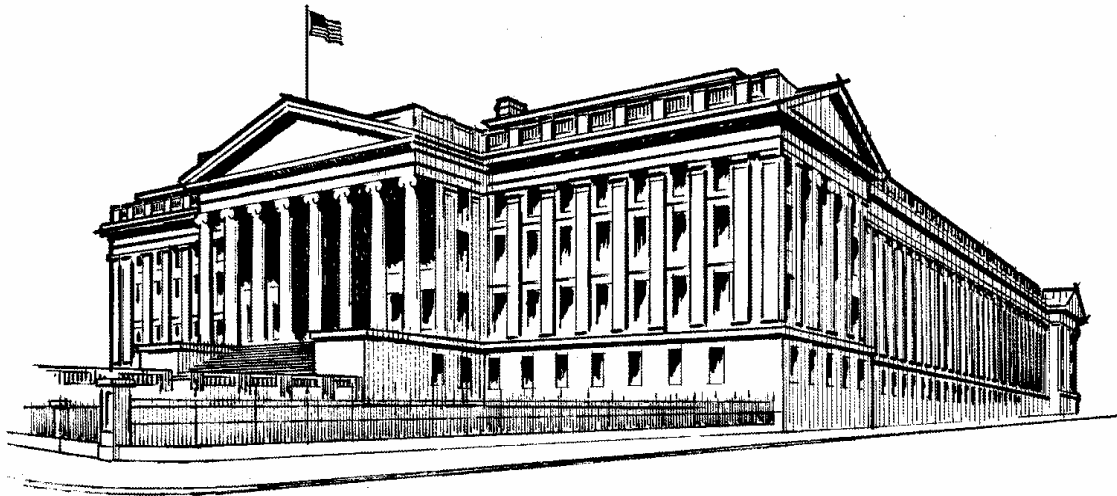


TERRORIST ASSETS REPORT

**Calendar Year 2006
Fifteenth Annual Report to Congress
on
Assets in the United States
of Terrorist Countries
and International Terrorism Program
Designees**



**Office of Foreign Assets Control
U.S. Department of the Treasury**

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**OFFICE OF FOREIGN ASSETS CONTROL
U.S. DEPARTMENT OF THE TREASURY**

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BACKGROUND

A. Economic Sanctions and Terrorism

Historically, the U.S. Government has used economic sanctions as a tool against foreign governments, some of which have been identified as supporting terrorism. Since 1995, the U.S. Government has also used economic sanctions as a tool against international terrorist organizations, marking a significant departure from the traditional use of sanctions against countries or regimes. Following the events of September 11, 2001, President Bush issued Executive Order 13224, significantly expanding the scope of U.S. sanctions against international terrorists and terrorist organizations. The combination of programs targeting international terrorist organizations with those targeting terrorism-supporting governments constitutes a wide-ranging assault on international terrorism and its supporters and financiers.

The lead office for implementing sanctions with respect to assets of international terrorist organizations and terrorism-supporting countries is the Department of the Treasury's Office of Foreign Assets Control (OFAC). This responsibility falls within the scope of OFAC's more general mission *to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals*. In administering and enforcing its economic sanctions programs, OFAC focuses on identifying persons for designation; assisting U.S. persons in complying with the sanctions prohibitions through its compliance and licensing efforts; penalizing U.S. persons violating the prohibitions; working with other U.S. Government agencies, including law enforcement; and coordinating and working with other nations to implement similar strategies. Since 1995, OFAC has come to administer three sanctions programs targeting international terrorists and terrorist organizations. OFAC also administers five sanctions programs relating to terrorism-supporting governments and regimes.

B. Nature of Blocked Assets

The blocked asset amounts described below represent amounts frozen under U.S. sanctions programs that block all property in which a designated party has an interest of any nature whatsoever. The term "interest" is broadly defined in OFAC's sanctions regulations in Chapter V of Title 31 of the Code of Federal Regulations, may be direct or indirect, and includes more than an ownership interest in property. In many instances the interest may be partial, or may fall short of title to the property. Because the blocked assets reported herein include assets not actually owned by designated parties, they are described throughout as assets "relating to" a designated party. Many of the assets may be owned by or subject to claims by third parties.

