



**One Hundred Fourteenth Congress**  
**U.S. House of Representatives**  
**Committee on Foreign Affairs**  
2170 Rayburn House Office Building  
Washington, DC 20515  
[www.foreignaffairs.house.gov](http://www.foreignaffairs.house.gov)

June 1, 2016

The Honorable John F. Kerry  
Secretary of State  
U.S. Department of State  
2201 C Street NW  
Washington, DC 20520

Mr. Secretary:

On February 3, 2016, I wrote to you regarding the Committee's ongoing oversight of the Iran nuclear agreement and the Obama Administration's response to the continued threat that Tehran poses to the national security and foreign policy of the United States. Specifically, I requested detailed information regarding a January 17, 2016 announcement that the United States would pay Iran \$1.7 billion to settle a longstanding claim before the Iran-U.S. Claims Tribunal at The Hague. Unfortunately, the Department's reply largely failed to answer my requests.

For instance, I sought an explanation of why the timing of this financial settlement coincided with both "Implementation Day" of the nuclear agreement and the release of five innocent Americans held hostage by Iran, as well as all information on any steps taken by the Obama Administration to make clear that this settlement was not linked to the release of these American hostages. However, the Department's reply not only failed to provide this information, it did not even mention the nuclear agreement or the release of innocent Americans. If it was indeed a simple coincidence that the Administration announced this \$1.7 billion dollar payment to Iran on the same day that it marked implementation of the nuclear agreement and released five innocent Americans, the Administration must explain how these developments came about independently.

As you know, this \$1.7 billion payment included \$400 million paid by Iran prior to the revolution for the planned purchase of U.S. weapons and \$1.3 billion "representing a compromise on the interest" that Iran was seeking. The Obama Administration has insisted that the \$1.3 billion interest payment was in the best interests of the American taxpayer – yet has not provided a detailed explanation of how the United States calculated the interest payment, the essential factor in assessing any U.S. taxpayer exposure.

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The facts suggest though that this arrangement was no great bargain. Information since provided to the Committee by the Congressional Research Service indicates that the Tribunal has *never* awarded compound interest on this particular type of claim, but has instead calculated past payments with simple interest at a rate of 10 percent—to prevent a claimant from obtaining compensation wholly out of proportion to the loss. This suggests that, including the principle and simple interest at 10 percent over 35 years, the maximum potential exposure to the U.S. taxpayer in this case would likely have been \$1.8 billion—just slightly above the “compromise” settled for—and an amount far lower than the “significant exposure in the billions” cited in the Department’s response. The Department must address this discrepancy in writing.

Finally, in light of new concerns that the Obama Administration is considering providing Iran with access to the U.S. financial system and ability to conduct transactions in U.S. dollars, I request that the Department provide the Committee with detailed information as to how this \$1.7 billion payment was processed and delivered to Iran.

It is frustrating enough that this \$1.7 billion payment to Iran occurred without proper consultation with the Committee. It is even more frustrating that the Department has been unable to answer the Committee’s specific requests related to this payment. I ask that you provide responses to the unanswered requests in my February 3, 2016 letter, which I have enclosed, as well as the additional requests posed above.

Please provide the requested information as soon as possible. Thank you for your prompt attention to this important matter.

Sincerely,



EDWARD R. ROYCE

Chairman

Enclosure

EDWARD R. ROYCE, CALIFORNIA  
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DEMOCRATIC STAFF DIRECTOR

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February 3, 2016

The Honorable John F. Kerry  
Secretary of State  
U.S. Department of State  
2201 C Street NW  
Washington, DC 20520

Mr. Secretary:

I am writing regarding the Committee's ongoing oversight of the Iran nuclear agreement and the Obama Administration's response to the continued threat that Tehran poses to the national security and foreign policy of the United States. Specifically, I am requesting detailed information regarding the Obama Administration's January 17, 2016 announcement that the United States will pay this terrorist state \$1.7 billion to settle a longstanding bilateral dispute.

