained in the FMS account, effectively wiping out the balance.

Given that the funds originally placed in the FMS account should have already been exhausted under the *Victims of Trafficking and Violence Protection Act*, I have the following questions:

1. Were payments made from the FMS account to compensate terror victims accounted for in the administration's \$1.7 billion settlement?
2. Were any taxpayer funds used to supplement the recent settlement in place of FMS funds?
3. Was this settlement agreement reached for the express purpose of gaining the release of the three American hostages?

By the administration's own admission, a portion of the \$100 billion in sanctions relief that Iran regained access to under the president's nuclear deal will likely end up in the hands of terrorist groups. As the world's leading state sponsor of terror, Iran has fomented violence and instability throughout the Middle East, costing American lives and posing an existential threat to one of our closest allies, Israel. Adding another \$1.7 billion to Iran's coffers will only make us less safe.

U.S. courts have found Iran liable for sponsoring several fatal attacks against Americans, including the 1983 bombings of the U.S. Embassy and Marine Corps barracks in Beirut, Lebanon, and the 1996 bombing of the Khobar Towers in Khobar, Saudi Arabia. According to the Congressional Research Service, approximately \$43.5 billion in unpaid judgments from these lawsuits remains outstanding. Sending \$1.7 billion to Iran before those claims have been paid would be an affront to the families of those victims, and deny them the justice they deserve.

It is troubling enough that this administration appears to have acquiesced to a ransom demand to secure the release of three American hostages. It would be absolutely appalling for the administration to obligate U.S. taxpayers to pay that ransom to a regime that has supported deadly terror attacks against our citizens.

Thank you for your prompt response to these questions.

Sincere regards,



Roy Blunt  
United States Senator