OFAC regulations generally prohibit any form of judicial process with respect to blocked property. However, the Terrorism Risk Insurance Act of 2002 (the TRIA), Public Law No. 107-297, includes a provision making blocked assets of a terrorist party available to satisfy certain judgments against terrorist parties, including judgments based on claims for which sovereign immunity of foreign states is waived by 28 U.S.C.

§ 1605 (a)(7) (certain claims for personal injury or death).

Some, but not all, of OFAC's sanctions programs relating to terrorism entail the blocking, i.e., freezing, of assets. Implementation of programs targeting international terrorist organizations has resulted in the blocking in the United States of more than \$16 million in which there exists an interest of an international terrorist organization or other related designated party.¹

More than \$412 million in assets relating to five designated state sponsors of terrorism also are located within U.S. jurisdiction. Of that amount, \$310 million in assets are blocked pursuant to economic sanctions imposed by the United States and administered by OFAC. The remaining balance of \$102 million in assets represents non-blocked assets of individuals and entities from Iran and Syria.² Unless otherwise noted, this report provides data for the calendar year ending December 31, 2006.

C. Nature of OFAC Information Sources

The sources of information that OFAC uses in this report vary depending on the nature of the terrorist entity. With respect to terrorists and terrorist organizations, OFAC relies solely on information that U.S. persons are obligated to report to OFAC with respect to blocked assets. With respect to State sponsors of terrorism, OFAC relies primarily on reports of blocked property when applicable, but also has obtained with respect to certain countries additional information deemed appropriate for inclusion in the report.³

D. This Report

Section 304 of Public Law 102-138, as amended by Public Law 103-236 (22 U.S.C. § 2656g) (hereinafter referred to as Section 304) (Tab 1), requires the Secretary of the Treasury, in consultation with the Attorney General and appropriate investigative agencies, to provide an annual report to the Congress concerning the nature and extent of assets held in the United States by terrorism-supporting countries and organizations engaged in international terrorism. The Department of the Treasury submitted its first Terrorist Assets Report to the Congress in April 1993. The current report, covering calendar year 2006, is the fifteenth successive Terrorist Assets Report.

The Terrorist Assets Report, which is prepared by OFAC based on information reported to it by other Government agencies and non-government parties, is submitted to the Committee on Foreign Relations and the Committee on Finance in the Senate and to

¹ This figure does not include amounts reported to OFAC as blocked where the appropriateness of the blocking is under review.

² See Part II, Section C, and Table 3, Non-Blocked Funds Relating to State Sponsors of Terrorism.

³ See Part II, Section C regarding non-blocked assets. For Iran and Syria, non-blocked assets include (i) the total liabilities to Iranian and Syrian individuals and entities reported by banking and non-banking institutions in the United States as well as their major off-shore branches and subsidiaries, and (ii) the value of U.S. long-term securities held by entities and individuals located in Iran and Syria.

the Committee on International Relations and the Committee on Ways and Means in the House.

More than 20 Federal agencies and offices were polled in developing this report. These agencies and offices are listed in Tab 2.

Both funds and real and tangible property are included in this report.⁴ Funds are reported in the following exhibits and tables:

- Exhibit A contains figures for OFAC blocked funds in the United States relating to international terrorist organizations.
- Tables 1 and 2 contain figures for OFAC blocked funds relating to state sponsors of terrorism that are held in the United States or in offshore branches or subsidiaries of U.S. banks.
- Table 3 contains figures for non-blocked funds of Iran and Syria as reported to OFAC by the Treasury International Capital Reporting System and the Federal Reserve.
- Table 4 summarizes the amounts reported in Tables 1 through 3.

Descriptions of real and tangible property are reported in Part I, Section E for international terrorist organizations and Part II, Section D for state sponsors of terrorism.

⁴ For purposes of this report, the term “funds” means financial holdings (e.g., cash accounts, securities, and debt obligations).

PART I ASSETS RELATING TO INTERNATIONAL TERRORIST ORGANIZATIONS

Section 304 requires that Treasury report on assets with respect to “organizations engaged in international terrorism.” For the purposes of this report, “organizations engaged in international terrorism” include only those organizations targeted with sanctions under any of the three OFAC-administered sanctions programs relating to terrorist organizations as discussed below.

