

U.S. Sent Cash to Iran as Americans Were Freed



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U.S. Secretary of State John Kerry speaking with Iranian officials including his counterpart, Javad Zarif, after the agreement was reached in Vienna in July 2015. *Photo: U.S. State Department*

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WASHINGTON—The Obama administration secretly organized an airlift of \$400 million worth of cash to Iran that coincided with the January [release of four Americans](#) detained in Tehran, according to U.S. and European officials and congressional staff briefed on the operation afterward.

Wooden pallets stacked with euros, Swiss francs and other currencies were flown into Iran on an unmarked cargo plane, according to these officials. The U.S. procured the money from the central banks of the Netherlands and Switzerland, they said.

The money represented the first installment of a [\\$1.7 billion settlement the Obama administration reached with Iran](#) to resolve a decades-old dispute over a failed arms deal signed just before the 1979 fall of Iran's last monarch, Shah Mohammad Reza Pahlavi.



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Washington Post journalist Jason Rezaian, center, with family members in Germany after his release from prison in Iran in January. *Photo: Kai Pfaffenbach/Reuters*

The settlement, which resolved claims before an international tribunal in The Hague, also coincided with the formal implementation that same weekend of the landmark nuclear agreement reached between Tehran, the U.S. and other global powers the summer before.

"With the nuclear deal done, prisoners released, the time was right to resolve this dispute as well," President [Barack Obama](#) said at the White House on Jan. 17—without disclosing the \$400 million cash payment.

Senior U.S. officials denied any link between the payment and the prisoner exchange. They say the way the various strands came together simultaneously was coincidental, not the result of any quid pro quo.

"As we've made clear, the negotiations over the settlement of an outstanding claim...were completely separate from the discussions about returning our American citizens home," State Department spokesman John Kirby said. "Not only were the two negotiations separate, they were conducted by different teams on each side, including, in the case of The Hague claims, by technical experts involved in these negotiations for many years."

But U.S. officials also acknowledge that Iranian negotiators on the prisoner exchange said they wanted the cash to show they had gained something tangible.

Sen. Tom Cotton, a Republican from Arkansas and a fierce foe of the Iran nuclear deal, accused President Barack Obama of paying "a \$1.7 billion ransom to the ayatollahs for U.S. hostages."

"This break with longstanding U.S. policy put a price on the head of Americans, and has led Iran to continue its illegal seizures" of Americans, he said.

Since the cash shipment, the intelligence arm of the Revolutionary Guard has arrested two more Iranian-Americans. Tehran has also detained dual-nationals from France, Canada and the U.K. in recent months.

At the time of the prisoner release, Secretary of State [John Kerry](#) and the White House portrayed it as a diplomatic breakthrough. Mr. Kerry cited the importance of "the relationships forged and the diplomatic channels unlocked over the course of the nuclear talks."

Meanwhile, U.S. officials have said they were certain Washington was going to lose the arbitration in The Hague, where Iran was seeking more than \$10 billion, and described the settlement as a bargain for taxpayers.

Iranian press reports have quoted senior Iranian defense officials describing the cash as a ransom payment. The Iranian foreign ministry didn't respond to a request for comment.

The \$400 million was paid in foreign currency because any transaction with Iran in U.S. dollars is illegal under U.S. law. Sanctions also complicate Tehran's access to global banks.

"Sometimes the Iranians want cash because it's so hard for them to access things in the international financial system," said a senior U.S. official briefed on the January cash delivery. "They know it can take months just to figure out how to wire money from one place to another."

The Obama administration has refused to disclose how it paid any of the \$1.7 billion, despite congressional queries, outside of saying that it wasn't paid in dollars. Lawmakers have expressed concern that the cash would be used by Iran to fund regional allies, including the Assad regime in Syria and the Lebanese militia Hezbollah, which the U.S. designates as a terrorist organization.

The U.S. and United Nations believe Tehran is subsidizing the Assad regime's war in Syria through cash and energy shipments. Iran has acknowledged providing both financial and military aid to Syrian President Bashar al-Assad and deploying Iranian soldiers there.

But [John Brennan](#), director of the Central Intelligence Agency, said last week that there was evidence much of the money Iran has received from sanctions relief was being used for development projects. "The money, the revenue that's flowing into Iran is being used to support its currency, to provide moneys to the departments and agencies, build up its infrastructure," Mr. Brennan said at a conference in Aspen, Colo.

