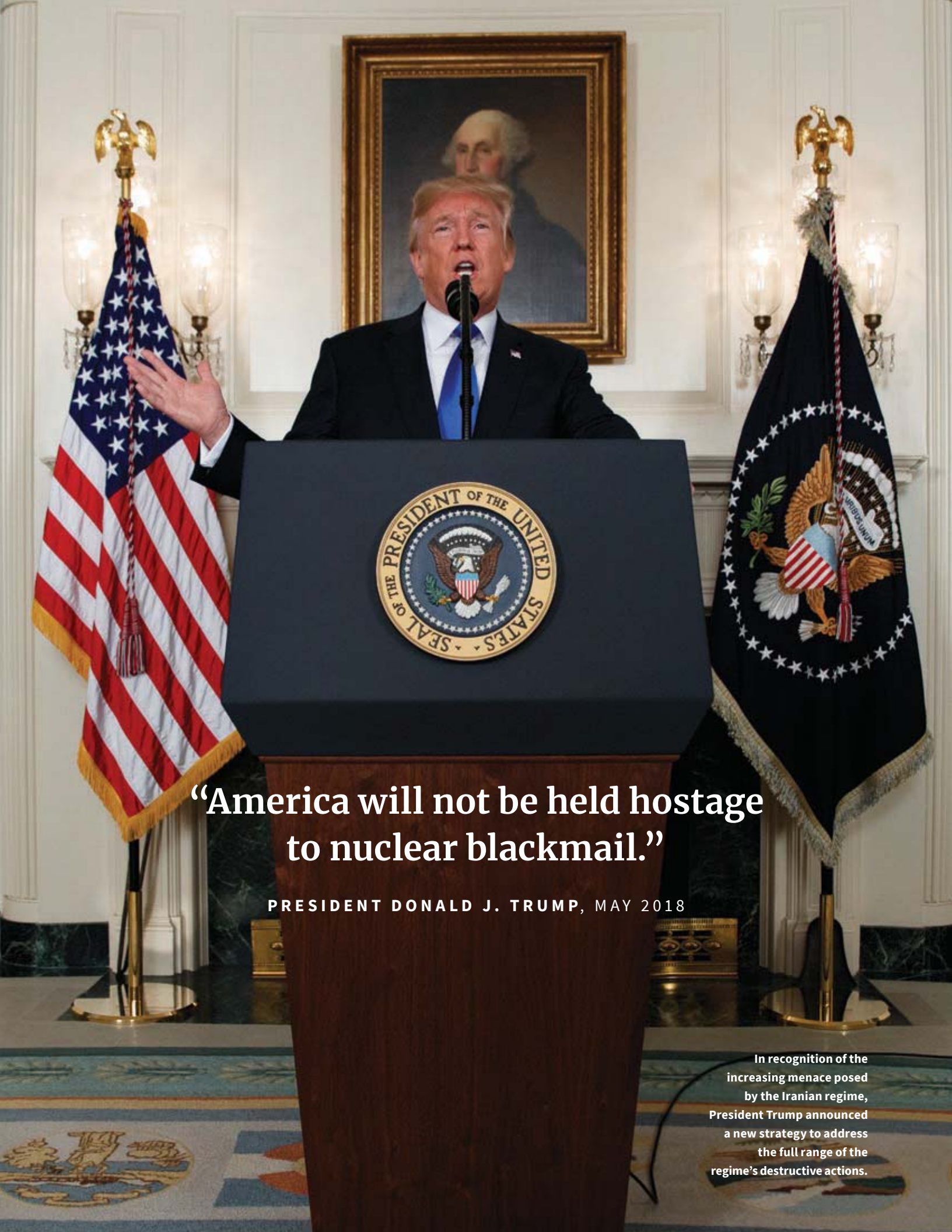
OUTLAW REGIME:
A CHRONICLE OF IRAN'S DESTRUCTIVE ACTIVITIES

Iran Action Group
U.S. DEPARTMENT OF STATE



"America will not be held hostage to nuclear blackmail."

PRESIDENT DONALD J. TRUMP, MAY 2018

In recognition of the increasing menace posed by the Iranian regime, President Trump announced a new strategy to address the full range of the regime's destructive actions.