A. Programs

1. Executive Order 13224 - Specially Designated Global Terrorists (SDGTs)

On September 23, 2001, President Bush declared a national emergency pursuant to the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-1706 (IEEPA), and other authorities in Executive Order 13224 (E.O. 13224), "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (Tab 3). E.O. 13224 was issued in response to the grave acts of terrorism and threats of terrorism committed by foreign terrorists, including the terrorist acts committed on September 11, 2001, in New York and Pennsylvania and against the Pentagon, and the continuing and immediate threat of future attacks on U.S. nationals and the United States. The terrorist acts of September 11, 2001, were also recognized and condemned in United Nations Security Council Resolutions (UNSCR) 1368, 1373 and most recently in 1735 of September 12, 2001, September 28, 2001, and December 22, 2006, respectively.⁵ E.O. 13224 imposes economic sanctions on persons who have been determined to have committed or pose a significant risk of committing acts of terrorism, as well as on persons determined to be owned or controlled by such persons or to provide support to such persons or acts of terrorism. It prohibits any transaction or dealing in property or interests in property of any person (i.e., an individual or entity) designated under its authority, including the donation of funds, goods, or services, and it blocks all property in the United States or within the possession or control of a U.S. person in which there is an interest of any designated person.

In the Annex to E.O. 13224, President Bush identified 12 individuals and 15 entities whose assets are subject to blocking (Tab 3). The Taliban and its leader were added to the Annex pursuant to Executive Order 13268 (E.O. 13268) (Tab 4). Additional individuals and entities have subsequently been designated by the Department of State or the Department of the Treasury. As of December 31, 2006, a total of 466 individuals and entities had been identified or designated and remain listed as “Specially Designated Global Terrorists” or “SDGTs” for having met one or more of the criteria for designation set forth in E.O. 13224.⁶

⁵ Currently more than 340 individuals and entities designated by the United States Government pursuant to E.O. 13224 have been listed on the UNSCR 1267/1735 Consolidated List.

⁶ The 466 SDGTs designated pursuant to E.O. 13224 include the 41 Foreign Terrorist Organizations (FTOs) designated by the Secretary of State pursuant to the Antiterrorism and Effective Death Penalty Act of 1996.

2. Executive Orders 12947 and 13099 - Specially Designated Terrorists (SDTs)

In the years prior to September 11, 2001, sanctions targeted terrorists threatening the Middle East peace process, who are referred to as "Specially Designated Terrorists" (SDTs). On January 23, 1995, President Clinton declared a national emergency pursuant to IEEPA (50 U.S.C. §§ 1701 - 1706) and other authorities in Executive Order 12947 (E.O. 12947), "Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process" (Tab 5). E.O. 12947 prohibits dealing in property or interests in property of any organization or individual designated under its authority, including the donation of funds, goods, or services, and it blocks all property in the United States or within the possession or control of a U.S. person in which there is an interest of any designated person. Twelve terrorist organizations were named in the Annex to E.O. 12947.

On August 20, 1998, President Clinton issued Executive Order 13099 (E.O. 13099) amending E.O. 12947 by adding three individuals and one organization to the Annex of E.O. 12947, including Usama bin Muhammad bin Awad bin Ladin (also known as Osama bin Ladin) and Al-Qaida.

3. Antiterrorism Act of 1996 – Foreign Terrorist Organizations (FTOs)

On April 24, 1996, Congress passed the Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. 104-132, 110 Stat. 1247-1258 (the Antiterrorism Act). Section 302 of the Antiterrorism Act (8 U.S.C. § 1189) authorizes the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, to designate organizations meeting stated criteria as foreign terrorist organizations, with prior notification to the Congress of the Secretary's intent to designate. Section 303 of the Act (18 U.S.C. § 2339B) makes it a crime for persons within the United States or subject to U.S. jurisdiction to knowingly provide material support or resources to a foreign terrorist organization designated under Section 302. Additionally, except as authorized by the Department of the Treasury, U.S. financial institutions in possession or control of funds in which a foreign terrorist organization or its agent has an interest are required to block such funds and report on the funds to the Department of the Treasury.

There are currently 41 organizations or groups designated as FTOs by the Department of State. These 41 FTOs include 12 of the 13 Middle East terrorist organizations previously designated under Executive Orders 12947 and 13099 and 29 other foreign organizations located in South America, Europe, Asia, and Africa.

