



OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

March 2, 2026

OIG-CA-26-023

**MEMORANDUM FOR DEPARTMENT OF DEFENSE  
LEAD INSPECTOR GENERAL**

**From:** Gregory Sullivan /s/  
Audit Director

**Subject:** Overseas Contingency Operations - Summary of Work  
Performed by the Department of the Treasury Related to  
Terrorist Financing and Anti-Money Laundering for the First  
Quarter Fiscal Year 2026

This summary provides an update on the Department of the Treasury's (Treasury) programs to combat terrorist financing and money laundering. Per your request, we provided this information in a question-and-answer format to help streamline the information. This information is provided by Treasury management and is not audited by Treasury Office of Inspector General.

**Q1. In an unclassified, publicly releasable format, describe Islamic State of Iraq and Syria (ISIS) funding in Iraq and Syria, to include what has changed since last quarter: (1) The estimated amount of funds at its disposal, how funds are generated and distributed, and any shortfalls in the amount or distribution of funds this quarter. Include the methods ISIS uses to transfer funds into and distribute funds within Iraq and Syria. (2) Provide an update on any changes in methods used by ISIS to transmit and distribute funds into and out of al-Hol,<sup>1</sup> other camps, and Syrian Democratic Forces (SDF)<sup>2</sup> detention facilities holding ISIS detainees. Include any changes to estimates of funds transmitted, particularly to residents in al-Hol. Provide an assessment of ISIS's ability to fund its activities in Iraq and Syria, noting the metrics used to**

---

<sup>1</sup> Al-Hol (or al-Hawl) is a refugee camp in northern Syria. It holds one of the largest concentrations of current and former ISIS members who continue to receive donations from ISIS supporters internationally.

<sup>2</sup> The SDF is a multi-ethnic coalition of Kurdish, Arabic, and Christian fighters, created in 2015 with U.S. support. Operating in the local Autonomous Administration in North and East Syria, the SDF established itself as the West's main partner in the fight against ISIS.

**formulate this assessment and explain how ISIS’s ability to fund these activities has changed over the past three quarters.**

Treasury told us there are no substantial updates since last quarter related to ISIS funding in Iraq and Syria. As previously reported, Treasury noted in its 2024 Fact Sheet on ISIS that the group had an estimated \$10 million in reserves.<sup>3</sup> Some of these reserves are transferred out of Iraq and Syria to other globally dispersed offices via virtual assets. ISIS relies on virtual assets to raise and transfer funds to individuals in al-Hol and other internal displacement camps in Syria. Historically, donors have used unhosted wallets,<sup>4</sup> compliant and non-compliant crypto exchanges, and crypto-Automated Teller Machines.<sup>5</sup> Treasury also told us that, in March 2025, a joint U.S.-Iraq effort resulted in the death of a senior Iraq-based ISIS leader who was heavily involved in ISIS’ finances. In 2022, TRM Labs<sup>6</sup> identified multiple methods of on- and off-ramping<sup>7</sup> platforms used by campaign operators and donors.<sup>8</sup>

**Q2. In an unclassified, publicly releasable format, describe Treasury activities targeting illicit Iranian trade and financing activities during the course of Fiscal Year (FY) 2025 Quarter 4 and FY26 Quarter 1, particularly activities involving Iraq and Syria. Include a description of: (1) The types of Iranian illicit activities Treasury is currently targeting and their scale; (2) the coordination and intelligence sharing between Treasury and U.S. Central Command (USCENTCOM) and other relevant U.S. entities countering Iranian influence in USCENTCOM’s area of responsibility; (3) the effects and achievements of Treasury actions against illicit Iranian trade and financing activities, particularly in Iraq and Syria; and (4) the current challenges in identifying and targeting illicit Iranian trade and financing activities in USCENTCOM’s area of responsibility.**

---

<sup>3</sup> For additional information, see Treasury’s “Fact Sheet on ISIS Financing” (August 8, 2024).

