

Congressional Testimony

The Role of Iranian Dual Nationals in Sanctions Evasion

Dr. Emanuele Ottolenghi
Senior Fellow
Center on Sanctions and Illicit Finance
Foundation for Defense of Democracies

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Subcommittee on National Security and
Subcommittee on Government Operations

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FOUNDATION FOR
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1800 M Street NW • Suite 800, South Tower • Washington, DC 20036

INTRODUCTION

Chairmen DeSantis and Meadows, ranking members Lynch and Connolly, members of the committee, on behalf of the Foundation for Defense of Democracies and its Center on Sanctions and Illicit Finance, I thank you for the opportunity to testify.

Entry into the United States under the Visa Waiver Program is a privilege, not a right, bestowed on foreign nationals wishing to visit from a select group of countries. Those countries earned this privilege based on specific criteria, and may lose it if they fail to meet those conditions – as has happened to Argentina and Uruguay in the past.

Today we are here to discuss not whether Congress unreasonably deprived countries of this privilege, but whether it is reasonable to deny it to a select group of visitors from Visa Waiver countries on the basis that they are dual nationals of the Islamic Republic of Iran.

I contend that the exception for dual nationals of Iran and Visa Waiver countries is, on balance, a sound and not unduly burdensome measure. Dual nationals may still come to the United States, but now need to apply in person for a visa. This measure should not be undermined for fear that Iran may view it as a violation of the Joint Comprehensive Plan of Action (JCPOA) nuclear agreement or because of fears of retaliatory measures from Visa Waiver countries. As I indicate in my testimony, the added layer of due diligence – requiring a visit to a U.S. consular section and an interview with an official – is critical to the national security of the United States.

Tehran, after all, has long relied on Iranian nationals who are dual passport holders to pursue illegal activities, including terrorism, illicit finance, and procurement of technology for its ballistic-missile and nuclear-weapons programs. Clearly, not every dual national is an Iranian agent. But virtually all agents of the Iranian regime who over the past decade were involved in conspiracies to commit acts of terrorism, illicit financial activities, nuclear and ballistic procurement, *were* dual passport holders. The Visa Waiver exception will make it more difficult for them to enter the United States and engage in criminal activities on American soil.

SECTION I: DUAL NATIONALS AND TERRORISM

Dual nationals acting on behalf of Iran's regime repeatedly carried out or were arrested while trying to carry out acts of terrorism. One was Mansour Arbabsiar, the Iranian-American dual national sentenced in May 2013 to 25 years in prison for participating in a plot to murder the Saudi Ambassador to the United States under the direction of Iran's Islamic Revolutionary Guard Corps' Quds Forces.¹ The plot was meant to target the Café Milano restaurant in Washington, DC in October 2011. A year after Arbabsiar's failed plot, in July 2012, Hezbollah operatives successfully targeted a bus carrying Israeli tourists at an airport outside the Bulgarian sea town resort of Burgas, murdering five Israeli tourists and the Bulgarian bus driver. The three

¹ U.S. Department of Justice, Press Release, "Mansour Arbabsiar Sentenced in New York City Federal Court to 25 Years in Prison for Conspiring with Iranian Military Officials to Assassinate the Saudi Arabian Ambassador to the United States," May 30, 2013. (<http://www.justice.gov/opa/pr/mansour-arbabsiar-sentenced-new-york-city-federal-court-25-years-prison-conspiring-iranian>)

terrorists were Meliad Farah, Hassan el-Haji Hassan, and Mohamad Hassan El Husseini, dual nationals of Lebanon and, respectively, Australia, Canada, and France.² A few days before the Burgas attack, Cypriot authorities arrested Hossam Yaakoub, a dual national of Lebanon and Sweden who was plotting to strike Israeli tourists in Cyprus.³ Several weeks later, an Iranian-Canadian dual national was arrested in Bulgaria while she was scouting a Chabad center for another possible terror attack.⁴ Another dual national of Lebanon and Canada, Hossein Bassam Abdallah, was arrested in Cyprus and sentenced to six years in prison in 2015 for plotting terror attacks against Israeli targets. He was found in possession of vast quantities of explosives when arrested.⁵

Dual nationals played a critical role in Iran's terror plots. Their Western passports facilitated their entries and operations into the countries where they planned to execute their criminal objectives. And very much like the cases of terrorism, Tehran relies on dual nationals for other illicit activities.

SECTION II: PASSPORTS FROM IRAN'S ALLIES

In the past, Tehran has relied on Iranian expatriates to pursue a variety of nefarious projects. It has dispatched executives of government-owned companies abroad to acquire permanent residence and citizenship. It has also leveraged friendly relations and exploited citizenship-by-investment programs (CIP) to equip its agents with second passports. A non-Iranian passport generally draws less scrutiny at border crossings and makes it easier for a dual-passport holder to open foreign bank accounts, incorporate companies, and conduct financial operations overseas.

A number of Iranians, for example, were granted citizenship by Bosnia and Herzegovina during the 1992-1995 civil war. According to Shaul Shay, the author of *Islamic Terror and the Balkans*, "The Mujahidin fighters were either recognized as legal citizens following marriage to local women or were granted citizenship for their contribution to the Bosnian Muslim nation during the war."⁶ These included officials from the Islamic Revolutionary Guard Corps, military, and intelligence.⁷

² Benjamin Weinthal, "Bulgaria names Hezbollah suspects behind bombing of Israeli bus in Burgas," *Jerusalem Post* (Israel), July 25, 2013. (<http://www.jpost.com/International/Bulgaria-names-2-suspects-in-Burgas-bus-bombing-321017>); "Bulgarian authorities identify third suspect in Burgas bus bombing," *Ha'aretz* (Israel), July 18, 2014. (<http://www.haaretz.com/israel-news/.premium-1.605940>)

³ Nicholas Kulish, "Hezbollah Courier Found Guilty in Plot to Attack Israeli Tourists in Cyprus," *The New York Times*, March 21, 2013. (http://www.nytimes.com/2013/03/22/world/middleeast/hezbollah-courier-guilty-of-role-in-cyprus-terror-plot.html?_r=0)

⁴ Benjamin Weinthal, "Iran agent monitoring Chabad arrested in Bulgaria," *Jerusalem Post* (Israel), April 22, 2013. (<http://www.jpost.com/International/Iranian-agent-with-Canadian-passport-arrested-in-Bulgaria-310616>)

⁵ "Lebanese-Canadian Confesses to Cyprus Terror Charges," *The Times of Israel* (Israel), June 29, 2015. (<http://www.timesofisrael.com/lebanese-canadian-confesses-to-cyprus-terror-charges/>)

⁶ Shaul Shay, *Islamic Terror and the Balkans*, (New Brunswick: Transactions Publishers, 2011), p. 69.