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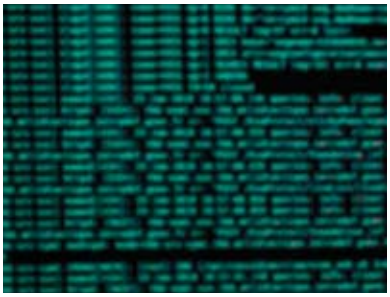

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AP PHOTO

A LETTER FROM U.S. SECRETARY OF STATE MICHAEL R. POMPEO

I am pleased to release the State Department's new report detailing the scope of the Iranian regime's destructive behavior at home and abroad on the eve of the Islamic Revolution's 40th anniversary. On May 8, 2018, President Donald J. Trump announced his decision to cease U.S. participation in the Joint Comprehensive Plan of Action (JCPOA), commonly referred to as the Iran deal. The Iran deal was proving to be a failed strategic bet that fell short of protecting the American people or our allies from the potential of an Iranian nuclear weapon. The futility of entrusting our long term security to an agreement that will quickly expire was underscored by the recent bombshell that Iran had secretly preserved its past nuclear weapons research after the implementation of the JCPOA. As if Iran's long history of violating the Non-Proliferation Treaty and multiple United Nations Security Council resolutions on its nuclear program prior to the JCPOA was not reason enough for pause. Moreover, the JCPOA has plainly failed to contribute to regional and international peace and security, as the deal stated. To the contrary, Iran's destabilizing behavior has grown bolder under the deal.

This is why President Trump took us on a new path. The policy President Trump has laid out comes to terms fully with the fact that the Islamic Republic of Iran is not a normal state. Normal states do not attack embassies and military installations in peacetime; fuel terrorist proxies and militias; serve as a sanctuary for terrorists; call for the destruction of Israel and threaten other countries; aid brutal dictators such as Syria's Bashar al-Assad; proliferate missile technology to dangerous proxies; conduct covert assassinations in other countries; and hold hostage citizens of foreign nations. Normal states do not support terrorism within their armed forces, as Iran has done with the Islamic Revolutionary Guard Corps (IRGC) and its Qods Force. Normal states do not abuse the international financial system and use commercial industry to fund and support terrorism. Normal states do not squander their own natural resources. Normal states do not violently suppress legitimate protests, jail their own citizens or those of other countries on specious crimes, engage in torture, and impose severe restrictions on basic freedoms.

Today, the United States is publishing a full record of the Islamic Republic's hostile behavior abroad and its repression at home beyond the continued threat of its nuclear program. It is important for the world to understand the scope of the regime's recklessness and malfeasance. It is important for the world to know that Iran trained and deployed Shia fighters from Iraq, Afghanistan and Pakistan to help Assad crack down on innocent civilians in Syria. It is important

for the world to know that Iran's Central Bank Governor has allowed the movement of millions of dollars through banks to support the Qods Force and Hizballah. It is important for the world to know that hundreds of universities around the world fell victim to an IRGC-led cyberattack that resulted in the theft of intellectual property. It is important for the world to know that public executions, including of children, are still common in Iran, and citizens are routinely subjected to unfair trials where confessions extracted by torture are often the only evidence allowed. It is important for us to know these things and remember them. The international community does not stand for this type of behavior from any state, and we should not make an exception for Iran.

Withdrawing from a deal that gave the Iranian regime undeserved standing and turned a blind eye to its destructive activities is only one step in recognizing the Iranian threat and holding it to account. Now we must begin the hard work of pursuing the pre-JCPOA consensus: that only after the Iranian regime refrains from inflicting chaos on innocent people can it gain acceptance as a normal state in the international community.

We will engage with any nation prepared to take a stand with us against the chaos and brutality that Iran imposes on its citizens and spreads in spades around the world. We know many countries share our concerns and our yearnings for a more secure and stable Middle East, as well as a freer Iran. We encourage nations and businesses across the world to examine the record enclosed here, and answer the call to address the challenge of Iran head-on.

The United States is moving quickly. In May 2018, we laid out twelve specific demands for the Iranian regime related to its nuclear and missile programs, support for terrorism, threats to its neighbors, and unjust detention of U.S. and other foreign citizens. We are re-imposing sanctions to exact intense financial pressure on the Iranian regime as we seek a new diplomatic solution. We will work in concert with our allies and partners to deter Iranian aggression. We will continue to advocate for the Iranian people.