<sup>4</sup> An unhosted wallet is a digital account not hosted by a third-party financial system. Unhosted wallets allow for anonymity and concealment of illicit financial activity.

<sup>5</sup> A crypto-Automated Teller Machine is a kiosk designed to facilitate buying cryptocurrencies using any financial transaction card, including a cash or a debit card.

<sup>6</sup> TRM is a blockchain intelligence company that helps financial institutions, crypto businesses, and government agencies detect and investigate crypto-related financial crime and fraud.

<sup>7</sup> On- and off-ramping describes the process of exchanging fiat currency, like dollars or euros, for cryptocurrencies, like Bitcoin or Ethereum, and vice versa.

<sup>8</sup> For additional information, see TRM’s report, “Fundraising Campaigns for ISIS Families: Analyzing the Use of Cryptocurrency” (April 12, 2022).

Treasury told us they continue the robust sanctions campaign targeting Iranian oil sales in support of the President's National Security Presidential Memorandum 2 (NSPM-2), instituting maximum economic pressure on Iran. Treasury's campaign has two main pillars: (1) disrupting the purchase of oil, Iran's main source of revenue and where China is its key buyer; and (2) targeting Iran's use of shadow banking,<sup>9</sup> the informal networks that allow Iran to use revenue proceeds to fund their nefarious activity. The Trump Administration has sanctioned over 180 vessels responsible for shipping Iranian petroleum and petroleum products, driving up costs for Iranian oil exporters and reducing the revenue Iran receives for each barrel of oil sold.<sup>10</sup> Collectively, Treasury's actions have impacted networks involved in tens of billions of dollars of Iranian-linked oil trade, including through Iraq.

In addition, Treasury told us that their economic analysis indicates that since the beginning of NSPM-2, Iran has been forced to offer wider discounts on its oil to compensate for the associated higher sanctions risk. This includes a reduction in Iranian crude exports since the start of NSPM-2, where Iranian oil production was approximately 3.3 million barrels a day and is more recently around 1.9 million barrels a day.

**Q3. In an unclassified, publicly releasable format, provide a description of Iraqi and Syrian actors and institutions supporting or complicit in illicit Iranian trade and financing activities during quarters FY25 Quarter 4 and FY26 Quarter 1. Include any information beyond what has been released in public Treasury announcements about Iraqi or Syrian actors, particularly government officials and institutions, that have enabled and benefited from the illicit activities of: (1) Salim Ahmed Said and associates, (2) Waleed al-Samarra'i and associates, (3) the Muhandis General Company and associates, (4) Ali Mohammed Ghulam Hussein Al Anssari and associates, and (5) Hasan Qahtan Al-Sa'idi and associates. Include any additional information about Iraqi entities receiving U.S. assistance with associations to Treasury-designated individuals and illicit Iranian activities.**

---

<sup>9</sup> Shadow banking refers to a parallel banking system in which transactions are brokered through front companies outside of the sanctioned country to make or receive payments on behalf of sanctioned persons. For additional information, see Treasury press release, "Treasury Sanctions Iranian Network Laundering Billions for Regime Through Shadow Banking Scheme" (June 6, 2025).

<sup>10</sup> For additional information, see Treasury press release, "Treasury Increases Pressure on Iran's Sanctions-Evading Shadow Fleet" (December 18, 2025).

Treasury told us they do not have additional information in the format requested at this time; all information which is unclassified and publicly releasable has already been shared.