B. Administering and Enforcing the Terrorism Sanctions

Terrorists, terrorist groups and terrorist support networks that are designated pursuant to Executive Orders 12947, 13099 and 13224, or as an FTO, are placed on OFAC's public list and are generically referred to as "Specially Designated Nationals" or "SDNs." In the context of the terrorism programs, they are known as SDGTs, SDTs and FTOs, respectively.

U.S. persons⁷ are prohibited from conducting unauthorized transactions or having other dealings with or providing services to the designated individuals or entities. Any property or property interest of a designated person that comes within the control of a U.S. person is blocked and must be reported to OFAC.

C. Impact of Terrorism Sanctions

The imposition of sanctions by the United States and its international partners against terrorists, terrorist organizations and their support structures is a powerful tool with far-reaching effects that extend beyond the blocking of terrorist assets. Designating individuals or organizations as SDGTs, SDTs, or FTOs notifies the U.S. public and the world that these parties are either actively engaged in or supporting terrorism or that they are being used by terrorists and their organizations. Notification also serves to expose and isolate these individuals and organizations and denies them access to the U.S. financial system and, in the case of a UN designation, the global financial system. Indeed, banks and other private institutions around the world voluntarily consult OFAC's list and routinely report denying listed entities access to their institutions. In addition, the imposition of economic sanctions can assist or complement the law enforcement actions of other U.S. agencies and/or other governments.

D. Summary of Blocked Assets of International Terrorist Organizations

As of December 31, 2006, assets blocked pursuant to E.O.s 12947, 13099, and 13224 totaled \$16,413,733.⁸ Total amounts blocked have been and will continue to be subject to change for a number of reasons. These include the TRIA, which authorizes eligible persons who hold a judgment arising out of terrorism to attach certain blocked assets to satisfy their compensatory damages awards.⁹ Additionally, fluctuation occurs in

⁷ U.S. persons include: all U.S. citizens, U.S. permanent resident aliens, and foreign nationals present in the United States; U.S. citizens and U.S. permanent resident aliens abroad; corporations organized under U.S. law and foreign companies' branches/subsidiaries located in the United States; and foreign branches of U.S. companies.

⁸ Taliban assets are blocked pursuant to E.O. 13224. On July 2, 2002, the President issued E.O. 13268 (**Tab 4**), terminating Executive Order 13129 (**Tab 7**) and the emergency with respect to the Taliban because the U.S. military campaign in Afghanistan ended the Taliban's territorial control. The Taliban and its leader, Mohammed Omar, were added to the Annex to E.O. 13224 pursuant to E.O. 13268. Accordingly, the remaining blocked assets of the Taliban and its leader have been incorporated into the above section of this report dealing with SDGTs. Approximately \$261.5 million in Afghan assets were unblocked and turned over to the Afghan Interim Authority between February and April 2002 as the Authority established control over Afghanistan following the United States-led military campaign.

⁹ Section 201(a) of the TRIA provides:

the value of blocked assets due to the authorized withdrawal of blocked funds under various circumstances consistent with overall sanctions policy.

The increase in blocked terrorist organization assets in 2006 is due to new or additional blockings, interest paid on blocked funds, and increased share price on certain blocked securities.

E. Real and Tangible Property of International Terrorist Organizations

The U.S. Government has identified and designated organizations inside the United States that are branches of, or have been determined to provide support to or be owned or controlled by, designated terrorist groups or individuals. The following organizations own blocked real and/or tangible property inside the United States: the Holy Land Foundation has tangible property in several warehouse locations around the country; the Benevolence International Foundation (BIF) owns both real estate and tangible property in the greater-Chicago area; the Islamic American Relief Agency (IARA) owns tangible property in Missouri; and Al Haramain owns real estate in Missouri.¹⁰ The values for these real and tangible properties are unknown.

OFAC utilizes a government contractor to ensure that blocked tangible property is stored in a safe and secure environment. Based on long-standing policy, this office does not conduct valuations of tangible property or appraisals of real property until the property is to be sold or auctioned. In some cases, tax assessments for real property are available from their county tax office, but these assessments may not reflect a true market value.