⁷ Iranian weapons supplies to Bosnia are well documented. Peter Andreas, "The Clandestine Political Economy of War and Peace in Bosnia," *Bosnian Security after Dayton: New Perspectives*, Ed. Michael A. Innes, (Abingdon, UK: Routledge, 2006).

Bosnian passports have provided Iranians with the ability to enter and exit a country bordering the European Union that has applied for EU membership and enjoyed an Association Agreement with it since 2008. Since 2010, Bosnian citizens with a biometric passport also enjoy a visa-free regime with the EU's Schengen Area.

Venezuela offers another, more recent instance in which diplomatic ties and Iranian economic largesse provided access to second passports. For over a decade now, Venezuela has provided passports and other identity documents to non-Venezuelan nationals, including many from Middle Eastern countries. In a July 2006 testimony to the Subcommittee on International Terrorism and Non-Proliferation of the House Foreign Affairs Committee, Mr. Frank C. Urbancic, Jr., then Principal Deputy Coordinator at the State Department's Office of the Coordinator for Counterterrorism, said:

“Venezuelan travel and identification documents are extremely easy to obtain by persons not entitled to them, including non-Venezuelans. Passports and national ID cards are available for sale in the requester's identity, or another, if so desired. The systems and processes for issuing these documents are corrupted on various levels: alien smuggling rings use confederates in the issuing entities to make documents available in large numbers to their clients; freelancers in those entities capitalize on lax or non-existent controls to sell documents for personal gain; forgers alter passports with child-like ease; and most worrisome, Venezuelan Government officials direct the issuance of documents to ineligible individuals to advance political and foreign policy agendas.”⁸

Media reports confirm that these practices are ongoing to the benefit of Iranian and Hezbollah agents. The Brazilian weekly, *La Veja*,⁹ reported last year that Lebanese citizens belonging to Iran's Hezbollah proxy, as well as Iranian nationals, were issued passports by the Venezuelan embassy in Damascus. A recently surfaced video of an exiled Venezuelan police officer formerly seconded to the Venezuelan embassy in Baghdad echoes these reports, claiming that numerous Middle Eastern nationals, mostly Shiite Muslims, obtained Venezuelan documents and birth certificates in exchange for cash during his time in Baghdad.¹⁰ Venezuelan passports have given their beneficiaries visa-free access to Mercosur and ALBA countries in Latin America and the Caribbean,¹¹ placing them within easy reach of U.S. soil.

⁸ Frank Urbancic Jr., “Prepared Statement” for “Venezuela Terrorism Hub of South America?” *Hearing before the Subcommittee on International Terrorism and Proliferation of the Committee on International Relations of the House of Representatives*, July 13, 2006.

(http://commdocs.house.gov/committees/intlrel/hfa28638.000/hfa28638_0.HTM)

⁹ “Venezuela sold non-existent air tickets for ‘aeroterror’ flight,” *La Veja International*, March 25, 2015.

(<http://vejainternational.com/news/venezuela-sold-non-existent-air-tickets-for-aeroterror-flight/>)

¹⁰ “Diplomatico Venezolano Denuncio la Entrega de Documentos a Terroristas (Venezuelan diplomat denounced the delivery of documents to terrorists),” *Infobae* (Argentina), November 24, 2015.

(<http://www.infobae.com/2015/11/24/1772058-diplomatico-venezolano-denuncio-la-entrega-documentos-terroristas>)

¹¹ The eleven member countries are Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Grenada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Venezuela.

SECTION III: IRANIAN DUAL NATIONALS WORKING FOR SANCTIONED ENTITIES

Before the UN Security Council imposed sanctions on Iran in December 2006, Iranian government companies frequently appointed Iranian-based executives to operate their overseas subsidiaries in Visa Waiver countries. Since the beginning of the international sanctions regime, however, host countries have grown increasingly suspicious of Iranian regime-affiliated businesses and tightened border controls for Iranian travelers. Even when able to travel, Iranian executives have faced growing restrictions on their ability to open and operate bank accounts, move funds across jurisdictions, execute payments, obtain letters of credit, and get export licenses for merchandise the regime has dispatched them to procure.

To overcome such obstacles, Iran relied on two strategies. Where possible, it helped willing executives to permanently relocate abroad and obtain permanent residency permits which, over time, could be upgraded to a second nationality.

Iran also hired Iranian expatriates to manage its overseas businesses. With international sanctions increasingly restricting Iranian business, finance, and travel, dual nationals became a critical asset for the regime.

Numerous Iranian dual nationals currently living abroad are managing regime assets. In many such cases, the U.S., the UN, and the European Union sanctioned either these individuals or the companies they managed.

MCS Technologies GmbH, for example, was a German gas-cylinder factory sanctioned by the U.S. Treasury in June 2013. At the time, it belonged to Execution of Imam Khomeini's Order, or EIKO – the supreme leader's holding company, which Treasury also sanctioned in 2013.¹² (Under the nuclear deal, EIKO has been delisted).

In 2003, a group of Iranian investors purchased Mannesman Cylinder Systems in Dinslaken, Germany, and renamed it MCS International GmbH. The company changed its name again in 2011, to MCS Technologies GmbH, after a bankruptcy procedure, and was liquidated in April 2013. Corporate records show that from 2003 to 2011, MCS was owned by Reyco GmbH, a German-incorporated subsidiary of Rey Investment Co. According to Treasury, Rey Investment Company:

“[W]as formerly run by Ayatollah Mohammad Mohammadi Reyshahri, who previously served as the Iranian Minister of Intelligence and Security. Rey Investment Company collected and invested donations obtained from Iranian Shi'a shrines. However, amidst allegations of mismanagement and embezzlement of shrine donations from the company, the Iranian Government cut off its funding to the point of nearly bankrupting the company. In mid-to-

¹² U.S. Department of the Treasury, Press Release, “Treasury Targets Assets of Iranian Leadership,” April 4, 2013. (<https://www.treasury.gov/press-center/press-releases/Pages/j11968.aspx>)

late 2010, Reyshahri was removed and control of Rey Investment Company was transferred to EIKO and its director. EIKO subsequently appointed a new Managing Director of Rey Investment Company.”¹³

Rey Investment’s mismanagement affected the performance of its overseas holdings, including, critically, MCS International. But in 2011, Iranian assets in Europe operated under a new, more difficult business climate. The UN Security Council had passed four resolutions imposing sanctions against Iran’s financial, commercial, and transportation sectors. The European Union had adopted expansive sanctions against the same sector, as well as Iran’s energy industry. The U.S. sanctions regime also included new executive and legislative measures. But rather than closing the factory and looking for new investments, Iran salvaged its German asset, obfuscating its ownership in the process. Dual nationals played a key role.

