

MEMO

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IRGC Designation Key Step in Preventing Nuclear Iran

The United States imposed important new sanctions on Iran by designating the Islamic Revolutionary Guard Corps (IRGC), its al-Quds Force and three state-owned banks as weapons proliferators and supporters of terrorism. These sanctions are a critical part of U.S. efforts to isolate the Iranian regime economically and persuade it to end its illicit nuclear program. With Tehran continuing to enrich uranium in violation of U.N. Security Council resolutions, the United States and its allies should continue to pressure the regime through increased diplomatic, political and financial sanctions.

The designation targets the IRGC, an economic conglomerate that controls a major portion of Iran's economy and funds its nuclear weapons program.

- The U.S. action specifically designates nine companies owned or controlled by the IRGC. These IRGC entities, which control up to 40 percent of Iran's economy, are heavily involved in Iran's energy and construction sectors and have a growing presence in Iran's financial and commercial sectors.
- Designating the IRGC will have a dramatic impact on the ability of Guard-owned companies to conduct business and gain access to the key European technology it requires to develop Iran's aging oil infrastructure.
- The designation will also limit the IRGC's access to supplies, credit and capital for its funding of terrorism and pursuit of nuclear weapons.
- The designation creates a dramatic incentive for European firms to halt their business dealings with IRGC-affiliated organizations, since the companies would, in most circumstances, be prohibited from doing business with the United States if they continued their business with the IRGC.



The IRGC's Quds Force supports Hizballah, Hamas and terrorists targeting U.S. soldiers in Iraq and Afghanistan.

The designation of key Iranian banks severely damages Iran's ability to conduct international business and fund its destructive policies.

- The U.S. designation of Bank Melli and Bank Mellat closes a loophole in U.S. law that allowed U.S. banks to conduct certain financial transactions involving the Iranian banks.
- Similar actions taken by the Treasury Department against two other Iranian banks have severely hurt those banks' ability to conduct international business. International banks that continue to do

business with sanctioned institutions risk heavy fines and the possible loss of access to U.S. financial markets.

- Bank Melli, Iran's largest bank, and Bank Mellat, the fourth largest, were designated for providing financial services to entities involved in Iran's nuclear and ballistic missile programs, including entities sanctioned by the U.N. Security Council.
- Bank Saderat, which was previously locked out of the U.S. financial system, was designated for its channeling of funds to Hamas and Hizballah. From 2001 to 2006, Bank Saderat was used to transfer \$50 million to Hizballah fronts in Lebanon. During the past year, Bank Saderat has transferred millions of dollars to Hamas.

The IRGC was designated as a weapons proliferator for its involvement in Iran's nuclear weapons and missile programs.

- The IRGC has assisted in the development of the Natanz uranium enrichment plant, which according to the IAEA houses nearly 3,000 centrifuges used to enrich the uranium needed to produce nuclear weapons.
- The IRGC has helped develop and test Iran's Shihab-3 ballistic missile, which has a range of up to 1,600 kilometers and is capable of targeting U.S. troops in the region, Israel and our European allies.
- This designation fulfills a requirement of U.N. Security Council Resolutions 1737 and 1747 by designating eight individuals—specifically named in the resolutions—who have been involved in Iran's nuclear and missile programs.

The U.S. specifically designated the IRGC's Quds Force for its sponsorship of terrorism throughout the Middle East.

- The U.S. designation of the Quds force, under Executive Order 13224, places the group on the Specially Designated Global Terrorist list and makes it a crime for U.S. citizens to provide material support to the group.
- The Quds Force has a long history of providing weapons, training and financial support to Hizballah. The force operates training camps for Hizballah in Lebanon's Bekaa Valley and provides the group roughly \$100 million to \$200 million in funding a year.
- The Quds Force has supplied Hamas with extensive funding, training and weaponry, according to the State Department's annual report on global terrorism.
- In Iraq, the Quds force has provided advanced training and supplies for improvised explosive devices (IEDs), including "explosively formed projectiles." These weapons have proven effective in penetrating U.S. armored vehicles and killing American soldiers.
- Undersecretary of State Nicholas Burns told CNN in June that there is "irrefutable evidence" that the IRGC is sending weapons to the Taliban. Secretary of Defense Robert Gates echoed his remarks, noting that there is "a fairly substantial flow of weapons" into Afghanistan from Iran.