

Statement for the Record
Senator Mark Kirk
Senate Committee on Banking, Housing and Urban Affairs
Executive Session
May 12, 2011

Mr. Chairman:

On March 29, 2011, Senator Kyl, Senator Lieberman and I wrote to Secretary Geithner expressing our concerns about the administration's failure to act on intelligence clearly detailing sanctionable activity. We attached a classified annex to that letter detailing our specific concerns over international entities in apparent violation of the Iran Sanctions Act, the Comprehensive Iran Sanctions and Divestment Act (CISADA), and the Iran, North Korea and Syria Nonproliferation Act (INKSNA).

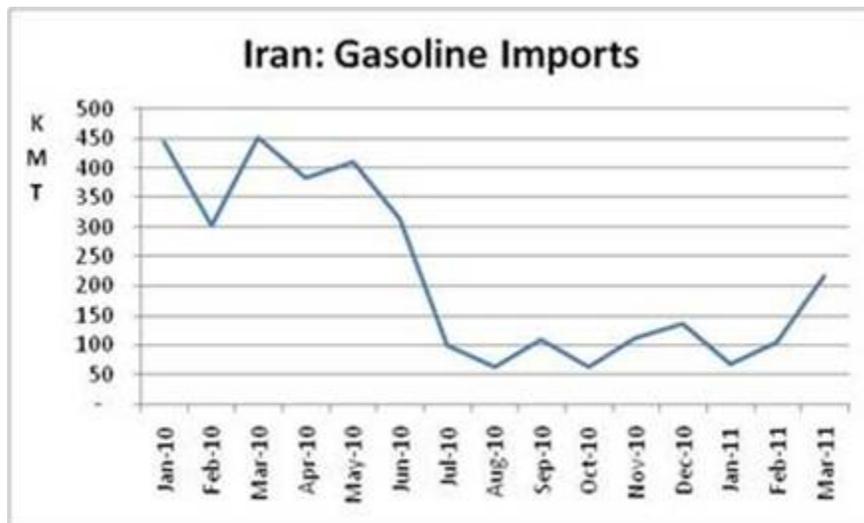
On April 5, 2011, Secretary Geithner testified before the Senate Appropriations Subcommittee on Financial Services where it became apparent that he had not read our letter.

On May 2, 2011, we received a one-page unclassified response from Acting Under Secretary Cohen that left our detailed questions unanswered.

Additionally, in response to my Questions for the Record, the Acting Under Secretary stated clearly that he would refuse to address our letter's concerns and further refused to provide answers regarding specific financial institutions of concern.

It is unfortunate that, as of today, we have received no substantive response addressing the specific concerns detailed in our classified annex. Meanwhile, open source data and reporting suggests the situation is getting worse.

The following graph, obtained through open-source trading data, shows gasoline deliveries to Iran more than doubled between January and March of this year. The trend line suggests entities are providing refined petroleum to Iran in direct violation of CISADA, perhaps in response to the Administration's lack of sanctions enforcement.



Last week, in an article entitled “Iran gasoline imports at nearly 50,000 bpd-sources,” Reuters news service reported:

Iran imported nearly 50,000 barrels per day (bpd) of gasoline in March and in April, industry sources told Reuters, much of it from Asia, as the Islamic Republic kept up its practice of dodging Western sanctions.

Five vessels carrying a total of 1.505 million barrels of gasoline were shipped from Asia in March, a senior trading source said. In total, imports for the month were more than 48,500 bpd.

In April, Iran bought 49,400 bpd, according to shipping documents that showed a further five cargoes carrying a total of 1.482 million barrels. Three of them involved ship-to-ship transfers in the Strait of Hormuz.

Separately, as you may know, the Financial Crimes Enforcement Network (FinCEN) recently issued a proposed rule to implement key requirements of CISADA. Several members of the Committee found the rule to be woefully lacking.

On May 9, 2011, six members of the Banking Committee along with Senator Kyl wrote to Acting Under Secretary Cohen seeking his written assurances on the frequency with which the Treasury Department would exercise its authority under the rule, the process by which the Department would determine when to exercise such authority and that the Department would report to the Committee with information about the number of reports requested of banks and when such requests are made. As of today, we have received no response.

Mr. Chairman, I had hoped that consideration of this nomination could have been held over until the next business meeting to provide the Treasury Department more time to answer our important questions. Since that is not an option, I will oppose committee confirmation of David

Cohen for Under Secretary of Treasury for Terrorism and Financial Intelligence.

As I am sure you are aware, more than 10 months have passed since the President signed CISADA into law and the Treasury Department has yet to enforce the law's financial sanctions against a single financial institution. I will not stand by and watch as this Administration refuses to enforce U.S. sanctions against Iran.

I am hopeful that as this process moves forward, the Treasury Department can provide the answers we seek and demonstrate its commitment to enforcing U.S. law.

###