According to the June 4, 2013 Treasury designation:

“MCS International was audited by [an EIKO subsidiary] in October 2010 and determined to be in poor financial standing. However, EIKO management rescued MCS International from bankruptcy and insisted on keeping the company open because it viewed MCS International as key to facilitating business in Europe. EIKO management viewed MCS International as being too important to EIKO’s international plans to allow it to go bankrupt and believed that it would be easier to rescue MCS International from bankruptcy than to create or acquire new foreign companies on behalf of EIKO due to U.S. and international sanctions. EIKO subsequently ordered that responsibility for MCS International be transferred from EIKO-controlled TEACO to Iranian businessmen, who were sent to oversee the company. Following this transfer, the two individuals owned the shares for MCS International, but answered directly to EIKO.”¹⁴

Commercial registry entries for MCS Technologies GmbH (aka MCS International) show that both registered owners were Iranian-Canadian dual nationals and both residents of Canada.

¹³ U.S. Department of the Treasury, Press Release, “Treasury Targets Assets of Iranian Leadership,” April 4, 2013. (<https://www.treasury.gov/press-center/press-releases/Pages/jl1968.aspx>)

¹⁴ U.S. Department of the Treasury, Press Release, “Treasury Targets Assets of Iranian Leadership,” April 4, 2013. (<https://www.treasury.gov/press-center/press-releases/Pages/jl1968.aspx>)

Berichtigte Liste der Gesellschafter der Kronen tausend674 GmbH, Berlin künftig: MCS Systems GmbH, Dinslaken, gemäß § 40 Abs. 2 GmbHG			
Nr.	Gesellschafter	Wohnort	Anteil mit Nr.
1	Abdoulrasoul Dorri-Esfahani (geb. 04.04.1945) No. 130 b, Belsize Drive, Toronto, Ontario	No. 130 b, Belsize Drive, Toronto, Ontario M4S 1L8, Kanada	1 - 12.750 über je EUR 1,00
2	Eshagh Hajizadeh (geb. 03.11.1967)	1189 Shavington Street, North Vancouver, BC, V7L1L1, Kanada	12.751 - 25.000,00 über je EUR 1,00

Commercial Extract for MCS Technologies GmbH showing two owners as residents of Canada

Reliance on these dual nationals was not happenstance. For years, affluent Iranians sought to obtain Canadian citizenship through federal and provincial (primarily Quebec) permanent residency programs. A well-publicized case involved Mahmoud Reza Khavari, a dual Iranian-Canadian citizen, former CEO of Iran's state-owned Bank Melli, and former board member of Iran's Bank Sepah. Khavari fled to Canada in 2011 to elude charges from a multi-billion-dollar embezzlement case.¹⁵ At the time, Banks Sepah and Melli were under international sanctions for their role in support of Iran's proliferation efforts.¹⁶ According to *The Toronto Star*, the banker owned property in Canada for at least a decade – a \$3 million home in an affluent Toronto

¹⁵ Arash Karami, "Iran businessman hanged for embezzlement," *Al-Monitor*, May 26, 2014. (<http://www.al-monitor.com/pulse/ja/originals/2014/05/iran-businessman-hanged-embezzlement.html>)

¹⁶ According to the U.S. Department of Treasury, Bank Melli provided "banking services to entities involved in Iran's nuclear and ballistic missile programs, including entities listed by the U.N. for their involvement in those programs." In addition, Treasury faulted Bank Melli for providing "banking services to the IRGC and the Qods Force. Entities owned or controlled by the IRGC or the Qods Force use Bank Melli for a variety of financial services." Treasury also cited Bank Melli's "deceptive banking practices to obscure its involvement from the international banking system." U.S. Department of the Treasury, "Fact Sheet: Designation of Iranian Entities and Individuals for Proliferation Activities and Support for Terrorism," October 25, 2007. (<https://www.treasury.gov/press-center/press-releases/Pages/hp644.aspx>). Treasury designated Bank Sepah for "providing support and services to designated Iranian proliferation firms," and called it the "bank of choice" of Iran's Aerospace Industries Organization. It added that "since at least 2000, Sepah has provided a variety of critical financial services to Iran's missile industry, arranging financing and processing dozens of multi-million dollar transactions for AIO and its subordinates." U.S. Department of the Treasury, "Iran's Bank Sepah Designated by Treasury Sepah Facilitating Iran's Weapons Program," January 9, 2007. (<https://www.treasury.gov/press-center/press-releases/Pages/hp219.aspx>)

neighborhood.¹⁷ Canadian authorities investigated Khavari on suspicion of fraudulent citizenship,¹⁸ which he reportedly held since 2005.¹⁹

Khavari was not alone. In May 2012, Canadian authorities charged Ziad El-Shurafa, a partner at an immigration consultancy named Canada 2000 Immigration and Business Services Inc., along with two business associates, with defrauding immigration authorities.²⁰ They were found to have helped residency applicants deceive authorities by pretending to already be in the country while actually living abroad. Canada 2000 operated offices across the Middle East, including, crucially, Iran. The three individuals were eventually sentenced.²¹

Another senior Iranian executive with dual Canadian nationality is Ahmad Nazemi, who served as director of IFIC Holding, the German subsidiary of Iran's Foreign Investment Company (IFIC), from 2010 until 2013.²² The U.S. Treasury designated both companies in August 2010 for being "owned or controlled by the Government of Iran."²³ Under the terms of the JCPOA, neither entity remains under sanctions. Company extracts from IFIC's now-defunct Swiss branch, SWIFIC Holding AG,²⁴ described Ahmad Nazemi as a Canadian citizen. His co-director was another Iranian executive, Parviz Mardani, who is described as a German citizen. Both men worked on behalf of the Iranian regime under cover of foreign passports.