The U.S. and Iran entered into secret negotiations to secure the release of Americans imprisoned in Iran in November 2014, according to U.S. and European officials. Switzerland's foreign minister, Didier Burkhalter, offered to host the discussions.

The Swiss have represented the U.S.'s diplomatic interests in Iran since Washington closed its embassy in Tehran following the 1979 hostage crisis.

Iranian security services arrested two Iranian-Americans during President Obama's first term. In July 2014, the intelligence arm of Iran's elite military unit, the Revolutionary Guard, detained the Washington Post's Tehran bureau chief, Jason Rezaian, and charged him with espionage.

A fourth Iranian-American was arrested last year. A former Federal Bureau of Investigation agent, Robert Levinson, disappeared on the Iranian island of Kish in 2007. His whereabouts remain unknown.

The Swiss channel initially saw little activity, according to these officials. But momentum shifted after Tehran and world powers forged a final agreement in July 2015 to constrain Iran's nuclear program in return for the lifting of most international sanctions. A surge of meetings then took place in the Swiss lakeside city of Geneva in November and December.

The U.S. delegation was led by a special State Department envoy, Brett McGurk, and included representatives from the Central Intelligence Agency and Federal Bureau of Investigation, according to U.S. and European officials. The Iranian team was largely staffed by members of its domestic spy service, according to U.S. officials.

The discussions, held at the InterContinental Hotel, initially focused solely on a formula whereby Iran would swap the Americans detained in Tehran for Iranian nationals held in U.S. jails, U.S. officials said. But around Christmas, the discussions dovetailed with the arbitration in The Hague concerning the old arms deal.

The Iranians were demanding the return of \$400 million the Shah's regime deposited into a Pentagon trust fund in 1979 to purchase U.S. fighter jets, U.S. officials said. They also wanted billions of dollars as interest accrued since then.

President Obama approved the shipment of the \$400 million. But accumulating so much cash presented a logistical and security challenge, said U.S. and European officials. One person briefed on the operation joked: "You can't just withdraw that much money from ATMs."

Mr. Kerry and the State and Treasury departments sought the cooperation of the Swiss and Dutch governments. Ultimately, the Obama administration transferred the equivalent of \$400 million to their central banks. It was then converted into other currencies, stacked onto the wooden pallets and sent to Iran on board a cargo plane.

On the morning of Jan. 17, Iran released the four Americans: Three of them boarded a Swiss Air Force jet and flew off to Geneva, with the fourth returning to the U.S. on his own. In return, the U.S. freed seven Iranian citizens and dropped extradition requests for 14 others.

U.S. and European officials wouldn't disclose exactly when the plane carrying the \$400 million landed in Iran. But a report by an Iranian news site close to the Revolutionary Guard, the Tasnim agency, said the cash arrived in Tehran's Mehrabad airport on the same day the Americans departed.

Revolutionary Guard commanders boasted at the time that the Americans had succumbed to Iranian pressure. "Taking this much money back was in return for the release of the American spies," said Gen. Mohammad Reza Naghdi, commander of the Guard's Basij militia, on state media.

Among the Americans currently being held are an energy executive named [Siamak Namazi and his 80-year old father, Baqer](#), according to U.S. and Iranian officials. Iran's judiciary spokesman last month confirmed [Tehran had arrested the third American](#), believed to be a San Diego resident named Reza "Robin" Shahini.

Friends and family of the Namazis believe the Iranians are seeking to increase their leverage to force another prisoner exchange or cash payment in the final six months of the Obama administration. Mr. Kerry and other U.S. officials have been raising their case with Iranian diplomats, U.S. officials say.

Iranian officials have demanded in recent weeks the U.S. return \$2 billion in Iranian funds that were frozen in New York in 2009. The Supreme Court recently ruled that the money should be given to victims of Iranian-sponsored terror attacks.

Members of Congress are seeking to pass legislation preventing the Obama administration from making any further cash payments to Iran. One of the bills requires for the White House to make public the details of its \$1.7 billion transfer to Iran.

"President Obama's...payment to Iran in January, which we now know will fund Iran's military expansion, is an appalling example of executive branch governance," said Sen. James Lankford (R., Okla.), who co-wrote the bill. "Subsidizing Iran's military is perhaps the worst use of taxpayer dollars ever by an American president."

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