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FACT SHEET

- Today, the President vested more than \$1 billion in non-diplomatic Iraqi accounts currently frozen in U.S. banks.
- The purpose of this action is to enable these Iraqi funds to be used to help the Iraqi people and assist in the reconstruction of Iraq, such as by funding humanitarian relief or payment of Iraqi government workers.

- The action targets the frozen accounts of the Government of Iraq and four Iraqi state entities:
 - o The Central Bank of Iraq;
 - o Rafidain Bank;
 - o Rasheed Bank; and
 - o The State Organization for Marketing Oil
- These accounts currently hold approximately \$1.7 billion in frozen assets in the United States.
- The President's action did NOT vest approximately \$300 million in assets that are subject to judicial writs on behalf of victims of terrorism who obtained judgments against Iraq.

- The assets being vested were frozen after Iraq's invasion of Kuwait in 1990.
- Once vested, the assets will be administered by the Treasury Department, until such time as they can be returned to Iraq.
- Today the President also directed Secretaries Snow and Powell to work with other countries to identify other Iraqi state assets, including the ill-gotten gains of Saddam Hussein and his regime, held in accounts around the world, and to return them for the benefit of the people of Iraq. They have profited over the past 12 years from the illicit trade in oil and other goods at the expense of Iraq's citizens.

Prepared Statement of Treasury Secretary John Snow
Returning Iraqi Funds to the Iraqi People

Today we launched a financial offensive against the regime of Saddam Hussein.

First, the President today issued an Executive Order confiscating non-diplomatic Iraqi government assets in the United States. The Order authorizes Treasury to marshal the assets, and to use the funds for the benefit and welfare of the Iraqi people.

Second, the United States calls today upon the world to identify and freeze all assets of Saddam Hussein, the Iraqi regime, and their agents pursuant to established international obligations.

Third, we are directing a worldwide hunt for the blood money that Hussein and his cronies have stolen from the Iraqi people.

In 1990, the world community imposed economic sanctions on the Hussein regime to prevent the dictator from obtaining the means to threaten his neighbors and to develop weapons of mass destruction. The United States, the United Kingdom, and others took prompt action, freezing well in excess of two billion dollars and barring trade and commerce with the Hussein regime.

Now we call upon all nations to join us and to step forward to fulfill their obligations for the benefit of the Iraqi people.

The success of economic sanctions requires international cooperation and effective enforcement. The United States is committed to helping enforce these international obligations. For that reason, we reserve the right to take countermeasures and sanctions against any institution that does not comply with these international obligations including cutting off access to the U.S. financial system under provisions granted by the USA PATRIOT Act.

The world must find, freeze, and return Iraqi money for the Iraqi people and their future.

This effort will ensure that the assets and funds belonging to the Iraqi people are dedicated to the wellbeing and benefit of their nation.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
March 20, 2003

EXECUTIVE ORDER

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CONFISCATING AND VESTING CERTAIN IRAQI PROPERTY

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3, United States Code, and in order to take additional steps with respect to the national emergency declared in Executive Order 12722 of August 2, 1990,

I, GEORGE W. BUSH, President of the United States of America, hereby determine that the United States and Iraq are engaged in armed hostilities, that it is in the interest of the United States to confiscate certain property of the Government of Iraq and its agencies, instrumentalities, or controlled entities, and that all right, title, and interest in any property so confiscated should vest in the Department of the Treasury. I intend that such vested property should be used to assist the Iraqi people and to assist in the reconstruction of Iraq, and determine that such use would be in the interest of and for the benefit of the United States.

I hereby order:

Section 1. All blocked funds held in the United States in accounts in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil are hereby confiscated and vested in the Department of the Treasury, except for the following:

(a) any such funds that are subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations, or that enjoy equivalent privileges and immunities under the laws of the United States, and are or have been used for diplomatic or consular purposes, and

(b) any such amounts that as of the date of this order are subject to post-judgment writs of execution or attachment in aid of execution of judgments pursuant to section 201 of the Terrorism Risk Insurance Act of 2002 (Public Law 107-297), provided that, upon satisfaction of the judgments on which such writs are based, any remainder of such excepted amounts shall, by virtue of this order and without further action, be confiscated and vested.

Sec. 2. The Secretary of the Treasury is authorized to perform, without further approval, ratification, or other action of the President, all functions of the President set forth in section 203(a)(1)(C) of IEEPA with respect to any and all property of the Government of Iraq, including its agencies, instrumentalities, or controlled entities, and to take additional steps, including the promulgation of rules and regulations as may be necessary, to carry out the purposes of this order. The Secretary of the Treasury may redelegate such functions in accordance with applicable law. The Secretary of the Treasury shall consult the Attorney General as appropriate in the implementation of this order.

Sec. 3. This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE W. BUSH

THE WHITE HOUSE,
March 20, 2003.