¹⁷ Amy Dempsey, "Iranian tied to bank blacklisted by United Nations," *The Toronto Star* (Canada), October 8, 2011. (http://www.thestar.com/news/gta/2011/10/08/iranian_tied_to_bank_blacklisted_by_united_nations.html)

¹⁸ Daniel Prousalidis, "Iranian-Canadian Banker under Investigation," *Toronto Sun* (Canada), October 20, 2011. (<http://www.torontosun.com/2011/10/20/iranian-canadian-banker-under-investigation>)

¹⁹ Daniel Prousalidis, "Iranian-Canadian Banker under Investigation," *Toronto Sun* (Canada), October 20, 2011. (<http://www.torontosun.com/2011/10/20/iranian-canadian-banker-under-investigation>)


²⁰ Stewart Bell, "Halifax consulting firm members charged with aiding immigration fraud: CBSA," *National Post* (Canada), May 18, 2012. (<http://news.nationalpost.com/news/canada/halifax-consulting-firm-charged-with-aiding-immigration-fraud-cbsa>)

²¹ Steve Bruce, "Halifax consultant fined \$75k in immigration fraud," *The Chronicle Herald* (Canada), September 11, 2014. (<http://thechronicleherald.ca/metro/1235726-halifax-consultant-fined-75k-in-immigration-fraud>)

²² "IFIC Holding AG, Chronological Document" *Handelsregister B des Amtsgerichts Düsseldorf* (Commercial Registry B, Düsseldorf's City Court), Registry number HRB 48032. (Accessed February 4, 2016)

²³ U.S. Department of the Treasury, Press Release, "Treasury Identifies 21 Entities Determined to be Owned or Controlled by the Government of Iran Treasury Exposes Iran's Foreign Trade Network, Identifies Entities Operating in Belarus, Germany, Iran, Italy, Japan and Luxembourg," August 3, 2010. (<https://www.treasury.gov/press-center/press-releases/Pages/tg811.aspx>)

²⁴ "SWIFIC HOLDING AG Company Extract," *Commercial Registry of Canton Zug* (Switzerland), Identification number CHE-116.350.676. (Accessed February 5, 2016).

Kanton Zug		COMMERCIAL REGISTER OF CANTON ZUG											
Identification number		Legal status		Entry	Cancelled	Carried CH-170.3.035.217-0 from: on:							
CHE-116.350.676		Limited or Corporation		13.12.2010	16.10.2012								
 All datas				Cancelled company									
In	Ca	Business name			Ref	Legal seat							
1	5	SWIFIC Holding AG			1	Baar							
5		SWIFIC Holding AG in Liquidation											
In	Ca	Share capital (CHF)	Paid in (CHF)	Shares	In	Company address							
1		100'000.00	50'000.00	100 Inhaberaktien zu CHF 1'000.00	1	c/o KBT Treuhand AG Grabenstrasse 25 6340 Baar							
In	Ca	Purpose											
1		Erwerb, Halten, Verwalten und Veräusserung von Unternehmensbeteiligungen im In- und Ausland und von im In- und Ausland gelegenen Liegenschaften sowie Erbringen von Management-Dienstleistungen im In- und Ausland; vollständige Zweckumschreibung gemäss Statuten											
In	Ca	Remarks			Ref	Date of the acts							
1		Die Mitteilungen an die Aktionäre erfolgen durch Publikation im SHAB.			1	06.12.2010							
1		Mit Erklärung vom 06.12.2010 wurde auf die eingeschränkte Revision verzichtet.											
5		Mit Entscheid des Einzelrichters des Kantonsgerichts Zug vom 22.02.2012, 10.00 Uhr, wurde die Gesellschaft gemäss Art. 751b OR aufgelöst und ihre Liquidation nach den Vorschriften über den Konkurs angeordnet											
6		Das Konkursverfahren wurde mit Entscheid des Einzelrichters am Kantonsgericht vom 12.10.2012 als geschlossen erklärt. Die Gesellschaft wird von Amtes wegen gelöscht.											
In	Ca	Qualified facts			Ref	Official publication							
					1	SHAB							
In	Ca	Branch offices			In	Ca	Branch offices						
Vis	Ref	No journal	Date	SOGC	Date SOGC	Page / Id	Vis	Ref	No journal	Date	SOGC	Date SOGC	Page / Id
ZG	1	18151	13.12.2010	246	17.12.2010	26 / 5945642	ZG	4	15136	14.11.2011	224	17.11.2011	6420462
ZG	2	1745	03.02.2011	28	09.02.2011	20 / 6025702	ZG	5	KK 3513	13.03.2012	KK 54	16.03.2012	6598396
ZG	3	13591	11.10.2011	200	14.10.2011	6377144	ZG	6	13425	16.10.2012	204	19.10.2012	6897276
In	Mo	Ca	Personal Data			Function		Signature					
1		4	Erwin, Dr. Holger, deutscher Staatsangehöriger, in Zürich			member of the board of directors		single signature					
1			Nazemi, Ahmad, kanadischer Staatsangehöriger, in Düsseldorf (DE)			director		single signature					
1			Mardani, Parviz, deutscher Staatsangehöriger, in Mannheim (DE)			director		single signature					
2		3	Razavi, Mehdi, iranischer Staatsangehöriger, in Teheran (IR)			president of the board of directors		single signature					

Zug, 05.02.2016 14:20



The information above is given with not commitment and is in no way legally binding. Only the company record (extract) issued and certified by the commercial Registry Office of Zoug and the text published in the Swiss Commercial Gazette are binding.

The information above is given with no commitment and is in no way legally binding.

Commercial Extract for SWIFIC Holding AG showing owners Ahmad Nazemi and Parviz Mardani as a Canadian and a German citizen, respectively

Another prominent example is Mehdi Shamszadeh, the former commercial director for the Islamic Republic of Iran's Shipping Lines (IRISL).²⁵ Treasury sanctioned IRISL in 2008 for facilitating "shipments of military-related cargo destined for [Iran's Ministry of Defense Armed Forces and Logistics] and its subordinate entities, including organizations that have been designated by the United States pursuant to E.O. 13382 and listed by United Nations Security Council Resolutions 1737 and 1747."²⁶

Shamszadeh moved to London in 2005 to serve as the local director of IRISL UK, a subsidiary of IRISL, and of IRINVESTSHIP Ltd, a financial holding co-owned by IRISL. Treasury eventually sanctioned both in September 2008.²⁷ Shamszadeh, however resigned both positions within months of arriving in the UK, before sanctions were imposed. By May 2006, he launched his own businesses, and by June 2011, Shamszadeh acquired British nationality and shortened his name to Shams.²⁸ Shamszadeh was never sanctioned. His association with IRISL preceded U.S., UN, and EU sanctions – although it does not necessarily precede the timeframe during which IRISL facilitated illicit procurement activities, which prompted the sanctions.

	CH01 (ef)
Companies House — for the record —	Change of Particulars for Director
	
Company Name: GLOBAL HOLDING INVESTMENTS LIMITED <small>X7N7AVVY</small>	
Company Number: 07595455	
Received for filing in Electronic Format on the: 16/07/2011	
<i>Details Prior to Change</i>	
Original Name:	DR MEHDI SHAMSZADEH
Date of Birth:	04/06/1967
<i>New Details</i>	
Date of Change:	15/07/2011
New Name:	DR MEHDI SHAMS

Commercial Extract for Global Holding Investments Ltd showing a name change from Shamszadeh to Shams

²⁵ Cynthia Busuttill, "Iranian firm denies 'pressure' claims," *Times of Malta*, June 4, 2004.