Our end goal is not an Iran that remains forever isolated. Iran is a society with so much greater potential. We want to reach a new agreement with Iran that ensures its nuclear activities are peaceful and that its role in the Middle East is constructive. We seek a deal that ensures Iran does not support terrorism around the world and provides for greater opportunity to its own people. We are prepared to work with the Iranian regime, but only if it makes major changes.

Until then, the Iranian regime can rest assured of our firm resolve to counter their destabilizing activities. Given the record we have published today, they should expect nothing less.

Michael R. Pompeo

SECRETARY OF STATE, UNITED STATES OF AMERICA

EXECUTIVE SUMMARY

AP PHOTO

This report documents the magnitude of the Islamic Republic's destructive activities at home and abroad. Many of the activities highlighted have occurred recently, while others date back to the early days of the revolution. As this report makes clear, the one constant is that the Iranian regime will do whatever it takes to maintain its grip on power and spread its revolutionary ideology.

The regime's primary tool to execute this mission since 1979 has been the Islamic Revolutionary Guard Corps (IRGC). The IRGC is the most powerful conglomerate in Iran, spreading and consolidating its control over much of Iranian life. Its navy regularly threatens freedom of navigation in the Persian Gulf while its Aerospace Force directs the country's ballistic missile program in defiance of Security Council resolutions. Its Ground Forces are deployed abroad to bolster the Assad regime and its Basij paramilitary force is mobilized at home to surveil and harass ordinary Iranians. Finally, its extra-territorial IRGC Qods Force (IRGC-QF) leads the Islamic Republic's destabilizing support for proxies and terrorist groups.

Chapter One recounts the long history of the Islamic Republic's support for terrorism, primarily driven by the IRGC. Since 1979, Iran has made it a policy of state to actively direct, facilitate, and carry out terrorist activity globally. Unlike almost any other country, the Islamic Republic has supported terrorism within its own military and intelligence apparatuses: the IRGC-QF and the Ministry of Intelligence and Security (MOIS). Today, the IRGC-QF is active across the Middle East and has plotted or carried out terrorist attacks in five out of seven continents. Where it is unable or unwilling to act directly, the Iranian regime has mastered the use of terrorist proxy groups like Lebanese Hizballah, Palestine Islamic Jihad, the Bahraini Al-Ashtar Brigades and the Iraqi Kata'ib Hizballah to conduct terrorist attacks.

Chapter Two explores Iran's development of ballistic missiles, which pose a critical threat to regional security. Iran has the largest ballistic missile force in the Middle East and it is continuing to explore multiple pathways to expand its longer-range missile capabilities. Recognizing this threat, the UN Security Council had previously worked to impose tough limitations on Iran's proliferation activities. However, this progress was rolled back following the adoption of the Joint Comprehensive Plan of Action (JCPOA) in 2015, which failed to address Iran's ballistic missile program. With a weaker nonproliferation regime to constrain its activity, Iran has continued to defy international scrutiny and its pace of missile launches and tests has not diminished following the implementation of the JCPOA.

Chapter Three details the Islamic Republic's illicit financing activities, which undermine the integrity and security of the global financial system. The Iranian regime relies on opaque and fraudulent financing activities to fund its proxies and support its proliferation of ballistic missiles and other weapons. In the last year, the IRGC-QF has been exposed for using front companies to move funds, procure restricted materials and technologies, exploit currency exchange networks in neighboring countries, and produce counterfeit currency.

Chapter Four provides an overview of Iran's threat to maritime security in the Persian Gulf and Red Sea. The Islamic Republic has repeatedly threatened to interfere with freedom of navigation and international shipping in these areas. In the Persian Gulf, the IRGC's naval forces have engaged in numerous unsafe and unprofessional incidents with naval vessels and have a history of illegally detaining U.S. and U.K. sailors. In the Red Sea, Iran-backed Houthi militants have attacked coalition warships and Saudi commercial vessels. Iran has also engaged in the illicit shipping of arms to other regions. In 2010, for example, Nigerian officials uncovered an arms cache on board a commercial vessel from Iran.

Chapter Five illustrates the spread of the Islamic Republic's malign behavior in cyberspace. Iran has increasingly conducted a series of cyberattacks involving surveillance and sabotage affecting critical infrastructure, financial and commercial entities, and educational institutions. It has also deployed its cyber capabilities to identify and silence critics domestically and spread its disinformation campaigns abroad.

