

United States Senate

WASHINGTON, DC 20510-3005

March 19, 2012

The Honorable David S. Cohen
Under Secretary for Terrorism and
Financial Intelligence

Mr. Adam Szubin
Director, Office of Foreign Assets
Control

U.S. Department of Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretary Cohen and Mr. Szubin:

I am writing to respectfully request that OFAC investigate the activity of Kuwait & Gulf Link Transport Company (“KGL”) to determine whether its activities merit its inclusion on the Specially Designated Nationals pursuant to U.S. sanctions on Iran.

KGL provides logistics services for U.S. forces and diplomats in the Middle East, particularly in Iraq and Afghanistan. KGL was recently awarded significant logistics and supply contracts by the Department, including a \$157 million Defense Logistics Agency contract and an \$850 million contract with the Army. Notwithstanding its position as a DOD contractor, we have been made aware of information that KGL has, as recently as 2011, engaged in serial and ongoing business transactions with the Islamic Republic of Iran Shipping Lines (IRISL), Valfajr, Hafiz Darya Shipping, Oasis Freight Agencies, and Oasis Managing Director, Mr. Mohammad Reza Moghaddami Fard—all of which are designated by OFAC. These business relationships are evidenced in publicly available documents, as well as investigative information my office has reviewed.

In 2008, IRISL loaned money to RAK Shipping, a company co-owned by KGL and IRISL, to purchase two vessels, the Merjan and Awafi.[1] RAK Shipping’s corporate documents show that Mr. Moghaddami Fard, managing director of Oasis Freight Agencies, and who was recently indicted in New York for conspiracy with IRISL, is one of five board members of RAK Shipping.

[1] Specifically, the Merjan and Awafi are two ships owned by Ras Al Khaimah (RAK) Shipping, an entity owned by KGL companies (18%), IRISL (10%), and Combined Shipping Company (CSC)(45%). CSC is a joint venture between KGL and Valfajr, a known subsidiary of IRISL and also a designated entity. The Ras Al Khaimah company also owns 27%.

The Merjan and Awafi vessels are managed by Hafiz Darya [2], which was also included in the NY indictment. These vessels were, as recently as March 2011, still chartered to banned entity Valfajr.[3] It appears those banned ships have never changed their practices but have been moved around in a shell game from banned companies to KGL, who appears to have chartered them back to banned entities.[4] If these documents are accurate it means that KGL and a banned entity, Valfajr still own and operate these vessels in partnership.

This information raises the serious question whether KGL should be included on the SDN list and whether KGL should be a U.S. DOD contractor with access to US military facilities while it also partners and contracts with banned entities.

I understand that the FBI and Defense Criminal Investigative Service may be actively investigating these allegations. However, in light of the above, I would respectfully ask that you inquire into KGL's relationship with Iranian entities, and determine whether KGL or KGL subsidiaries should also be included in the Iran sanctions program as designated entities.

Thank you for your review of this matter and I look forward to a substantive response and briefing in response to this letter.

Sincerely,



ROBERT MENENDEZ
United States Senator

[2] The Merjan and Awafi ships are operated by Oasis Freight Agencies, an IRISL subsidiary that appears on OFAC's SDN list. The vessels are managed by Hafiz Darya Shipping, which was listed on the OFAC SDN on June 16, 2010 as a "front company" for IRISL that was "aiding IRISL in evading sanctions."

[3] IRISL documents, as well as internal KGL correspondence shows that KGL has chartered the Merjan and Awafi to Valfajr.

[4] Documents show that Combined Shipping Company (CSC) is a joint venture between KGL and Valfajr, which is an OFAC-banned entity and owned by the Iranian government. Although KGL documents state that the company "completed the process of disinvesting its shares in [CSC] in July 2010," it also states that KGL is "finalizing the transfer of the shareholding of [CSC] in RAK shipping." This is not a divestiture; it is a transfer of ownership to another company shared by KGL and the Iranian government. Moreover, KGL's financial statements fail to show a divestiture of its interests in CSC.