(<http://www.timesofmalta.com/articles/view/20040604/local/iranian-firm-denies-pressure-claims.121313>)

²⁶ U.S. Department of the Treasury, Press Release, "Major Iranian Shipping Company Designated for Proliferation Activity," September 10, 2008. (<https://www.treasury.gov/press-center/press-releases/Pages/hp1130.aspx>)

²⁷ U.S. Department of the Treasury, Press Release, "Major Iranian Shipping Company Designated for Proliferation Activity," September 10, 2008. (<https://www.treasury.gov/press-center/press-releases/Pages/hp1130.aspx>)

²⁸ "Directors' Particulars of Change," *Company House*, Corporate entry for Global Holding Investments Ltd., July 16, 2011.

<i>Surname:</i>	SHAMS
<i>Former names:</i>	
<i>Service Address:</i>	23 BUCKINGHAM GATE LONDON UNITED KINGDOM SW1E 6LB
<i>Country/State Usually Resident:</i>	UNITED KINGDOM
<i>Date of Birth:</i>	04/06/1967
<i>Occupation:</i>	NONE
<i>Nationality:</i>	BRITISH

Commercial Extract showing Medhi Shams' British citizenship

Yet another example is Babak Zanjani, allegedly an associate of Shamszadeh. Iranian news outlets allege²⁹ that Zanjani is a dual Iranian-Danish national and published a scanned image of his passport. Zanjani was sanctioned by the EU and U.S. for “moving billions of dollars on behalf of the Iranian regime, including tens of millions of dollars to an Islamic Revolutionary Guards Corps (IRGC) company.”³⁰

Zanjani has since been removed from both sanctions lists under the terms of the JCPOA, but he was jailed in Iran, where he is being tried for allegedly embezzling billions in Iranian oil revenue. Last October, after the JCPOA was adopted, reports emerged that Iran's Oil Ministry was suing the low-cost Turkish airline Onur Air, claiming it is a hidden asset of Zanjani.³¹

²⁹ نفت وزارت مسئولان سر بر تومانی میلیارد نهصد کلاه (The oil ministry is victim of a 900 billion toman fraud), *Quds Online* (Iran), February 3, 2013. (<http://qudsonline.ir/detail/News/101834>)

³⁰ U.S. Department of the Treasury, Press Release, “Treasury Targets Network Attempting to Evade Iran Sanctions,” April 11, 2013. (<http://www.treasury.gov/press-center/press-releases/Pages/j11893.aspx>)

³¹ Ipek Yezdani, “Iran in legal bid to claim all stakes of airline company in Turkey,” *Hurriyet Daily News* (Turkey), October 22, 2015. (<http://www.hurriyetdailynews.com/iran-in-legal-bid-to-claim-all-stakes-of-airlines-company-in-turkey-.aspx?PageID=238&NID=90202&NewsCatID=345>)



Passport of Babak Zanjani showing his nationality as Danish

Corporate filings from the Turkish company registry list Shams as one of Onur Air's shareholders,³² which is consistent with Turkish media reports in September 2013. Those reports alleged that Shams, who acquired Onur Air in May 2013 for \$250 million, sought to evade international sanctions and gain access to global markets.³³ Reports further claimed that Shams had bought the airline on behalf of Zanjani.³⁴ This alleged scheme would have been exceedingly difficult had the men not been European passport holders.

The private Iranian airline Mahan Air provides more evidence of Iranian reliance on dual passport holders for procurement. Treasury designated the airline in 2011 "for providing financial, material and technological support" to the Quds Force, including ferrying personnel and weapons to Syria.³⁵ The following year, Treasury designated Mahan's entire fleet. In 2013, Treasury sanctioned two senior Mahan executives – CEO Hamid Arabnejad Khanooki and senior manager Gholamreza Mahmoudi. In 2015, Treasury designated nine aircraft that Mahan acquired

³² The Union of Chambers and Commodity Exchanges of Turkey, Turkish Trade Registry Gazette, "Onur Air Corporate Plenary Meeting Registry," February 23, 2015.

³³ "Iran using Turkish firms to bypass sanctions," *Today's Zaman* (Turkey), September 29, 2013.

(<http://www.todayszaman.com/news-327729-iran-using-turkish-firms-to-bypass-sanctions.html>)

³⁴ Ipek Yezdani, "Iran in legal bid to claim all stakes of airline company in Turkey," *Hurriyet Daily News* (Turkey), October 22, 2015. (<http://www.hurriyetdailynews.com/iran-in-legal-bid-to-claim-all-stakes-of-airlines-company-in-turkey-.aspx?PageID=238&NID=90202&NewsCatID=345>)

³⁵ U.S. Department of the Treasury, Press Release, "Treasury Designates Iranian Commercial Airline Linked to Iran's Support for Terrorism," October 12, 2011. (<http://www.treasury.gov/press-center/press-releases/Pages/tg1322.aspx>)

through intermediaries, and sanctioned an Iraqi airline, a Dubai-based Syrian businessman, and a Dubai-based company for facilitating the transaction.³⁶

Acting Under Secretary for Terrorism and Financial Intelligence Adam Szubin recently vowed that Treasury “will continue to expose Mahan’s front companies, and to remind governments and private industry in the 24 cities where Mahan continues to fly that they risk exposure to U.S. sanctions.”³⁷ However, Mahan’s role in the shipment of weapons and military personnel to Syria appears to be ongoing, with shipments occurring several times a week – sometimes daily, and occasionally more than once a day.³⁸ Due to its ongoing logistical support to the Revolutionary Guards, Mahan Air was not delisted under the JCPOA and remains sanctioned under Executive Order 13224.

Given these constraints, Mahan relies on Iranian expatriates and dual nationals to run its overseas procurement. Treasury has sanctioned some of them. The Department of Commerce has issued Temporary Denial Orders³⁹ against certain companies to interdict Mahan’s efforts to buy planes and spare parts. They include the British-based Skyco Ltd and Equipco Ltd, and their director, the British-Iranian dual national Ali Eslamian. Alongside Eslamian, there are other Iranians who work (or used to) for Skyco. The best-known among them is Gholamreza Mahmoudi, whom Treasury identified as a Mahan Air official and sanctioned on February 6, 2014.⁴⁰ According to Treasury, “Mahmoudi acts for or on behalf of Mahan Air as a senior official and corporate director at Mahan Air. Mahmoudi has worked closely with Mahan Air Managing Director Hamid Arabnejad on sanctions evasion strategies to acquire U.S. aircraft.”⁴¹

According to Skyco’s corporate entries, another company executive until 2009 was Manouchehr Hadjian, a dual German-Iranian citizen. Hadjian was director at Skyco until 2009⁴² and of the