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Mr. William J. McDonough
President
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

Dear Mr. McDonough:

In Executive Order _____ of [INSERT DATE OF PRESIDENT'S ORDER], the President vested in the United States Department of the Treasury all right, title, and interest in certain blocked property of the Government of Iraq and certain identified agencies, instrumentalities, or controlled entities. A copy of this Executive Order is enclosed.

The President authorized me to take additional steps to carry out the purposes of that Executive Order. Accordingly, you are hereby notified that, subject to the exceptions indicated in the Executive Order, all blocked funds held in the United States in accounts at your bank and at other financial institutions in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil (the "Vested Assets") have been vested in the United States Department of the Treasury.

The Department of the Treasury desires to consolidate the Vested Assets into a new account at the Federal Reserve Bank of New York (the "FRBNY"). Pursuant to Section 15 of the Federal Reserve Act, the FRBNY is hereby authorized and directed, as fiscal agent of the United States, to take the following actions in connection with the proposed consolidation:

1. Establish a new account on its books in the name of the "U.S. Treasury Special Purpose Account" (the "Account") as a sub-account of the existing Treasury General Account on your books;
2. Transfer Vested Assets, if any, currently held in fiscal agency or other accounts on FRBNY's books into the Account, and close such fiscal agency accounts.

3. Receive Vested Assets into the Account from other financial institutions in accordance with directive licenses issued by the Department of the Treasury's Office of Foreign Assets Control to those financial institutions; and

4. Hold and manage the Vested Assets in the Account in the same manner as the Treasury General Account until the FRBNY receives further instructions from the Department of the Treasury. Until advised otherwise, instructions relating the Account shall come from Donald V. Hammond, Fiscal Assistant Secretary of the Department of the Treasury. Questions relating to the Account may be directed to Mr. Hammond.

The FRBNY will incur no liability in connection with any acts, arrangements, or agreements entered into or performed in accordance with this authorization, except for its own negligence, bad faith, or willful misconduct. The Treasury will reimburse the FRBNY for any losses, damages, judgments or costs, and other necessary expenses, including any out-of-pocket expenses and customary charges, incurred by the FRBNY with prior approval of the Treasury, in connection with any acts, arrangements, or agreements entered into or performed in accordance with this letter.

Sincerely,

John W. Snow
Secretary of the Treasury

Enclosures

Dear [Bank Executive]:

In Executive Order _____ of [INSERT DATE OF PRESIDENT'S ORDER], the President vested in the United States Department of the Treasury all right, title, and interest in certain blocked property of the Government of Iraq and certain identified agencies, instrumentalities, or controlled entities. A copy of this Executive Order is enclosed.

The President authorized me to take additional steps to carry out the purposes of that Executive Order. Accordingly, you are hereby notified that, subject to the exceptions indicated in the Executive Order, all blocked funds held in the United States in accounts at your institution in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil have been vested in the United States Department of the Treasury.

Please refer to the enclosed Directive License from the Department of the Treasury's Office of Foreign Assets Control (OFAC) directing your institution to transfer to the Federal Reserve Bank of New York any such vested funds. To help ensure the timely implementation of the Directive License, please identify an appropriately authorized officer of your institution to serve as a point of contact, and please provide the relevant contact information immediately to OFAC's Director, Mr. R. Richard Newcomb, at (202) 622-1759 (facsimile) and (202) 622-2510 (telephone). I ask that you provide OFAC all necessary support and cooperation in effectuating the requirements of the President's order.

Sincerely,

John W. Snow
Secretary of the Treasury

U.S. Banks With Accounts Subject to Iraqi Asset Vesting

Morgan Chase(including Chase Texas)
Bank of New York
UBS
Citigroup
FRBNY
Gulf International Bank
Banca Nazionale del Lavoro
Bank of America
Wachovia
Arab Banking Corporation
National Bank of Egypt
Societe General
Bank One
Deutsche Bank
HSBC
Commercial Bank of Kuwait
American Express Bank

Iraqi Sanctions Regulations
No. IQ-_____

License

DIRECTIVE LICENSE

(Issued under the authority of Section 203 of the International Emergency Economic Powers Act (50 U.S.C. Section 1702), Section 5 of the United Nations Participation Act (22 U.S.C. Section 287c), Executive Order Nos. 12722 of August 2, 1990 and 12724 of August 9, 1990, and Parts 501 and 575 of Title 31 of the Code of Federal Regulations.)

To: [Bank] ("Bank")
York

[Address]

Federal Reserve Bank of New
33 Liberty Street
New York, NY 10045

1. Bank is hereby authorized, instructed, directed, and compelled to take the following actions:

(a) Other than any amounts that may be covered by paragraph (b) below, transfer the entire balance of account number _____, including interest accumulated in accordance with section 575.203 of the Iraqi Sanctions Regulations, 31 CFR Part 575, and any other accounts held in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil, all of which have been vested in the United States Department of the Treasury, to account number _____ on the books of the Federal Reserve Bank of New York, ABA routing number _____. This transfer shall be made as soon as possible, and no later than the close of business three (3) business days after the date of this Directive License.