**Q4. Provide an unclassified, publicly releasable description of Public Joint-Stock Company Lukoil’s (Lukoil), the Russian energy firm, decision to declare force majeure<sup>11</sup> and withdraw from its operations at West Qurna-2 in Iraq.<sup>12</sup> Include: (1) whether and how U.S. sanctions contributed to this development, (2) the extent of Lukoil’s inability to sell off these assets, and (3) the broader impact of U.S. sanctions on Russian energy firms’ ability to operate in international markets.**

Treasury told us that on October 22, 2025, they designated<sup>13</sup> Lukoil, which has operations in Iraq via international subsidiaries. Concurrent with that designation, the Office of Foreign Assets Control (OFAC) issued General License<sup>14</sup> (GL) 126,<sup>15</sup> authorizing a 30-day wind down period for U.S. person transactions with Rosneft Oil Company, Lukoil, or any entity in which either entity owns, directly or indirectly, a 50-percent interest. Treasury told us they understand, based on press reporting and prior to the expiration of GL 126, Lukoil declared force majeure on its project in the Iraqi West Qurna-2 oil field. Treasury told us that subsequently, on November 14, 2025, OFAC issued GL 131,<sup>16</sup> authorizing certain transactions related to negotiations with Lukoil for the sale, disposition, or transfer of Lukoil International GmbH (LIG), an Austria-based entity through which

---

<sup>11</sup> Force majeure is a contract provision that frees both parties from obligation when an extraordinary event beyond their control prevents them from performing.

<sup>12</sup> West Qurna-2 is one of the world’s largest oil fields, producing around 480,000 oil barrels daily or 9 percent of total Iraqi output.

<sup>13</sup> Designation under Treasury’s sanctions program blocks the assets of individuals or companies, and U.S. persons are generally prohibited from dealing with them.

<sup>14</sup> A license is an authorization from OFAC to engage in a transaction(s) with a sanctioned party that otherwise would be prohibited. There are two types of licenses: general license and specific licenses. General licenses allow persons to engage in the activity described in the general license without needing to apply for a specific license. A specific license is a written document issued to a particular person or entity, authorizing a particular transaction in response to a written application.

<sup>15</sup> Russia-related General License 126, “Authorizing the Wind Down of Transactions Involving Rosneft or Lukoil.” For more information, see Treasury’s press release, “Russia-related Designations; Issuance of New and Amended Russia-related General Licenses” (October 22, 2025).

<sup>16</sup> Russia-related General License 131, “Authorizing Certain Transactions for the Negotiation of and Entry Into Contingent Contracts for the Sale of Lukoil International GmbH and Related Maintenance Activities.” For more information, see Treasury’s press release, “Issuance of New and Amended Russia-related General Licenses” (November 14, 2025).

Lukoil owns almost all of its assets outside Russia. GL 131 also authorizes certain transactions ordinarily incident and necessary to the maintenance or wind down of operations, contracts, or other agreements of LIG entities.

In addition, Treasury told us OFAC is aware of potential efforts by Lukoil to divest its assets outside of Russia to non-blocked parties, given the impact of sanctions. However, OFAC sanctions have prevented Lukoil from selling LIG or LIG-owned assets without U.S. Government approval, as GL 131 does not authorize such a final sale absent additional authorization from OFAC. The goal of OFAC's Russia sanctions is to place pressure on Moscow to end its war. As such, Treasury anticipates evaluating any proposed sale of LIG based on factors that support U.S. national security and foreign policy objectives, such as whether the transaction completely severs ties with Lukoil, blocks funds owed to Lukoil until sanctions are lifted, and does not provide a windfall to Lukoil.

**Q5. In an unclassified, publicly releasable format, provide an update on any actions taken this quarter regarding the unfreezing of Afghan Central Bank assets held in the United States and the implementation of these funds for humanitarian aid for the Afghan people.**

Treasury told us there have been no actions taken this quarter to unfreeze any Afghan Central Bank assets in the United States or held by any U.S. financial institution, based on Executive Order 14064,<sup>17</sup> which declared a national emergency and blocking all such property and interests in property. On January 15, 2025, the President published a notice in the Federal Register continuing the national emergency for one year.<sup>18</sup> The President will need to continue the national emergency again no later than January 14, 2026, for these funds to remain blocked under Executive Order 14064.

