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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

October 24, 2019

KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL  
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The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Ave. NW  
Washington, DC 20220

Dear Secretary Mnuchin:

I am writing to you concerning troubling reports regarding your involvement with the Administration's treatment of Turkey's state-owned bank Halkbank and U.S. law enforcement investigations into the bank's efforts to aide Iran in circumventing U.S. economic sanctions. Bloomberg recently reported that in April 2019, President Trump instructed you, along with Attorney General Barr, to address Turkish President Recep Erdogan's requests that state-owned bank Halkbank avoid charges for evading sanctions against Iran.<sup>1</sup> The President's instructions reportedly came after a call that month with Erdogan.<sup>2</sup> In addition, the New York Times recently reported that Turkish officials appealed directly to you over actions related to Halkbank,<sup>3</sup> and in April 2019 you met with the Turkish finance minister in the Oval Office, along with the President and Jared Kushner.<sup>4</sup>

These reports are part of a larger story highlighting President Trump's efforts to accommodate the intense pressure campaign by the Turkish government to get investigations into Halkbank dropped.<sup>5</sup> 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 had an office in Trump Tower Istanbul and was a client at the time of the President's attorney Rudy Giuliani.<sup>6</sup>

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.

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<sup>1</sup> *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>.

<sup>2</sup> *Id.*

<sup>3</sup> *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>.

<sup>4</sup> *Turkey's Albayrak, Trump meet in Washington*, TRT World, April 16, 2019; <https://www.trtworld.com/turkey/turkey-s-albayrak-trump-meet-in-washington-25887>.

<sup>5</sup> *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>.

<sup>6</sup> *Trump Urged Top Aide to Help Giuliana 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 Best, Sep. 30, 2015 Updated April, 14, 2017; <https://www.thedailybeast.com/trump-tower-dictators-home-away-from-home>.

sanction on Iran on October 15, 2019,<sup>7</sup> these charges came just days after the Turkish invasion of northern Syria and the resulting political backlash.<sup>8</sup> I am concerned that absent these 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, and may still do so. Yesterday, the President lifted all sanctions against Turkey.<sup>9</sup>

U.S. officials, including those at Treasury, have been pursuing misconduct at Halkbank for a number of years. According to the October 15, 2019, indictment, U.S. authorities were investigating Halkbank's role in transactions related to Iran at least as early as 2012.<sup>10</sup> In February 12, 2013, Treasury officials, including the then-director of OFAC, met with Halkbank officials in Turkey and warned the bank against involvement in schemes to evade sanctions against Iran.<sup>11</sup> In 2016 and 2017, the Justice Department brought indictments against Halkbank officials and other co-conspirators related to the schemes to circumvent those sanctions.

In March 2016, the Justice Department unsealed an indictment against Zarrab for conspiring to evade sanctions against Iran.<sup>12</sup> In March 2017, Mehmet Hakan Atilla, Deputy General Manager for International Banking at Halkbank, was charged in the same scheme with Zarrab as a co-conspirator.<sup>13</sup> Zarrab later testified that he and Atilla, had conspired to evade sanctions, and funnel Iranian oil profits back to the country through complex gold purchases disguised as money transfers.<sup>14</sup>

In September 2017, federal prosecutors charged former Turkish economy minister Mehmet Zafer Caglayan with directing, among others, officers at a state-owned bank to conceal activity related to the evasion of sanctions, and included in that indictment were former general manager at Halkbank, Suleyman Aslan, and former assistant deputy manager at Halkbank, Levent Balkan.<sup>15</sup> In January 2018, Atilla was convicted for his role in the scheme, and it was reported that prosecutors in the case described Halkbank as critical to the success of the operation.<sup>16</sup>

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<sup>7</sup> *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>.

<sup>8</sup> *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>.

<sup>9</sup> *Treasury Removes Sanctions Imposed on Turkish Ministries and Senior Officials Following Pause of Turkish Operations in Northeast Syria*, Department of Treasury Press Release, Oct. 23, 2019, <https://home.treasury.gov/news/press-releases/sm801>.

<sup>10</sup> *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>.

<sup>11</sup> *Id.*

<sup>12</sup> Department of Justice, March 21, 2016; <https://www.justice.gov/opa/pr/turkish-national-arrested-conspiring-evade-us-sanctions-against-iran-money-laundering-and>.

<sup>13</sup> *U.S. charges Turkish banker in Iran sanctions probe*, Reuters, March 28, 2017; <https://www.reuters.com/article/us-usa-turkey-banker-idUSKBN16Z214>.

<sup>14</sup> *Gold dealer turned star witness details alleged bribes to senior Turkish official*, Washington Post, Nov. 29, 2017; [https://www.washingtonpost.com/world/national-security/gold-dealer-turned-star-witness-details-alleged-bribes-to-senior-turkish-official/2017/11/29/271ebcf2-d52e-11e7-b62d-d9345ced896d\\_story.html](https://www.washingtonpost.com/world/national-security/gold-dealer-turned-star-witness-details-alleged-bribes-to-senior-turkish-official/2017/11/29/271ebcf2-d52e-11e7-b62d-d9345ced896d_story.html).