(b) Retain in blocked status any amount of any accounts of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil you hold that, as of [INSERT DATE OF PRESIDENT'S ORDER], was either:

(i) subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations, or that enjoyed equivalent privileges and immunities under the laws of the United States, and are or have been used for diplomatic or consular purposes, or

(ii) subject to a writ of attachment or execution pursuant to section 201 of the Terrorism Risk Insurance Act of 2002 (Pub. L. No. 107-297), including the writs that have been issued or currently apply in the following litigation: Daliberti v. J.P. Morgan Chase Bank, Daliberti v. Bank of New York, and Daliberti v. FRBNY in the U.S. District Court for the Southern District of New York; Frazier v. J.P. Morgan Chase Bank, Frazier v. Bank of New York, and Frazier v. FRBNY in the U.S. District Court for the Southern District of New York; and Daliberti v. Powell in the U.S. District Court for the District of Columbia. After such writ litigation is resolved, any amounts you hold that have not been executed upon and transferred to the judgment creditor(s) shall immediately and without further action vest in the United States Department of the Treasury and be transferred as instructed in this Directive License.

(c) Within six (6) business days of the date of this Directive License, a report shall be filed providing the amount transferred from each account, the date of the transfer, and the destination of the transfer. If any funds are retained pursuant to subsection 1(b), the report shall state the amount retained and account number. The report shall reference License No. IQ-____ and be delivered to the Compliance Programs Division, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Ave, N.W., Annex, Washington, D.C. 20220, by facsimile (202/622-2426) with original to follow by U.S. mail.

2. Bank shall furnish and make available for inspection any relevant information, records or reports requested by the Secretary of the Treasury or any duly authorized officer or agency.

3. This license does not excuse compliance with any law or regulation administered by the Office of Foreign Assets Control or another agency (including reporting requirements) applicable to the transaction(s) herein licensed, nor does it release Bank or third parties from civil or criminal liability for violation of any law or regulation.

Issued by direction and on behalf of the Secretary of the Treasury:

OFFICE OF FOREIGN ASSETS CONTROL

By _____
R. Richard Newcomb
Director
Office of Foreign Assets Control

(Attention is directed to 18 U.S.C. ' 1001, 50 U.S.C. ' 1705, and 22 U.S.C. ' 287c(b), and '586E of Pub. L. No. 101-513 for provisions relating to penalties.)

Message to the Congress on Confiscating and Vesting Certain Iraqi Property

To the Congress of the United States

Pursuant to section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(b) (IEEPA), and section 301 of the National Emergencies Act, 50 U.S.C. 1631, I hereby report that I have taken additional steps with respect to the national emergency declared in Executive Order 12722 of August 2, 1990 by exercising my statutory authority to confiscate and vest certain property of the Government of Iraq and its agencies, instrumentalities, or controlled entities.

Consistent with section 203 of IEEPA, 50 U.S.C. 1702(a)(1)(C), as added by section 106 of the USA Patriot Act, Pub. L. No. 107-56, I have ordered that certain blocked funds held in the United States in accounts in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil are hereby confiscated and vested in the United States Department of the Treasury. I have made exceptions for any such funds that are subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations, or that enjoy equivalent privileges and immunities under the laws of the United States, and are or have been used for diplomatic or consular purposes. Any such amounts that, as of the date of the order, that are subject to post-judgment writs of execution or attachment in aid of execution of judgments pursuant to section 201 of the Terrorism Risk Insurance Act of 2002 (Pub. L. No. 107-297) are also not being vested, provided that, upon satisfaction of the judgments on which such writs are based, any remainder of such excepted amounts shall, without further action, be confiscated and vested.

I have also delegated to the Secretary of the Treasury authority to undertake all other action of the President and all functions of the President set forth in section 203(a)(1)(C) of IEEPA to carry out the purposes of my Order, including the promulgation of rules and regulations as may be necessary.

I am enclosing a copy of the Executive order I have issued. The order was effective at 12:01 a.m. Eastern Standard Time on _____, 2003.

I have exercised these authorities in furtherance of Executive Order 12722 and 12724 with respect to the unusual and extraordinary threat to our national security and foreign policy posed by the policies and actions of the Government of Iraq. I have determined that the vesting of this property and that the use of such vested property for the benefit of the Iraqi people would be in the interest of, and for the benefit of, the United States.

The power to vest assets of a foreign government with which the United States is engaged in armed hostilities is one that has been recognized for many decades. This power is being used here because it is clearly in the interests of the United States to have these funds available for use in rebuilding Iraq and launching that country on the path to speedy economic recovery. In addition, this authority is being invoked in a limited way, designed to minimize harm to third parties and to respect existing court orders as much as possible.

The White House