As you know, this surprise announcement came on the same day that the Iran released five innocent Americans. This timing, as well as the Department's decision not to brief the Committee on the negotiations that led to this announcement, has led some to express concern that the payment represents a de facto "ransom" for the release of American hostages. Indeed an Iranian Basij commander has called it as much.

In addition, this announcement came only a day after the U.S. and its negotiating partners provided Iran with significant sanctions relief as part of the nuclear agreement. In that sense, I have a larger concern that in choosing to resolve this relatively minor bilateral dispute at this time, the Obama Administration is aggressively moving towards reestablishing diplomatic relations with Iran. Such action would clearly violate the President's pledge to "remain vigilant" in countering the threat Iran poses to the United States and our allies in the region.

Since 2013, the Committee has held over 30 public hearings on Iran. As Chairman, I have also participated in countless closed-door briefings with Administration officials. In addition to negotiations on Iran's nuclear program and the status of the innocent Americans held by Iran, these hearings and briefings covered a wide range of issues, including the regime's ongoing sponsorship of terrorism, dangerous ballistic missile and illicit conventional weapons programs, and continued efforts to prop up the murderous Assad regime in Syria. In short, the Department had ample opportunity to seek Congressional input on this matter. Yet, it never raised this

potential financial settlement with the Committee. Indeed, just days before the payment was announced, Administration officials briefed senior aides of House Leadership and national security committees on the implementation of the nuclear deal – but never raised this looming payment.

To date, the only information provided to the Committee on this transaction has been the press release issued by the Department under your name on January 17, 2016. According to this release, this \$1.7 billion payment was made to resolve a longstanding Iranian claim made through the “Iran-U.S. Claims Tribunal,” based in The Hague. This includes \$400 million that the Shah of Iran paid for a planned purchase of U.S. weapons; delivery that was halted in 1979 after the radical Islamists that now rule Iran seized power and violently occupied the U.S. Embassy in Tehran—leading to the suspension of diplomatic relations. Another \$1.3 billion in U.S. taxpayer funds was added as “interest.” As the same radical regime continues to rule Iran and violently undermine U.S. interests in the region, it is unclear how this \$1.7 billion payment is in the national security interests of the United States.

To address concerns that this dispute was resolved to provide Iran with a de facto “ransom payment” for the release of innocent Americans, dispel any notion that this agreement represents a step towards reestablishing diplomatic relations with Iran, and to restore a level of trust between the Department and the Committee, I ask that you respond to the questions and requests for information or documents set forth below no later than February 17, 2016.

1. Separate lists of all U.S. officials who participated in the negotiation with Iran over each of the following—
  - this settlement agreement;
  - the release of the five American hostages; and
  - the Joint Comprehensive Plan of Action.
2. A detailed timeline of U.S.-Iran negotiations over this dispute since the conclusion of the Joint Comprehensive Plan of Action on July 14, 2015;
3. All legal analyses within the possession of the Executive branch evaluating the likelihood of Iran prevailing in this dispute at the Tribunal;
4. A statement whether, in the judgment of the Obama Administration, the United States was under a specific legal obligation to pay \$1.7 billion to Iran at this point in time;
5. A detailed explanation of how the interest payment to Iran of \$1.3 billion was calculated;
6. An explanation of why the the funds transferred to Iran were not used to compensate American victims of Iranian terrorism who have been awarded judgments against Iran;
7. A statement of any steps taken by the Obama Administration to make clear that this settlement was not linked to the release of American hostages;

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8. An explanation of why the timing of financial settlement coincided with the release of five innocent Americans held hostage by Iran and "Implementation Day" for the Joint Comprehensive Plan of Action;
9. An explanation of why the Committee was not consulted on such a consequential matter; and
10. A list of all outstanding Iranian claims before the "Iran-U.S. Claims Tribunal" including the dollar amount Iran claims that it is owed in both principle and interest as well as the current status of negotiations aimed at resolving these claims.

I look forward to your cooperation on this serious matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "E. Royce".

EDWARD R. ROYCE  
Chairman