³⁶ U.S. Department of the Treasury, Press Release, “Treasury Department Targets Those Involved in Iranian Scheme to Purchase Airplanes,” May 21, 2015. (<http://www.treasury.gov/press-center/press-releases/Pages/j110061.aspx>)

³⁷ Adam Szubin, “Beyond The Vote: Implications for the Sanctions Regime on Iran,” *The Washington Institute for Near East Policy*, September 16, 2015. (<http://www.washingtoninstitute.org/uploads/Documents/other/SzubinTranscript20150916-v2.pdf>)

³⁸ Emanuele Ottolenghi, “Flying in the Face of U.S. Sanctions,” *The Wall Street Journal*, February 3, 2016. (<http://www.wsj.com/articles/flying-in-the-face-of-u-s-sanctions-1454531168>); Emanuele Ottolenghi and Benjamin Weinthal, “The wings of war,” *Politico*, September 16, 2015. (<http://www.politico.eu/article/iran-mahan-air-sanctions-nuclear-deal-aviation-air-safety/>); Jennifer Griffin, “Exclusive: Russia flying Iranian weapons shipments into Syria, sources say,” *Fox News*, October 29, 2015. (<http://www.foxnews.com/world/2015/10/29/exclusive-russia-flying-iranian-weapons-shipments-into-syria-sources-say/>)

³⁹ U.S. Department of Commerce Bureau of Industry Security, “Order Renewing Order Temporarily Denying Export Privileges,” January 16, 2015. (https://www.bis.doc.gov/index.php/forms-documents/doc_view/395-bis-renews-temporary-denial-order-against-mahan-airways-of-iran-zarand-aviation-and-related-parties)

⁴⁰ U.S. Department of the Treasury, Press Release, “Treasury Targets Networks Linked to Iran,” February 6, 2014. (<https://www.treasury.gov/press-center/press-releases/Pages/j12287.aspx>)

⁴¹ U.S. Department of the Treasury, Press Release, “Treasury Targets Networks Linked to Iran,” February 6, 2014. (<https://www.treasury.gov/press-center/press-releases/Pages/j12287.aspx>). Treasury had already designated Arabnejad pursuant to E.O. 13224 on May 31, 2013 for “acting for or on behalf of Mahan Air.”

⁴² “Termination of Appointment of Director,” *UK Company House*, Corporate Filing, December 31, 2009. (Accessed February 7, 2016)

German-based Comet Aviation Services GmbH (which was terminated in 2015),⁴³ and was also the director of Elite Air Ltd⁴⁴ and Revenue Enterprises Ltd,⁴⁵ two now-defunct Cyprus-based companies. Like Eslamian with his British passport, Hadjian was able to seamlessly move across European jurisdictions thanks to his German citizenship.

Reg. Number	HE 247734		
Type	Limited Company		
SubType	Private		
Name Status	Current Name		
Registration Date	30/03/2009		
Organisation Status	Dissolved		
Status Date	11/01/2016		
Main Business Description			
<input checked="" type="radio"/> Present <input type="radio"/> Previous <input type="radio"/> All			
Directors & Secretaries			
	Name	Date of Appointment	Last Date of Changes
Directors			
	HADJIAN MANOUCHEHR	30/03/2009	30/03/2009
HADJIAN MANOUCHEHR			
Address		Date of Appointment	30/03/2009
Αναπαύσεως, 29		Last date of changes	30/03/2009
Καρόνη		Country of Citizenship	Γερμανία
ΑΤΤΙΚΗ 19400, Ελλάδα			

Commercial Extract for Elite Air Ltd listing ‘Germany’ as Manouchehr Hadjian’s country of citizenship

As the presidential pardon in January of seven Iranian-Americans involved in illicit nuclear and military procurement on behalf of the government of Iran proves,⁴⁶ even the United States is not immune from the this phenomenon. When Iran sought to procure technology from U.S. companies, it relied on Iranian-Americans to carry out the task.

In the above cases, possession of a passport from a Visa Waiver country helped facilitate Iran’s illicit financial activities and clandestine procurement efforts. The recent lifting of sanctions against companies and individuals mentioned in this testimony is the result of a political deal, not the product of a change of course. The United States should therefore pass new measures to mitigate the risk of Iranian dual nationals taking advantage of the visa waiver program to engage in illicit activities on behalf of the government of Iran.

⁴³ “Comet Aviation Services GmbH, Chronological Document,” *Handelsregister B des Amtsgerichts Düsseldorf* (Commercial Registry B, Düsseldorf’s City Court), Registry number HRB 49057. (Accessed February 7, 2016)

⁴⁴ “Elite Air Ltd Commercial Extract,” Department of the Registrar of Companies and Official Receiver, Republic of Cyprus, Registry number HE247734. (Accessed January 28, 2016)

⁴⁵ “Revenue Enterprises Commercial Extract,” Department of the Registrar of Companies and Official Receiver, Republic of Cyprus, Registry number HE244056. (Accessed January 28, 2016)

⁴⁶ Josh Gerstein, “Obama Grants Clemency to Seven in Iran Deal,” *Politico*, January 16, 2016.

(<http://www.politico.com/blogs/under-the-radar/2016/01/iran-deal-obama-grants-clemency-to-seven-217879>)

SECTION IV: PURCHASE OF PASSPORTS THROUGH CITIZENSHIP-BY-INVESTMENT PROGRAMS

In most Visa Waiver countries, obtaining citizenship is a lengthy process with stringent requirements of residency and financial commitment. There are countries, however, that are making their citizenship readily available merely through investment, and Iranian nationals (among others) are exploiting this. Passports can be obtained speedily – usually with no residency requirements or even presence in the country. Five Caribbean countries currently offer such programs: St. Kitts and Nevis (the oldest and most popular program), Grenada, Dominica, Antigua and Barbuda, and, since January 1, 2016, St. Lucia.

In 2014, the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) issued an advisory "to alert financial institutions that certain foreign individuals are abusing the Citizenship-by-Investment program sponsored by the Federation of St. Kitts and Nevis (SKN) to obtain SKN passports for the purpose of engaging in illicit financial activity."⁴⁷ The advisory made particular reference to Iranian nationals:

"[I]n 2013 the SKN government announced that all Iranian nationals were suspended from participating in the SKN Citizenship-by-Investment program. Despite this public assurance, FinCEN believes that **Iranian nationals** continue to obtain passports issued through the program. As a result of these lax controls, illicit actors, **including individuals intending to use the secondary citizenship to evade sanctions**, can obtain an SKN passport with relative ease."⁴⁸ (Emphasis added)

Treasury has since sanctioned one Iranian dual national with a Caribbean passport,⁴⁹ while also targeting three Dubai-based Iranian nationals who had obtained their second nationality through the St. Kitts citizenship-by-investment program: Houshang Farsoudeh, Houshang Hosseinpour, and Pourya Nayebi. Treasury designated them and a handful of their companies on February 6, 2014 for facilitating "deceptive transactions for or on behalf of persons subject to U.S. sanctions concerning Iran."⁵⁰ According to Treasury:

"In 2011, they acquired the majority shares in a licensed Georgian bank with direct correspondent ties to other international financial institutions through a Liechtenstein-based foundation they control. They then used the Georgian

⁴⁷ U.S. Department of Treasury's Financial Crimes Enforcement Network, "Advisory: Abuse of the Citizenship-by-Investment Program Sponsored by the Federation of St. Kitts and Nevis," May 20, 2014.