**Q6. In an unclassified, publicly releasable format, describe any changes this quarter to (1) licenses designed to facilitate the continued delivery of humanitarian assistance to Afghanistan, (2) the designation of Taliban**

---

<sup>17</sup> EO 14064, "Protecting Certain Property of Da Afghanistan Bank for the Benefit of the People of Afghanistan" (February 11, 2022).

<sup>18</sup> 90 FR 6711, Continuation of the National Emergency With Respect to the Widespread Humanitarian Crisis in Afghanistan and the Potential for a Deepening Economic Collapse in Afghanistan.

**and/or Haqqani<sup>19</sup> officials as Specially Designated Nationals,<sup>20</sup> and (3) the overall sanctions regime against the Taliban.**

Treasury told us the overall sanctions regime against the Taliban has not changed since the last quarter. Existing licenses designed to facilitate the continued delivery of humanitarian assistance to Afghanistan have remained the same in this quarter.

**Q7. Provide an unclassified, publicly releasable description of ISIS-Khorasan (ISIS-K)<sup>21</sup> funding in Afghanistan, to include the following: (1) changes in funding streams; (2) estimated amount of funds at ISIS-K's disposal; (3) how funds are generated and distributed; (4) the methods ISIS uses to transfer funds into and distribute funds within Afghanistan; and (5) whether funding streams are sufficient to fund ISIS-K activities.**

Treasury told us there are no substantial updates since last quarter related to ISIS-K funding in Afghanistan. As previously reported, ISIS-K has received funding from ISIS global leadership to conduct external operations. The branch relies heavily on virtual assets as a mechanism for receiving funding from leadership and from international donors. A large portion of ISIS-K's donations have come from ISIS-K's monthly magazine, the Voice of Khorasan.<sup>22</sup> ISIS has included advertisements in the magazines with embedded quick response codes linked to cryptocurrency wallets. The magazine is published in several languages to reach a wider audience.

**Q8. Provide an unclassified, publicly releasable description of Treasury activities related to the implementation of the United States-Ukraine Reconstruction Investment Fund (the Fund)<sup>23</sup> during FY25 Quarter 4 and FY26 Quarter 1. Include: (1) sectors of the Ukrainian economy identified for**

---

<sup>19</sup> The Haqqani Network is a Sunni Islamist militant organization primarily based in North Waziristan, Pakistan. It conducts cross-border operations into eastern Afghanistan, including Kabul.

<sup>20</sup> As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country specific. Collectively, such individuals and companies are called Specially Designated Nationals.

<sup>21</sup> ISIS-K is an ISIS affiliate in the Khorasan region, which historically encompasses parts of modern-day Iran, Central Asia, Afghanistan, and Pakistan.

<sup>22</sup> Treasury reported that Voice of Khorasan is ISIS-generated propaganda published in several languages to reach a wider audience. For more information, see Treasury's fact sheet, "Fact Sheet on ISIS Financing" (August 8, 2024).

<sup>23</sup> For additional information, see Treasury's press release, "Treasury Announces Agreement to Establish United States-Ukraine Reconstruction Investment Fund" (April 30, 2025).

**funding; (2) progress on the Request for Information to inform the identification of a company that will provide investment fund administration services; (3) any challenges or setbacks related to the implementation of the Reconstruction Investment Fund during the quarter; and (4) a description of the distinct roles being performed by Treasury, the U.S. International Development Finance Corporation (DFC),<sup>24</sup> and other U.S. government agencies, if any, in the planning and implementation of the Fund.**

Treasury told us they do not provide capital to the Fund. DFC is the U.S. limited partner and, in that capacity, has committed seed capital alongside seed capital provided by the Ukrainian government. Treasury participated in the Fund's establishment and continues to participate in the Fund's decision making through its representation on the Board of Directors. Treasury told us they defer to DFC on the materials requested under this data call as the U.S. limited partner and implementing agency.

---

<sup>24</sup> The DFC is a federal agency that partners with the private sector to finance projects in developing countries, aiming to advance U.S. foreign policy and strengthen national security.