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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

March 11, 2021

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C.

Dear Secretary Yellen,

I write to request information regarding the Department's treatment of Turkish state-owned bank Turkiye Halk Bankasi A.S. (Halkbank) and potential interference by Department officials in law enforcement investigations related to the bank. Halkbank has been indicted in the United States as part of the largest ever scheme to aide Iran in circumventing U.S. sanctions, and Halkbank officials admitted to conspiring to evade sanctions and funnel Iranian oil profits back to the country through complex gold purchases disguised as money transfers.¹ As part of that scheme, at least \$1 billion in funds from Iranian oil proceeds are alleged to have been transferred through correspondent banking services at U.S. financial institutions.²

As you are aware, the Treasury Department plays a critical role in the enforcement of U.S. sanctions laws, including sanctions on the Government of Iran and those who act on its behalf. The Department also plays a leading role in ensuring the U.S. financial system is not used to facilitate money laundering or the financing of terrorism. As the Chairman of the Senate Committee on Finance, I have been investigating, among other things, whether former Treasury Secretary Steven Mnuchin was directed by President Trump to improperly intervene in a criminal investigation into the evasion of sanctions in response to a pressure campaign by the Turkish government.³ As part of this investigation into the integrity of the application of U.S. sanctions and correspondent banking services, I seek to understand whether Secretary Mnuchin

¹ *U.S. Indicts Turkish Bank on Charges of Evading Iran Sanctions*, New York Times, Oct. 15, 2019; <https://www.nytimes.com/2019/10/15/us/politics/halkbank-turkey-iran-indictment.html>.

² *Turkey's Halkbank Urges Dismissal of Iran Sanctions Criminal Case in U.S.*, Reuters, Sep. 18, 2010; <https://www.reuters.com/article/us-usa-turkey-halkbank/turkeys-halkbank-urges-dismissal-of-iran-sanctions-criminal-case-in-u-s-idUSKBN2692FF>.

³ *Wyden Launches Investigation Into Halkbank Scandal*, Press Release, Oct. 24, 2019; <https://www.finance.senate.gov/ranking-members-news/wyden-launches-investigation-into-halkbank-scandal>.

sought to halt the investigation and prosecution of Halkbank or reduce any fines imposed by the Department of Justice.

In a November 20, 2019 letter, Treasury Department officials corroborated several key facts relevant to my investigation. First, Treasury officials acknowledged that after Turkish President Recep Tayyip Erdogan personally raised the Halkbank case directly with President Trump, the President referred the issue to the Treasury Department and the Department of Justice.⁴ At the time, Halkbank had not yet faced a criminal indictment in the United States and the Turkish government was actively lobbying the Administration to avoid prosecution and heavy fines. Second, Treasury officials identified seven meetings between Secretary Mnuchin and senior Turkish officials, despite the Secretary's admitted "integral" role in the enforcement of U.S. sanctions generally, and the prosecution of Halkbank specifically.⁵ Most concerning was an April 15, 2019 Oval Office meeting between President Trump, Secretary Mnuchin, Trump's son-in-law Jared Kushner and President Erdogan's son-in-law and Finance Minister, Berat Albayrak. This was the second meeting Secretary Mnuchin held with Albayrak in 3 days, and appears to coincide with the Trump Administration's admitted interference in the Halkbank prosecution. Even more troubling, the President, the Treasury Secretary, and the President's son-in-law held the April 15, 2019 White House meeting despite the fact that Albayrak and Erdogan have been personally implicated in the Halkbank scheme by federal prosecutors.⁶

These reports are part of a larger story highlighting former President Trump's efforts to accommodate the intense pressure campaign by the Turkish government to get investigations into Halkbank dropped, including a high-priced lobbying effort by Ballard Partners on Turkey's behalf.⁷ In 2017, President Trump reportedly asked Secretary of State Tillerson to pressure the Justice Department to drop the case against a co-conspirator in the Halkbank-assisted sanctions evasion schemes, Reza Zarrab, who was reported to have an office in Trump Tower Istanbul and was a client at the time of the President's attorney, Rudy Giuliani.⁸ In a 2015 interview, then-candidate Trump stated about Turkey, "I have a little conflict of interest because I have a major,

⁴ Letter to Ranking Member Wyden from Frederick W. Vaughan, Deputy Assistant Secretary, Office of Legislative Affairs, Department of the Treasury, Nov. 20, 2019.