(https://www.fincen.gov/statutes_regs/guidance/html/FIN-2014-A004.html)

⁴⁸ U.S. Department of Treasury's Financial Crimes Enforcement Network, "Advisory: Abuse of the Citizenship-by-Investment Program Sponsored by the Federation of St. Kitts and Nevis," May 20, 2014.

(https://www.fincen.gov/statutes_regs/guidance/html/FIN-2014-A004.html)

⁴⁹ U.S. Department of the Treasury, Press Release, "Treasury Designates Additional Individuals and Entities Under Iran-related Authorities," December 30, 2014. (<https://www.treasury.gov/press-center/press-releases/Pages/jl9731.aspx>)

⁵⁰ U.S. Department of the Treasury, Press Release, "Treasury Targets Networks Linked to Iran," February 6, 2014. (<https://www.treasury.gov/press-center/press-releases/Pages/jl2287.aspx>)

Corporate records from commercial registries from eight countries show that the three businessmen had built a complex web of financial holdings, money-exchange businesses, trading houses, financial services, real estate portfolios, agricultural land, and transport companies spanning the globe. They also established Fly Georgia, a private airline with direct flights between Tbilisi and Tehran, and created related companies providing ground services and holiday packages to Georgia for Iranian travelers.

Saint Christopher (St. Kitts) and Nevis

PASSPORT

TYPE P COUNTRY CODE KNA PASSPORT NO R0052324

SURNAME HOSSEINPOUR
GIVEN NAMES HOUSHANG
NATIONALITY ST. KITTS AND NEVIS

DATE OF BIRTH 21 MAR 1967
DATE OF ISSUE 15 NOV 2011
DATE OF EXPIRY 14 NOV 2021

SEX M
PLACE OF BIRTH IRN
PLACE OF ISSUE BASSETERRE, ST. KITTS

P<KNAHOSSEINPOUR<<HOUSHANG<<<<<<<<<<<<<<<<
R0052324<9KNA6703211M2111142C<13626<<<<<<<88

Housang Hosseinpour's passport from St. Kitts and Nevis, issued November 2011

⁵¹ U.S. Department of the Treasury, Press Release, “Treasury Targets Networks Linked to Iran,” February 6, 2014. (<https://www.treasury.gov/press-center/press-releases/Pages/jl2287.aspx>)

[illegible]

Navebi's new St Kitts and Nevis Passport, issued in January 2015.



The case of Farsoudeh, Hosseinpour, and Nayebi is not an isolated one. Their preference for Georgia, including its free trade zone at the Black Sea commercial port of Poti, fits a larger pattern. At the height of the sanctions regime, the three businessmen incorporated numerous companies at the Poti Free Industrial Zone, a free-trade zone established in 2010 and owned by RAKIA Georgia – a subsidiary of the Ras al-Khaimah Investment Authority, based in the UAE.

I visited the Poti Free Zone in October 2014. Of the 166 companies registered at the time, Iranian nationals owned 84 – or 53 percent. Another nine were owned by Iranians dual nationals of St Kitts and Nevis, who were engaging in sanctionable commercial activities. Notably, the former CEO of Fly Georgia, Bijan Mougouee, is a Dutch-Iranian national.⁵⁵ Similarly, Mohsen

⁵⁵ Passport details are available in corporate filings for AeroGeorgia LLC (registry #400105355), registry entry for 19 November 2013 at the Georgian national registry of companies. “If Georgians Perceive Fly Georgia as a National Carrier and are Proud of it, That Day Will Be the Day of Our Success,” *Caucasian Business Weekly* (Georgia), July 1, 2013, page 4. (<http://issuu.com/giorgikheladze/docs/cbw-11>)

Hendiseh, the Iranian national holding power of attorney for Nayebi over the (formerly U.S.-sanctioned) Georgia Business Development LLC is a permanent resident of Georgia.⁵⁶

The immigration-services industry's focus on Iran suggests this is not by chance. Canada 2000 Immigration and Business Services had offices in Tehran, as did other leading service providers before UN Security Council Resolution 1929 led to their closure. The lifting of sanctions can be expected to bring their return to the Iranian market, with one significant difference: new programs are now available to wealthy investors in search of a second passport, which include a growing number of Visa Waiver countries. They could potentially become a gateway to a visa-free entry into the United States for Iranian procurement agents.

SECTION V: ACCESS TO VISA WAIVER COUNTRIES' PASSPORTS THROUGH CITIZENSHIP-BY-INVESTMENT PROGRAMS

For years, citizenship-by-investment in Western countries required both long-term residency and substantial financial investment. That remains the case with the United Kingdom Tier-1 (Entrepreneur) visa, the Quebec residency program, and Australia's Significant Investor Visa Program.⁵⁷ Similar criteria exist for applicants to the U.S. fast track to permanent residency, otherwise known as the EB-5.

Since the global financial crisis of 2008, other Visa Waiver countries have established their own citizenship- or residency-by-investment programs to attract high net-worth individuals and entice them to invest. Today, one can begin the process to obtain citizenship in Malta – a member of the EU's Schengen Area, and a Visa Waiver country – within a year of establishing residency.⁵⁸

Other EU countries have also adopted either permanent residency- or citizenship-by-investment programs, including Portugal,⁵⁹ Hungary⁶⁰ and Bulgaria⁶¹ (residency), as well as Cyprus⁶² (citizenship). Portuguese and Hungarian citizens currently participate in the Visa Waiver program, and Bulgaria and Cyprus may become eligible in the future. Cyprus currently ranks

⁵⁶ National Commercial Registry of Georgia, February 3, 2015, Corporate filing for Georgia Business Development LLC (Registry number 404399833).