(a) IN GENERAL-Notwithstanding any other provision of law, and except as provided in subsection (b), in every case in which a person has obtained a judgment against a terrorist party on a claim based upon an act of terrorism, or for which a terrorist party is not immune under section 1605 (a)(7) of Title 28, United States Code, the blocked assets of that terrorist party (including the blocked assets of any agency or instrumentality of that terrorist party) shall be subject to execution or attachment in aid of execution in order to satisfy such judgment to the extent of any compensatory damages for which such terrorist party has been adjudged liable.

¹⁰ Al Haramain no longer owns property in southern Oregon. The property was liquidated through a sale licensed by OFAC. The proceeds from the sale are currently earmarked for a blocked account.

EXHIBIT A

OFAC Blocked Funds in the United States Relating to SDGT, SDT and FTO Programs

ORGANIZATION/RELATED DESIGNEES	BLOCKED AS OF 2006	BLOCKED AS OF 2005
AL-QAIDA	\$ 7,764,452	\$ 7,457,579
HAMAS	\$ 8,405,981	\$ 6,201,874
MUJAHEDIN-E KHALQ ORGANIZATION	\$ 109,565	\$ 108,255
NEW PEOPLE'S ARMY	\$ 3,750	\$ 3,750
PALESTINIAN ISLAMIC JIHAD	\$ 19,044	\$ 18,795
KAHANE CHAI	\$ 201	\$ 201
TALIBAN	\$ 2,648	\$ 2,648
HIZBALLAH	\$ 108,176	\$ --
<i>Total assets of SDGTs, SDTs and FTOs</i>	\$ 16,413,733	\$ 13,793,102

PART II ASSETS RELATING TO STATE SPONSORS OF TERRORISM

A. The State Sponsors of Terrorism

"Terrorist countries" for purposes of this report are the state sponsors of terrorism designated by the Secretary of State under Section 6(j) of the Export Administration Act (50 U.S.C. App. § 2405) and Section 40(d) of the Arms Export Control Act (22 U.S.C. § 2780(d)). States currently designated as sponsors of terrorism are: Cuba, Iran, North Korea, Sudan, and Syria.¹¹

B. Reported Assets Relating to State Sponsors of Terrorism

The following information describes the nature and extent of assets held in the United States or in offshore branches or subsidiaries of U.S. banks that are blocked or that otherwise relate to countries designated as state sponsors of terrorism. These assets include funds reported in Tables 1, 2, and 3, as well as real and tangible property described in Section D below.

Tables 1, 2, and 3 include a breakdown of the funds reported to OFAC relating to the five state sponsors of terrorism. Table 4 is a summary of the amounts reported in Tables 1, 2, and 3. For each country, the nature of the referenced funds (blocked and non-blocked) is different and the sources of information may vary, as discussed below. Not all of the funds reported in Tables 1, 2, 3, and 4 are physically located in the United States. A relatively small amount is in foreign branches and subsidiaries of U.S. banks, where such funds are subject to legal requirements of the host country that may conflict with sanctions-related restrictions under U.S. law.

With respect to any blocked assets discussed below, there are changes in value, location, and composition over time consistent with OFAC's receipt of reports from holders of blocked assets identifying additional assets of sanctioned countries; updates of information received from holders of blocked accounts on accrued interest and fluctuating market values; and licensing of various transactions in accordance with United States foreign policy objectives and applicable law. In addition, there are circumstances under which blocked assets of state sponsors of terrorism may be subject to vesting to satisfy foreign policy objectives or meet statutory obligations or subject to attachment pursuant to TRIA.

CUBA

The fund totals for Cuba, as set forth in Tables 1 and 2, are derived from annual reports of blocked property submitted to OFAC pursuant to OFAC's regulations. See 31 CFR § 501.603(b)(2). Because the Cuba sanctions target not only the Government of Cuba, but also its nationals, defined to include entities and individuals, the reported figure

¹¹ Iraq and Libya are no longer designated as state sponsors of terrorism.

includes the blocked assets of all these parties. Consequently, this figure includes assets associated with blocked wire transfers intended for or sent by Cuban nationals. It also includes assets owned by third parties that have been blocked due to the indirect or contingent interests of the Cuban government or Cuban nationals.