⁵ *Id.*

⁶ Federal prosecutors alleged the following in their indictment, "Though some at HALKBANK, the defendant, supported continuing the scheme, Halkbank General Manager-1 initially was reluctant to do so because of concern that Zarrab's arrest and notoriety would draw unnecessary attention to the scheme. At Zarrab's request, however, the then-Prime Minister of Turkey and his associates, including a relative of the then-Prime Minister who later held multiple Turkish cabinet positions, instructed HALKBANK to resume the scheme, and HALKBANK agreed." Erdogan was prime minister during the Halkbank scheme, and Albayrak then had been the Turkish Minister of Energy. *Turkish Bank Charged in Manhattan Federal Court for Its Participation in a Multibillion-dollar Iranian Sanctions Evasion Scheme*, Department of Justice Press Release, Oct. 15, 2019;

<https://www.justice.gov/opa/pr/turkish-bank-charged-manhattan-federal-court-its-participation-multibillion-dollar-iranian>.

⁷ *Trump-Erdogan Call Led to Lengthy Quest to Avoid Halkbank Trial*, Bloomberg, Oct. 16, 2019;

<https://www.bloomberg.com/news/articles/2019-10-16/trump-erdogan-call-led-to-lengthy-push-to-avoid-halkbank-trial>.

⁸ *Trump Urged Top Aide to Help Giuliani Client Facing DOJ Charges*, Bloomberg, Oct. 9, 2019;

<https://www.bloomberg.com/amp/news/articles/2019-10-09/trump-urged-top-aide-to-help-giuliani-client-facing-doj-charges>; *Trump Tower: Dictators' Home Away From Home*, Daily Beast, Sep. 30, 2015 Updated April, 14, 2017; <https://www.thedailybeast.com/trump-tower-dictators-home-away-from-home>.

major building in Istanbul.”⁹ According to public financial disclosure forms, Trump personally earned between \$1.2 million and \$7 million in royalties from entities affiliated with Trump Towers Istanbul-Sisli during his Presidency.¹⁰

Additionally, former National Security Advisor John Bolton recently claimed that former-President Trump was granted personal favors to President Erdogan.¹¹ In particular, Bolton alleged that Trump promised Erdogan he would use his authority to halt any further enforcement against Halkbank, and that he then instructed Mnuchin to interfere in the matter.¹² Bolton also stated that on more than one occasion, the Department of Justice was aware of Secretary Mnuchin’s efforts to intervene in the investigation and prosecution of Halkbank.¹³

Although Halkbank was eventually charged in the Southern District of New York in a six-count indictment related to the bank’s participation in a multibillion-dollar scheme to evade U.S. sanction on Iran on October 15, 2019,¹⁴ these charges came just days after the Turkish invasion of northern Syria and the resulting political backlash.¹⁵ I am concerned that absent these unrelated actions by the Turkish government, the Administration’s interference in favor of Turkey’s Halkbank requests could have undermined years of effort by U.S. law enforcement.

In order to better understand how improper political interference and conflicts of interest may have undermined the enforcement of U.S. sanctions and related trade and banking laws, please provide answers to the following questions and requests for information no later than March 31, 2021:

1. Please provide all Treasury Department records relating to the seven meetings with Turkish officials identified in the enclosed November 20, 2019 letter from the Department. For the following meetings dated: April 22, 2017; October 13, 2017; July 21, 2018; April 12, 2019; April 15, 2019; June 29, 2019; and, November 13, 2019—these records should include, but are not limited to:

⁹ *President Trump Said in 2015 That He Has a ‘Little Conflict of Interest’ in Turkey*, Time, Apr. 19, 2017; <https://time.com/4746348/donald-trump-turkey-conflict-interest/>.

¹⁰ *Donald Trump’s Longtime Business Connections in Turkey Back in the Spotlight*, NBC News, Oct. 9, 2019; <https://www.nbcnews.com/politics/trump-impeachment-inquiry/donald-trump-s-longtime-business-connections-turkey-back-spotlight-n1064011>.

¹¹ JOHN BOLTON, *THE ROOM WHERE IT HAPPENED* 412 (2020) (“Barr said he was very worried about the appearances Trump was creating, especially his remarks on Halkbank to Erdogan in Buenos Aires at the G20 meeting, what he said to Xi Jinping on ZTE, and other exchanges”).

