

DRAFT

October __, 2023

The Honorable Anthony Blinken
Secretary
United States Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary Blinken,

The U.S. House of Representatives remains committed to protecting the hard-earned tax dollars of the American people that is spent on foreign aid. Like you, I believe it is important to ensure that this generosity does not fall into the hands of corrupt foreign government officials, their family members, and associates. In America, we are seeing firsthand that the business dealings of Hunter Biden are undoubtably having a negative effect on our global standing, with allegations that he engaged in illegal activities with allies and adversaries around the world. I am concerned that nations receiving US aid are engaging in similar poor behavior which could lead to tax dollars being misdirected and wasted. Therefore, (we/I) (are/am) inquiring about what actions the State Department is taking to ensure that similar situations are not occurring in foreign governments and allied nations where American taxpayer money is directed.

Historically, our legislative body has always had thoughtful debates over the allocation of financial assistance to allies around the world. Unfortunately, in recent years, those debates have subsided as U.S. dollars continue to be spent overseas with very little oversight. Corruption by those who accept U.S. aid not only undermines the sovereignty of our nation, but also undermines foreign investment deterred by reports of fraudulent behavior and dishonesty among potential business partners. This leaves American tax dollars on the hook to supplant the losses, filling the gaps and requiring even more aid than would be required in a healthy government free of pervasive corruption with robust, unfettered investment. That healthy discussion and debate should restart in earnest, shining the spotlight on worldwide corruption and exploring what we, the US, is doing to protect cherished taxpayer dollars that we graciously provide, unfortunately at times without the appropriate checks and balances in place.

One particularly timely and acute example of this need is the case of Mr. Sirwan Barzani. Mr. Barzani has a direct and close relationship with the Kurdistan Regional Government (KRG). He is a Major General in the Kurdish Peshmerga militia in charge of the Ministry of Peshmerga's Sector 6, which is tasked with mission critical defense in Kurdistan. His uncle is the head of the Iraqi Kurdistan-ruling Kurdistan Democratic Party (KDP) party, and his cousin, Nechervan Idris Barzani, is the President of the Kurdistan Region of Iraq and Commander in Chief of the Peshmerga. Given their positions of control and power, the Barzani family essentially controls all military and governmental operations for the KRG, as well as commercial infrastructure and regulatory infrastructure.

This material is distributed by Quinn Emanuel Urquhart & Sullivan, LLP on behalf of Agility Public Warehousing Company KSCP. Additional information is available at the Department of Justice, Washington, DC.

Mr. Barzani, who clearly is a military leader, is also a central commercial figure in Kurdistan as the current Chair of Korek Telecom Company LLC (Korek), an Iraqi telecoms company headquartered in Erbil. A Tribunal in a recent International Chamber of Commerce (ICC) arbitration involving Korek and Mr. Barzani, found that Mr. Barzani engaged in “self-dealing, diversions of corporate assets, sham loans, and other schemes.” It was found that Mr. Barzani “carefully orchestrated” a concealed “shareholder loan” in which “more than 96% of the total interest expense paid by [Korek] was secretly kicked back to Mr. [Barzani].” The signatory on that loan was a close associate of Mr. Barzani, Raymond Zina Rahme; who, along with his brother Teddy Zina Rahme, was recently sanctioned by U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC). According to the Treasury, the Rahme brothers “used their wealth, power, and influence to engage in corrupt practices that contribute to the breakdown of the rule of law in Lebanon, thereby undermining Lebanon’s democratic processes to the detriment of the Lebanese people.”¹

The ICC Tribunal further determined that the “dispute involved a hidden conspiracy to commit fraud on a massive scale,” with evidence revealing that Mr. Barzani’s associates connected to Mr. Rahmeh bribed Iraqi government officials to facilitate his billion dollar theft of investment. In total, the Tribunal found the fraudulent schemes and self-dealing had caused USD 1.6 billion in damages and costs, payable by Korek and Mr. Barzani. Mr. Barzani has yet to make a single payment in satisfaction of the award, despite the full and owing obligation.

Furthermore, it is noteworthy that the Barzanis were identified in a 2022 class action lawsuit against Ericsson, where it was alleged that the Swedish company had illicitly funneled money to terrorist organizations using “Barzani-affiliated Kurdish intermediaries.”² In addition, it has been reported that an internal investigation conducted by Ericsson revealed that in 2014, Ericsson managers approved a request for \$50,000 in cash from Sirwan Barzani, claiming that “the donation was to benefit refugees and displaced children in Kurdistan.” However, “the payment was routed through a charitable foundation” and “internal investigators couldn’t determine the final beneficiary.” Also, the investigation reportedly found that “Ericsson paid Rasech Barzani a consultant “with no clear role” related to the influential Kurdish Barzani family.” He was paid \$1.2 million in circumstances where contracts within Ericsson “only indicated that he provided “business intelligence and facilitation to the chairman of Korek,” Sirwan Barzani.”³

The concerning nature of these cases reside in Sirwan Barzani’s direct relationship with the KRG, given its sweeping military and commercial control in the region. Indeed, while our nation has a rich history in supporting the KRG and its military forces in the fight against ISIS, providing more than \$1.4 billion dollars since 2015, the stability which that brings, especially to the commercial infrastructure of the country, risks being undermined. (We/I) (are/am) concerned about corrupt family members and how they may abuse their powerful position in the ruling clan and, though their corruption, make their country less, rather than more attractive to commercial investors. If this is allowed to persist, the country will continue to turn to the U.S. (and U.S. taxpayers) for aid rather than nurture commercial investment.

¹ <https://home.treasury.gov/news/press-releases/jy1384>

² <https://terrorismcase.com/wp-content/uploads/2022/08/Schmitz-v.-Ericsson-ATA-Complaint.pdf>

³ <https://www.icij.org/investigations/ericsson-list/ericsson-leaked-data-secret-payments-iraq/>

Rooting out corruption around the world is a goal we all share. It strengthens our ties with other nations and solidifies the US taxpayer's trust. Consequently, I am writing today to restart that healthy dialogue and discussion and urgently inquire what actions the Department of State is taking to ensure that hard-earned American tax dollars are not misdirected to unscrupulous actors with close familial ties to KRG leadership and special access (such as, for example, likely access to monies flowing into the KRG). I would like to better understand the protocol and protections of US Foreign Aid and the policies in place to protect American dollars and generosity from such actors. Please provide a detailed response on your continuing activities and future plan to ensure individuals like Mr. Barzani are not fleecing the KRG and the United States. In addition, we ask that the State Department inquire with the Iraqi government as to what it is doing to prevent further conduct as described herein by Mr. Barzani. Given the circumstances such assurances are plainly wanting and critical.

The charges brought against Hunter Biden serve as an important cautionary tale for the present situation. Corruption from family members of government leaders cannot be tolerated. To serve America, the State Department must support domestic efforts to combat corruption as well as ensure foreign governments who receive U.S. funds and related individuals and family are not engaged in similar behavior.

Sincerely,

Representative Scott Perry
Member of Congress