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Sent: Wednesday, December 6, 2023 2:56 PM
To: Wallach, Katie
Cc: Kristin Tahler; Finestone, Josh M.
Subject: Follow Up - Agility
Attachments: Perry Letter 11-27-2023.docx

[EXTERNAL EMAIL from jvdrzewicki@venable.com]

Dear Katie,

Thank you very much for your continued interest in oversight of US taxpayer dollars going overseas. As we mentioned in the meeting here is the attached letter from Representative Perry. If you have any questions or concerns regarding this please let us know.

Sincerely,

John

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November 20, 2023

The Honorable Anthony Blinken
Secretary
U.S. Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary Blinken,

I/we write today regarding our concern with corruption within governments that receive foreign aid. We take seriously our pledge to protect taxpayer dollars and ensure that any money being sent is utilized for its proper use and not falling into the hands of corrupt government officials, their family members, and associates. A lack of oversight of US foreign aid opens the door to waste, fraud, and abuse around the world and there are concerns that US aid may be wasted and misdirected for personal gain by powerful individuals with access to funds. Not only does this squander taxpayer dollars, but it also undermines the potential for foreign investment, leaving more US tax dollars on the hook to make up the difference. What actions are being taken by the Department to investigate this situation and ensure that American Taxpayer dollars are not being diverted / squandered for corrupt and nefarious intent?

One particularly timely example of the critical need for this inquiry is the case of Sirwan Barzani. Mr. Barzani has a direct relationship with the Kurdish Regional Government (KRG), is a Major General in the Kurdish Peshmerga militia, and is the current chair of the Korek Telecom Company (Korek) - an Iraqi telecom company. His uncle is the head of the Iraqi Kurdistan-ruling Kurdistan Democratic Party, and his cousin, Nechervan Idris Barzani, is the president of the Kurdistan Region of Iraq and Commander in Chief of the Peshmerga. The concentration of military, governmental, and commercial power in the KRG among the Barzani family uniquely positions Mr. Barzani to direct and control the expenditure of US foreign aid to the KRG. Given Mr. Barzani's sordid past of corruption - detailed below - this raises serious questions about the stewardship of US funds.

In his role as Chair of Korek, Mr. Barzani was found by an International Chamber of Commerce (ICC) arbitration board to have engaged in "*self-dealing diversions of corporate assets, sham loans, and other schemes.*"¹ 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.

¹ <https://www.whitecase.com/news/press-release/white-case-secures-us165-billion-arbitration-award-iraq-telecom-limited>

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Barzani - Raymond Zina Rahme - who, with his brother, Teddy Zina Rahme, recently was sanctioned by U.S. Department of the Treasury Office of Foreign Assets Control. 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.*”²

The ICC arbitration board further determined that the “*dispute involved a hidden conspiracy to commit fraud on a massive scale,*” involving Mr. Barzani’s associates bribing Iraqi government officials to facilitate the theft of a billion-dollar investment. In total, Mr. Barzani and Korek’s fraudulent schemes and self-dealings caused \$1.6 billion in damages and costs. Despite these findings, Mr. Barzani has yet to make a single payment to satisfy this award.

The Barzanis also were identified in a 2022 class action lawsuit against Swedish telecom company Ericsson, in which the company allegedly and illicitly funneled money to terrorist organizations using “*Barzani-affiliated Kurdish intermediaries.*”³ Further, an internal Ericsson investigation found that Sirwan Barzani had requested payment be made to a purportedly charitable organization but were unable to determine the final beneficiary. Additionally, the company paid \$1.2 million in consulting fees to a Barzani family member without clear records of the services provided, other than they were for the benefit of Sirwan Barzani.⁴

Given Mr. Barzani’s history, his key role in the KRG military, and the lavish US foreign aid provided to the KRG, the State Department must ensure proper protocols and protections are enforced to safeguard US Taxpayer dollars. Failure to do so not only risks destabilizing the region by undermining faith in the government and scaring away the commercial investment that is key to its success, but it is a reprehensible and disgusting squandering of hardworking Americans’ taxes. Corruption cannot, should not, and will not be tolerated.

We request a detailed response on the Department’s continuing activities and its plan to ensure that individuals like Sirwan Barzani and his associates are not fleecing American funds provided to the KRG. Additionally, we request any information from the Department regarding its cooperation with the Iraqi government to prevent such conduct from occurring, and to prosecute those corrupt past actors.

Thank you for your attention to this critical matter. We look forward to your prompt response.

Very Respectfully,

² <https://home.treasury.gov/news/press-releases/jy1384>

³ <https://terrorismcase.com/wp-content/uploads/2022/08/Schmitz-v.-Ericsson-ATA-Complaint.pdf>

⁴ <https://www.icij.org/investigations/ericsson-list/ericsson-leaked-data-secret-payments-iraq/>

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