

July 15, 2019

The Honorable Steven Mnuchin
United States Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Secretary:

We are writing to respectfully request that you examine whether Iran's counterpart to a new European trade vehicle formed to evade U.S. sanctions on Iran meets the criteria either for designation for being owned or controlled by designated Iranian entities subject to U.S. sanctions, or for designation under Executive Order 13846. We believe it does.

Set up by Germany, France, and the UK, the new trade vehicle, formally known as the Instrument for the Support of Trade Exchanges (INSTEX), was established to avoid U.S. sanctions by enabling trade without using the U.S. dollar or going through U.S. banks. Iran's counterpart, the Special Trade and Finance Instrument (STFI), was registered in April in Tehran's neighborhood of Davudieh, near the headquarters of the Central Bank of Iran (CBI). According to the French Ministry of Economy and Finance, the STFI has eight shareholders.

The largest shareholder is Faradis Gostar Kish, an informatics firm, with 23 percent of STFI shares. Faradis Gostar Kish is a subsidiary of the Informatics Service Corporation, which itself is a subsidiary of the National Informatics Corporation. The National Informatics Corporation is owned by four major Iranian banks, all of which are on Treasury's Specially Designated Nationals (SDN) List and subject to secondary sanctions. The four banks are the CBI, with 48.5 percent of the shares; Bank Melli, with 21.75 percent; Bank Saderat, with 21 percent; and Bank of Industry and Mine (BIM), with 4.75 percent. Since Faradis Gostar Kish is fully owned by sanctioned entities, it too should be designated as an SDN.

The remaining 77 percent of STFI shares are equally divided among seven Iranian banks, all of which are on the SDN List: Karafarin, Refah, Keshavrazi, Eghtesad Novin, Pasargad, Saman, and Middle East. Finally, the STFI has four board members, three of whom represent firms controlled by the government of Iran. In other words, the government dominates the board.

Given that 100 percent of STFI's shares are owned by persons specifically designated by the Treasury Department or by persons who are SDNs by operation of law, we respectfully request that you consider the designation of the STFI for being owned or controlled by designated persons.

Further, Executive Order 13846 provides the Secretary of the Treasury with the authority to designate any person who has materially assisted or provided certain support to any Iranian person included on the SDN List. Under this standard, STFI would be ripe for designation for providing such support to designated Iranian entities, including its shareholders.

We respectfully request that you consider the designation of the STFI based on its ownership structure and for materially assisting or providing support to Iranian SDNs, and apply secondary sanctions as appropriate.

Thank you for your time and attention to this matter, and we look forward to receiving your response.

Sincerely,

David Asher
Sen. Kelly Ayotte
Josh Block
John Cassara
Toby Dershowitz
Amb. Joseph DeTrani
Amb. Paula Dobriansky
Michael Doran
Mark Dubowitz
Amb. Eric Edelman
Reuel Marc Gerecht
Saeed Ghasseminejad
Lawrence J. Haas
Jamil Jaffer
Amb. Robert Joseph
Orde Kittrie
Dr. Matthew Kroenig
Sen. Joseph Lieberman

Valerie Lincy
Mary Beth Long
Michael Makovsky
Clifford D. May
Scott Modell
Judge Michael Mukasey
Clarine Nardi Riddle
John Podhoretz
Michael Pregent
James Rickards
David Rivkin
Michael Rubin
Jonathan Schanzer
Ray Takeyh
Behnam Ben Taleblu
Frances F. Townsend
Dr. Kenneth R. Weinstein