¹² *Id.* at 177 (“Trump started by saying we were getting very close to a resolution on Halkbank. He had just spoken to Mnuchin and Pompeo, and said we would be dealing with Erdogan’s great son-in-law (Turkey’s Finance Minister) to get it off his shoulders. Erdogan was very grateful, speaking in English no less.”).

¹³ *Id.* at 170 (“Several times, Mnuchin was exuberant he had reached a deal with Turkey’s Finance Minister. [. . .] In each case, the deal fell apart when Justice tanked it, which was why trying this route to get Brunson’s release was never going to work.”)

¹⁴ *Turkish Bank Charged in Manhattan Federal Court for Its Participation in a Multibillion-dollar Iranian Sanctions Evasion Scheme*, Department of Justice Press Release, Oct. 15, 2019; <https://www.justice.gov/opa/pr/turkish-bank-charged-manhattan-federal-court-its-participation-multibillion-dollar-iranian>.

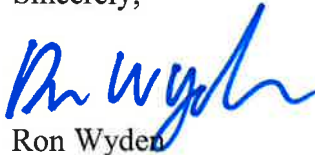
¹⁵ *Trump Defends Syria Decision Amid Republican Backlash*, CNN, Oct. 8, 2019; <https://www.cnn.com/2019/10/07/politics/mitch-mcconnell-republican-response-syria-kurds/index.html>.

- a. The purpose of the meeting and list of attendees;
 - b. Notes, transcriptions or memoranda related to the meeting; and
 - c. Communications regarding the meetings
2. Please provide all Treasury Department records related to the statement made in the enclosed November 20, 2019 letter from the Department: "As was publicly reported, when Prime Minister Erdogan raised concerns directly with President Trump in April 2019, the President referred the issue to the executive branch departments responsible by law for the investigation and enforcement of economic sanctions-the Treasury and DOJ."
 - a. Please include any and all Treasury Department records memorializing or discussing the President's instructions to Secretary Mnuchin with regard to the U.S. government's investigations of Halkbank.
3. Please provide all Treasury Department records relating to communications between Secretary Mnuchin or senior political appointees at the Treasury Department with officials at the Department of Justice regarding the U.S. government's investigation of Halkbank. This includes a list of all meetings, telephone call logs, calendar invitations, calendar entries, meeting notices, meeting agendas, informational materials, memos to file, any handwritten or electric notes taken during any oral communications, summaries of any oral communications, or other materials.
4. Please provide all Treasury Department records relating to communications regarding Halkbank between individuals in the employ of the Executive Office of the President and Secretary Mnuchin or other senior political appointees at the Treasury Department. This includes a list of all meetings, telephone call logs, calendar invitations, calendar entries, meeting notices, meeting agendas, informational materials, memos to file, any handwritten or electric notes taken during any oral communications, summaries of any oral communications, or other materials.
5. Has the Treasury Department formally initiated an investigation or commenced work towards determining a fine for Halkbank? If so, when did the Department begin this process?
6. Has the Treasury Department's Office of Foreign Asset Control (OFAC) come to any conclusions of fact or made recommendations to the Department's leadership regarding the figure for a potential regulatory fine for Halkbank?
7. According to the Department of Justice's indictment of Halkbank, on or around February 12, 2013 representatives of OFAC warned senior Halkbank officials about Halkbank's involvement in Iranian attempts to evade sanctions. Please describe in detail the concerns communicated by OFAC to Halkbank regarding potential sanctions evasion on or around February 12, 2013 and subsequently thereafter.

8. At any point during OFAC's review of Halkbank's involvement in Iranian attempts to evade sanctions, were U.S. financial institutions who provided correspondent banking services to Halkbank notified of these risks? If so, when? Please provide a detailed description of any actions taken by OFAC or other Treasury Department officials to alert U.S. financial institutions of any increased compliance risks posed by the transfer of Iranian funds deposited in Halkbank accounts.
9. Public reports in 2018 suggest that Halkbank's compliance with subpoena requests from OFAC were deemed insufficient.¹⁶ Are these reports accurate? Please describe whether Halkbank is actively cooperating with the Departments request for information.

Thank you for your attention to this important matter.

Sincerely,



Ron Wyden
Chairman
Committee on Finance

¹⁶ *U.S. Rebuffs Effort to Tether Bank Fine to Pastor's Release*, The Wall Street Journal, Aug. 19, 2018; <https://www.wsj.com/articles/u-s-rebuffs-effort-to-tether-bank-fine-to-pastors-release-1534721674>.