⁵⁷ Australian Trade Commission, "Significant and Premium Investor Visa Programmes," accessed February 4, 2016. (<http://www.austrade.gov.au/international/invest/guide-to-investing/coming-to-australia/significant-and-premium-investor-programmes/austrades-role>)

⁵⁸ Individual Investor Program of the Republic of Malta, accessed February 4, 2016. (http://iip.gov.mt/wp-content/uploads/2014/07/IIP-Brochure-v1.2_updated.pdf)

⁵⁹ Portuguese Immigration and Border Service, "Golden Residence Permit Programme," accessed February 4, 2016. (http://www.sef.pt/portal/V10/EN.aspx/apoiocliente/detalheApoio.aspx?fromIndex=0&id_Linha=6269)

⁶⁰ Hungary's Ministry of Foreign Affairs, "The Hungarian Investment Immigration Program," accessed February 6, 2016. (http://www.mfa.gov.hu/NR/rdonlyres/1A5BB49E-75C4-429D-A6E0-0D3E753838BC/0/program_overview_EN.pdf)

⁶¹ Invest Bulgaria Agency, "Legal Framework," accessed February 8, 2016. (<http://www.investbg.government.bg/en/pages/legal-framework-107.html>)

⁶² Cyprus' Ministry of Interior, "Scheme of Naturalisation of Investors in Cyprus by Exception," accessed February 6, 2016. (<http://www.moi.gov.cy/moi/moi.nsf/All/1562764E412F7B6DC2257B80005235CF>)

among the fastest tracks to second citizenship – requiring only three months to successfully complete an application.⁶³

RECOMMENDATIONS

Distinguished Chairmen,

Congress must sustain and reinforce exceptions to the Visa Waiver program currently benefiting 38 countries. They include 23 members of the European Union, Andorra, Iceland, Lichtenstein, Monaco, Norway, San Marino, Switzerland, Australia, Brunei, Canada, Japan, New Zealand, Singapore, South Korea, and Taiwan.⁶⁴

The suspension of the Visa Waiver program for dual nationals of Iran is the direct result of the regime's close association with terrorism and other illicit activities such as money laundering, illicit finance, and nuclear procurement. The risks are clear. No doubt, some individuals will be inconvenienced, but the dangerous exploitation of foreign passports for illicit purposes justifies the inconvenience posed to the relatively few who will have to obtain a visa in person before traveling to the U.S., which countless other foreigners must also undergo.

As Iran returns to the global economy after the implementation of the JCPOA in January, the number of Iranian procurement agents and proxies seeking to acquire illicit technology is likely to increase, and Tehran will likely dispatch more emissaries to the U.S. to procure technology for ballistic missiles and nuclear activities.

The growth of Western citizenship-by-investment programs, including the likely reopening of the Canadian federal program, means that regime emissaries can quickly obtain a passport from a Visa Waiver country for relatively little money. The singling out of Iranian dual nationals is thus not only appropriate, but should be a vital component of homeland security policy.

I therefore offer the following recommendations:

FIRST, the United States Government must make it clear to all Visa Waiver countries offering (or considering) citizenship and permanent residency for investment that the ease of doing so will affect their status in the program. Visa Waiver countries are entitled, as a matter of sovereignty, to grant nationality in the manner in which they choose. However, their sovereign prerogative should not become a shortcut to entering the United States for nationals of countries excluded from the program. At a minimum, Congress should reassess the Visa Waiver status of countries offering citizenship through investment based on the due diligence, residency requirements, and speed citizenship is obtained.

⁶³ "Citizenship-by-Investment in Cyprus," *Henley & Partners*, accessed February 4, 2016.
(<https://www.henleyglobal.com/citizenship-cyprus-citizenship/>)

⁶⁴ "Visa Waiver Countries," *Esta United States Travel Authorization Application*, accessed February 2, 2016.
(http://www.esta.us/visa_waiver_countries.html)

SECOND, the United States should seek the full cooperation of Visa Waiver countries offering citizenship- or residency-by-investment. These countries must improve their due diligence standards and agree to more data sharing. Washington should request access to applications, both approved and rejected, of Iranian nationals to such programs. Refusal to cooperate could be grounds for restricting the Visa Waiver status of these countries.

THIRD, the United States should require that due diligence reviews of applications should not be limited to the origin of funds for investment but rather the applicant's entire financial portfolio. Such reviews should not be limited to background checks with Interpol to determine whether an applicant has an outstanding international arrest warrant. Instead, they should require a full accounting of all of the applicant's business activities and assets prior to applying for the program.

FOURTH, the United States should improve due diligence standards at visa-processing centers for Iranian dual nationals' applications to minimize the risk that visas will be issued to individuals acting on behalf of the Iranian regime. Such due diligence could rely on the aforementioned data sharing, but also with increased cooperation between federal agencies involved in investigating and tracking potential sanctions evaders.

FIFTH, Congress should request a report from the Department of Homeland Security on the extent to which each of its own special visa programs, like EB-5, identify whether applicants have dual passports from countries providing citizenship-by-investment. For the special visa programs whereby DHS does not require information about whether applicants hold or have applied for citizenship-by-investment passports, this should be added to the due diligence process, along with applicants' full financial disclosures.

Distinguished Chairmen, Iran's systematic reliance on dual nationals to circumvent sanctions, procure illicit technology, and conduct acts of terrorism demands that visa waiver benefits not be reinstated for its nationals merely in order to avoid a confrontation with Tehran or America's European allies over the interpretation of the JCPOA. With the end of Western sanctions against Tehran, the number of regime agents trying to enter the United States for nefarious reasons is bound to increase. The steps Congress now takes will be of critical importance to ensure that the actors involved in facilitating proliferation and other illicit activities abroad do not benefit from free and unfettered access to the United States.

On behalf of the Foundation for Defense of Democracies, thank you for the opportunity to testify.

Dr. Emanuele Ottolenghi

Senior Fellow, Foundation for Defense of Democracies



Emanuele Ottolenghi is a senior fellow at the Foundation for Defense of Democracies and an expert at its Center on Sanctions and Illicit Finance focused on Iran. His research has examined Iran's Islamic Revolutionary Guard Corps, including its links to the country's energy sector and procurement networks. His areas of expertise also include the EU's Middle East policymaking, transatlantic relations, the Arab-Israeli conflict, and Israel's domestic politics. He is author of *The Pasdaran: Inside Iran's Islamic Revolutionary Guard Corps*, *Iran: The Looming Crisis*, and *Under a Mushroom Cloud: Europe, Iran and the Bomb*.

Prior to joining FDD, Dr. Ottolenghi headed the Transatlantic Institute in Brussels and taught Israel Studies at St. Antony's College, Oxford University. He obtained his Ph.D. in political theory at the Hebrew University of Jerusalem, preceded by undergraduate studies in political science at the University of Bologna.

Dr. Ottolenghi blogs at *The Hill* and has a monthly column in the British current-affairs magazine *Standpoint*. His columns have also appeared in leading outlets including *The Wall Street Journal*, *The New York Times*, and *The Sunday Times*.



1800 M Street NW • Suite 800, South Tower • Washington, DC 20036