<sup>15</sup> *U.S. Indictment of Turkish Ex-Minister Raises Political Heat*, Wall Street Journal, Sep. 8, 2017; [https://www.wsj.com/articles/u-s-indictment-of-turkish-ex-minister-raises-political-heat-1504878774?mod=article\\_inline](https://www.wsj.com/articles/u-s-indictment-of-turkish-ex-minister-raises-political-heat-1504878774?mod=article_inline).

<sup>16</sup> *Banker From Turkey Is Convicted in U.S. Over Plot to Evade Iran Sanctions*, New York Times, Jan. 3, 2018; <https://www.nytimes.com/2018/01/03/world/europe/turkey-iran-sanctions-trial.html>.

Around the time of Zarrab's trial, in October 2017, you reportedly said after conversations with Turkish officials, that you "did not have specific conversations on sanctions."<sup>17</sup> At the time, however, the administration was leveling new sanctions against Iran, with OFAC adding entities and individuals to the SDN list.<sup>18</sup>

Throughout 2018, it appears that the Turkish Government never thought it was in any real danger of fines or charges against Halkbank. In August of 2018, the Turkish finance minister said Turkey wasn't expecting any fines.<sup>19</sup> In September 2018, the finance minister said that OFAC had been properly informed of Halkbank's Iran trade.<sup>20</sup> And in November 2018, the finance minister said that he had a "positive meeting" with you regarding Halkbank.<sup>21</sup>

However, reporting indicates that during this period in 2018, OFAC was continuing to investigate Halkbank. Halkbank reportedly responded to a subpoena, and its response being deemed insufficient. It was also reported that Turkey and the U.S. government were in "prolonged negotiations over a major fine against Halkbank."<sup>22</sup> It was up to Treasury to determine a regulatory penalty after the conviction of Atilla in January 2018.<sup>23</sup>

Given the above please answer the following:

1. Identify the Turkish officials you met with in October 2017 and describe the nature of the conversations you had with them, including whether or not you discussed U.S. efforts to enforce sanctions against Iran and whether or not you discussed the U.S. Government's investigations of Halkbank.
2. Identify the Turkish officials you met with in November 2018 and describe the nature of the conversations you had with them, including whether or not you discussed U.S. efforts to enforce sanctions against Iran and whether or not you discussed the U.S. Government's investigations of Halkbank.
3. Identify the Turkish officials you met with at the White House in April 2019 who reportedly appealed directly to you over actions related to Halkbank,<sup>24</sup> and describe the nature of the conversations you had with them, including whether or not you discussed

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<sup>17</sup> *Mnuchin Says He Didn't Threaten Turkey With Sanctions*, Wall Street Journal, Oct. 28, 2017; <https://www.wsj.com/articles/mnuchin-says-he-didnt-threaten-turkey-with-sanctions-1509202130>.

<sup>18</sup> U.S. Treasury Department, July 18, 2017; <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20170718.aspx>.

<sup>19</sup> *Turkey not expecting fines on Halkbank*, Albayrak says, Reuters, Aug. 26, 2018; <https://www.reuters.com/article/turkey-currency-albayrak-halkbank/turkey-not-expecting-fines-on-halkbank-albayrak-says-idUSI7N1Q6012>.

<sup>20</sup> *Turkey expects no fine for Halkbank*: finance minister, Reuters, Sep. 3, 2018; <https://www.reuters.com/article/us-turkey-currency-albayrak-usa/turkey-expects-no-fine-for-halkbank-finance-minister-idUSKCN1LJ0L6>.

<sup>21</sup> *Turkish finance minister upbeat over Halkbank sanctions-busting case*, Reuters, Nov. 5, 2018; <https://www.reuters.com/article/us-turkey-usa-halkbank-minister/turkish-finance-minister-upbeat-over-halkbank-sanctions-busting-case-idUSKCN1NA1FF>.

<sup>22</sup> *U.S. Rebuffs Effort to Teether Bank Fine to Pastor's Release*, Wall Street Journal, Aug. 19, 2018; <https://www.wsj.com/articles/u-s-rebuffs-effort-to-teether-bank-fine-to-pastors-release-1534721674>.

<sup>23</sup> *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>.

<sup>24</sup> *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>.

U.S. efforts to enforce sanctions against Iran and whether or not you discussed the U.S. Government's investigations of Halkbank.

4. Identify any other meetings or conversations you have held with Turkish officials since your confirmation, identify the participants in those conversations and meetings, and the nature of those discussions including whether or not they included Halkbank.
5. Did President Trump, or did anyone at his direction, ask you in April 2019 or at any other time to handle, intervene, or otherwise engage with Turkish concerns related to Halkbank, or with Halkbank generally? If so, when where you asked to engage in these matters and what where you asked to do?
6. Did you have any involvement with Halkbank or any Halkbank Treasury actions, by OFAC or another other office or agency, such as reviews of compliance Iran sanctions by Halkbank?
7. Did Treasury initiate an investigation, or work towards determining a fine for Halkbank, and if so when? Did OFAC come to any conclusions of fact or determine any figure for a potential regulatory fine?
8. Did you ever appeal directly to the Justice Department, at any level, on behalf of Halkbank?

Please provide answers to these questions no later than November 20, 2019. Thank you for your attention to this matter.

Sincerely,



Ron Wyden  
Ranking Minority Member