The decrease in blocked funds reported for the Cuba sanctions program, see Table 1, is attributable primarily to a judicially-ordered turnover of assets. See Weininger v. Castro, 462 F.Supp.2d 457 (S.D.N.Y. 2006).

IRAN

Assets reported for Iran include both blocked and non-blocked funds, as well as blocked diplomatic and consular property. No action has been taken to block Iranian assets since 1981. The blocked Iranian property is property of the Government of Iran that has remained blocked, under OFAC's Iranian Assets Control Regulations, 31 CFR part 535, since the hostage crisis was resolved in 1981.¹² The property remains blocked in part because of pending claims before the Iran-U.S. Claims Tribunal. The blocked Iranian diplomatic and consular real and tangible property is described in Section D below. Blocked funds in which the Government of Iran has an interest are reported in Table 1, and non-blocked funds associated with Iranian entities and individuals are reported in aggregate form in Table 3. The blocked funds reported in Table 1 consist primarily of rental proceeds derived from the diplomatic and consular property; the security deposits of the tenants are included in the reported figure. The State Department's Office of Foreign Missions, the custodian of the diplomatic and consular real estate, is authorized to use the rental proceeds to maintain the properties in keeping with the treaty obligations of the United States, and certain funds may have been earmarked for these purposes. In addition to the diplomatic and consular real estate and rental proceeds, there are eleven Government of Iran consular accounts that have been blocked since 1981.

There is no requirement for U.S. persons to report non-blocked assets to OFAC. However, as described in Section C below, non-blocked funds are reported to OFAC by the Treasury International Capital Reporting System and the Federal Reserve, which reflect (i) the total liabilities to Iranian individuals and entities reported by banking and non-banking institutions in the United States as well as their major offshore branches and subsidiaries, and (ii) the value of U.S. long-term securities held by Iranian individuals and entities. These non-blocked funds associated with Iranian individuals and entities are reported in Table 3.

¹² Other sanctions authorities designed to address national emergencies distinct from terrorism may also result in blocking of funds in which the Government of Iran may have an interest. In this regard, assets may have been blocked pursuant to Executive Order 13382, "Blocking Property of Weapons of Mass Destruction Proliferators and their Supporters" (June 28, 2005). To the extent that such blocked assets exist, they are not included in this report.

NORTH KOREA

The fund totals for North Korea, as set forth in Tables 1 and 2, are derived from annual reports of blocked property submitted to OFAC pursuant to OFAC's regulations. See 31 CFR § 501.603(b)(2).¹³ Because the North Korea sanctions have targeted not only the Government of North Korea, but also its nationals, defined to include entities and individuals, the reported figure may include the blocked assets of all these parties. The fund totals include funds owned by third parties that have been blocked due to indirect or contingent interests of the North Korean government or North Korean nationals. Because nearly all prospective transactions in which the Government of North Korea or North Korean nationals have an interest have been authorized since June 2000, no additional North Korean assets have been blocked pursuant to the Foreign Assets Control Regulations, 31 CFR Part 500, since that time. Nevertheless, with respect to funds blocked pursuant to this Part, blocked fund totals for North Korea continue to fluctuate based on interest earned, maintenance expenses deducted, incidental licensing and the additional reporting of blocked assets. There is no requirement for U.S. persons to report non-blocked assets to OFAC.

SUDAN

The fund totals for Sudan, as set forth in Tables 1 and 2, are derived from annual reports of blocked property submitted to OFAC pursuant to OFAC's regulations. See 31 CFR § 501.603(b)(2).¹⁴ Blocked fund totals for Sudan continue to fluctuate based on interest earned, maintenance expenses deducted, incidental licensing and the additional reporting of blocked assets. This figure includes assets owned by third parties that have been blocked due to indirect or contingent interests of the Government of Sudan. There is no requirement for U.S. persons to report non-blocked assets to OFAC.

SYRIA

Although the Syrian Sanctions Regulations, 31 CFR part 542, entail the blocking of property of individuals and entities designated pursuant to the criteria in Executive Order 13338 (E.O. 13338) of May 11, 2004,¹⁵ no assets of the individuals and entities presently

¹³ Other sanctions authorities designed to address national emergencies distinct from terrorism may also result in blocking of funds in which the Government of North Korea may have an interest. In this regard, assets may have been blocked pursuant to Executive Order 13382, "Blocking Property of Weapons of Mass Destruction Proliferators and their Supporters" (June 28, 2005). To the extent that such blocked assets exist, they are not included in this report.

¹⁴ Other sanctions authorities designed to address national emergencies distinct from terrorism may also result in blocking of funds in which the Government of Sudan may have an interest. In this regard, assets may have been blocked pursuant to Executive Order 13412, "Blocking Property of Persons in Connection with the Conflict in Sudan's Darfur Region" (April 26, 2006). To the extent that such blocked assets exist, they are not included in this report.

¹⁵ In Executive Order 13338, President Bush declared a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by the actions of the Government of Syria in supporting terrorism, continuing its occupation of Lebanon, pursuing weapons of mass destruction and missile programs, and undermining United States and international efforts with respect to the stabilization and reconstruction of Iraq.

targeted with such sanctions have been reported to OFAC.

There is no requirement for U.S. persons to report non-blocked assets to OFAC. However, as described in Section C below, non-blocked funds are reported to OFAC by the Treasury International Capital Reporting System and the Federal Reserve, which reflect (i) the total liabilities to Syrian individuals and entities reported by banking and non-banking institutions in the United States as well as their major offshore branches and subsidiaries, and (ii) the value of U.S. long-term securities held by Syrian individuals and entities. These non-blocked funds associated with Syrian individuals and entities are reported in Table 3.

C. Non-Blocked Funds relating to State Sponsors of Terrorism

The non-blocked funds referenced above in the discussions of Iran and Syria and contained in Table 3 are derived from the Department of the Treasury's reporting systems on U.S. international capital movements and portfolio investment. These systems are designed primarily to collect information in aggregate form concerning the U.S. balance of payments and international investment positions. The information provided to the Department of the Treasury through these reporting systems, together with the Federal Reserve System's data on assets and liabilities of U.S. banks' large foreign offices, represent comprehensive U.S. surveys of bank liabilities and portfolio investment gathered on individuals and public and private entities in certain foreign countries. There are statutory restrictions on the use of the data to preserve the anonymity of reporters and asset holders. Data on non-blocked assets held in large offshore branches and subsidiaries of U.S. banks are taken from quarterly reports to the Federal Reserve System.

D. Real and Tangible Property of State Sponsors of Terrorism

Based on available information, each of the state sponsors of terrorism, except North Korea, owns diplomatic and consular real property in the United States. Cuba owns six blocked properties located in New York and Washington, D.C. Syria owns four non-blocked properties located in New York and Washington, D.C. Sudan owns six blocked properties located in New Jersey, New York, Virginia and Washington, D.C. Iran owns eleven blocked properties located in California, Illinois, Maryland, New York, Texas and Washington, D.C.

The value of Iran's diplomatic and consular property, together with the remaining diplomatic and consular furnishings, has been reported in the past years in the Terrorist Assets Report as \$23.2 million. The continued use of this figure may not provide an accurate reflection of the value of this property given the general increase in property values in recent years. Because a current valuation for Iran's diplomatic and consular property is not available, OFAC chose not to include any figure in the 2005 Report or this year's Report with respect to the value of this property.

In addition to the diplomatic and consular real estate identified above, it has come

to OFAC's attention that a bank that is owned or controlled by the Government of Iran, Bank Melli, owns residential real estate in Forest Hills, New York. The property is not blocked.

In regard to tangible property, Iran has laid claim before the Iran-U.S. Claims Tribunal to miscellaneous non-blocked military and non-military property that it asserts was in the possession of private entities in the United States when the hostage crisis was resolved in 1981. In response, the United States has asserted, among other things, that Iran has failed to identify the property, to establish that the property was in existence in 1981, to prove that it owned the property, and to show that pre-existing liens have been satisfied, and/or demonstrate that, due to physical deterioration, obsolescence, or other reasons, the property had anything more than a nominal or negligible value. These issues are pending before the Tribunal.

TABLE 1

OFAC Blocked Funds <u>1/</u> Relating to State Sponsors of Terrorism in the United States				
(Amounts in millions of U.S. dollars)				
Country	2006	2005		Source*
CUBA	\$196.1	\$268.3		
IRAN	\$1.1	\$1.4	<u>2/</u>	Rental proceeds from diplomatic and consular property as reported by Department of State's Office of Foreign Missions as well as the blocked accounts of Consulates/Missions.
NORTH KOREA	\$31.7	\$30.5		
SUDAN	\$80.6	\$68.2		
SYRIA	\$0.0	\$0.0		
TOTAL	\$309.5	\$368.4	<u>3/</u>	

*Table Source: Office of Foreign Assets Control, unless otherwise noted

1/ The value of real and tangible property, excluded from this table, is reported in Part II, Section D.

2/ In the 2004 report and previous reports, the value of diplomatic and consular property (primarily real estate) was shown as \$23.2 million.

3/ The 2005 report inadvertently reported this number as \$368.3.

TABLE 2

OFAC Blocked Funds Relating to State Sponsors of Terrorism in Foreign Branches of United States Banks				
(Amounts in millions of U.S. dollars)				
Country	2006	2005		Source*
CUBA	\$0.3	\$0.3		
NORTH KOREA	\$0.2	\$0.2		
SUDAN	\$0.1	\$0.1		
TOTAL	\$0.6	\$0.6		

*Table Source: Office of Foreign Assets Control, unless otherwise noted

TABLE 3

Non-Blocked Funds Relating to State Sponsors of Terrorism in the United States (Amounts in millions of U.S. dollars)			
Country	2006	2005	Source
IRAN	\$44.0	\$40.0	Treasury International Capital Reporting System and Federal Reserve System <u>1/</u>
	\$7.0	\$10.0	Survey of Foreign Holdings of U.S. Securities (Treasury International Capital Reporting System) <u>2/</u>
	(\$0.0)	(\$1.0)	Treasury International Capital Reporting System and Federal Reserve System <u>3/</u>
Net Iranian Assets	\$51.0	\$49.0	
SYRIA	\$34.0	\$33.0	Treasury International Capital Reporting System and Federal Reserve System <u>1/</u>
	\$19.0	\$24.0	Survey of Foreign Holdings of U.S. Securities (Treasury International Capital Reporting System) <u>2/</u>
	(\$2.0)	(\$3.0)	Treasury International Capital Reporting System and Federal Reserve System <u>3/</u>
Net Syrian Assets	\$51.0	\$54.0	
TOTAL	\$102.0	\$103.0	

1/ Total liabilities to Iranian/Syrian individuals and entities reported by banks in the United States by non-banking institutions in the U.S., and by large offshore branches and subsidiaries of United States banks.

2/ Total United States long-term securities held by Iranian/Syrian individuals and entities as of June 30, 2006.

3/ Net Iranian/Syrian purchases of United States long-term securities, July 1, 2005 to December 31, 2006.

TABLE 4

Summary of Funds Relating to State Sponsors of Terrorism Under United States Jurisdiction (Amounts in millions of U.S. dollars)			
	2006	2005	
TABLE 1: OFAC Blocked Funds in the United States	\$309.5	\$368.4	<u>3/</u>
TABLE 2: OFAC Blocked Funds in Foreign Branches of U.S. Banks	\$0.6	\$0.6	
TABLE 3: Non-Blocked Funds in the United States	\$102.0	\$103.0	
Total State Sponsor of Terrorism funds within U.S. jurisdiction	\$412.1	\$472	

3/ The 2005 report inadvertently reported this number as \$368.3.

.Federal Agencies and Offices Polled for Information

Board of Governors of the Federal Reserve
Bureau of Alcohol, Tobacco, and Firearms
Department of Defense
Department of Homeland Security <ul style="list-style-type: none">• Immigration and Customs Enforcement• Information Analysis and Infrastructure Protection• U.S. Customs and Border Protection• U.S. Secret Service
Department of Justice
Department of State
Department of the Treasury <ul style="list-style-type: none">• Financial Crimes Enforcement Network• Office of Foreign Assets Control• Office of International Affairs• Terrorist Financing and Financial Crime• Internal Revenue Service• Office of General Counsel• Office of International Investment
Drug Enforcement Administration
Federal Bureau of Investigation
Intelligence Community
Joint Chiefs of Staff
National Drug Intelligence Center

[Tab 2]