Chapter Six documents the Islamic Republic's repeated and systemic abuse of human rights in violation of international laws and norms. The Islamic Republic persecutes civil society activists and marginalizes ethnic and religious minorities. The regime also denies its citizens due process, regularly falling short of its own legal standards. Its prisons are notorious for mistreatment and torture, and its use of capital punishment is excessive and extends to minors. Beyond its borders, the Islamic Republic and its proxies have committed numerous human rights abuses, including targeting innocent civilians in Syria and arbitrarily detaining Sunnis in Iraq.

Chapter Seven highlights the enduring and increasingly irreversible tragedy of environmental degradation at the hands of the Islamic Republic's self-serving leaders. Following decades of misguided agricultural policies and IRGC-driven dam projects, Iran is inching ever closer to an environmental crisis. The regime's failure to respond to worsening environmental conditions has led to a significant depletion of Iran's water resources and forced the migration of millions of Iranians. Instead of addressing these existential issues, the Islamic Republic has responded with force against those calling for reform.

CHAPTER ONE

IRANIAN SUPPORT FOR TERRORISM

July 18, 1994 – Buenos Aires, Argentina: Lebanese Hizballah detonated a bomb outside the Argentine-Israeli Mutual Association. Iran provided logistical support, and the attack resulted in 95 dead and 200 wounded.

> "The bet that the JCPOA would increase Middle East stability was a bad one for America, for Europe, for the Middle East, and indeed for the entire world."
>
> **U.S. SECRETARY OF STATE MICHAEL R. POMPEO**, MAY 2018

INTRODUCTION

Since 1979, Iran's Islamic Republic has made it a policy of state to actively direct, facilitate, and carry out terrorist activity globally. Unlike almost any other country, the Islamic Republic has supported terrorism within its own military and intelligence apparatuses. Through its Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF), the extra-territorial branch of the Islamic Revolutionary Guard Corps (IRGC), and the Ministry of Intelligence and Security (MOIS), Iran conducts attacks, assassinations, as well as supports terrorist plotting. The IRGC-QF takes the lead on Iran's support for proxies and terrorist operations outside Iran. The organization ensures that the "continuation of the Revolution at home and abroad," as written in the preamble of the Iranian constitution, is fully implemented. Iran uses its MOIS operatives for intelligence collection and clandestine operations outside Iran. As recently as July 2018, an MOIS agent has been implicated in a foiled terror plot on Iranian dissidents in Paris. Where it is unable or unwilling to act directly, the Iranian regime has mastered the use of terrorist proxy groups to conduct attacks on its behalf, often through unconventional means. Unlike non-state terrorist groups such as ISIS, Iran prioritizes deniability and takes pains to obscure its role in terrorist activities. But the evidence is clear: Iran is the world's leading state sponsor of terrorism.

IRAN-BACKED TERRORIST GROUPS

Iran uses its IRGC-QF to advance its interests abroad, provide cover for intelligence operations, and create instability in the Middle East. Iran has acknowledged the involvement of the IRGC-QF in the conflicts in Iraq and Syria and the IRGC-QF is Iran's primary mechanism for cultivating and supporting terrorist proxies. Through the IRGC-QF, Iran supports several U.S.-designated terrorist groups, providing funding, training, weapons, and equipment. Among the groups receiving support from Iran are Lebanese Hizballah, Hamas, Palestine Islamic Jihad (PIJ), Kata'ib Hizballah (KH) in Iraq, and Al-Ashtar Brigades (AAB) in Bahrain. The Iranian regime has also been documented facilitating travel by senior leaders of some of these groups to Iran, often under the guise of religious education.

AP PHOTO

Beyond these U.S.-designated terrorist groups, Iran has provided weapons and support to Shia militant groups in Iraq, the Houthis in Yemen, and the Taliban in Afghanistan, which are responsible for attacks against U.S. and allied troops, local government and security forces, and diplomatic missions in these countries. Thousands of primarily Shia Afghan and Pakistani foreign fighters recruited by Iran are currently fighting in Syria to prop up the brutal Assad regime, giving the Islamic Republic a potential expeditionary force it could redeploy to destabilize other regions, including in South Asia.

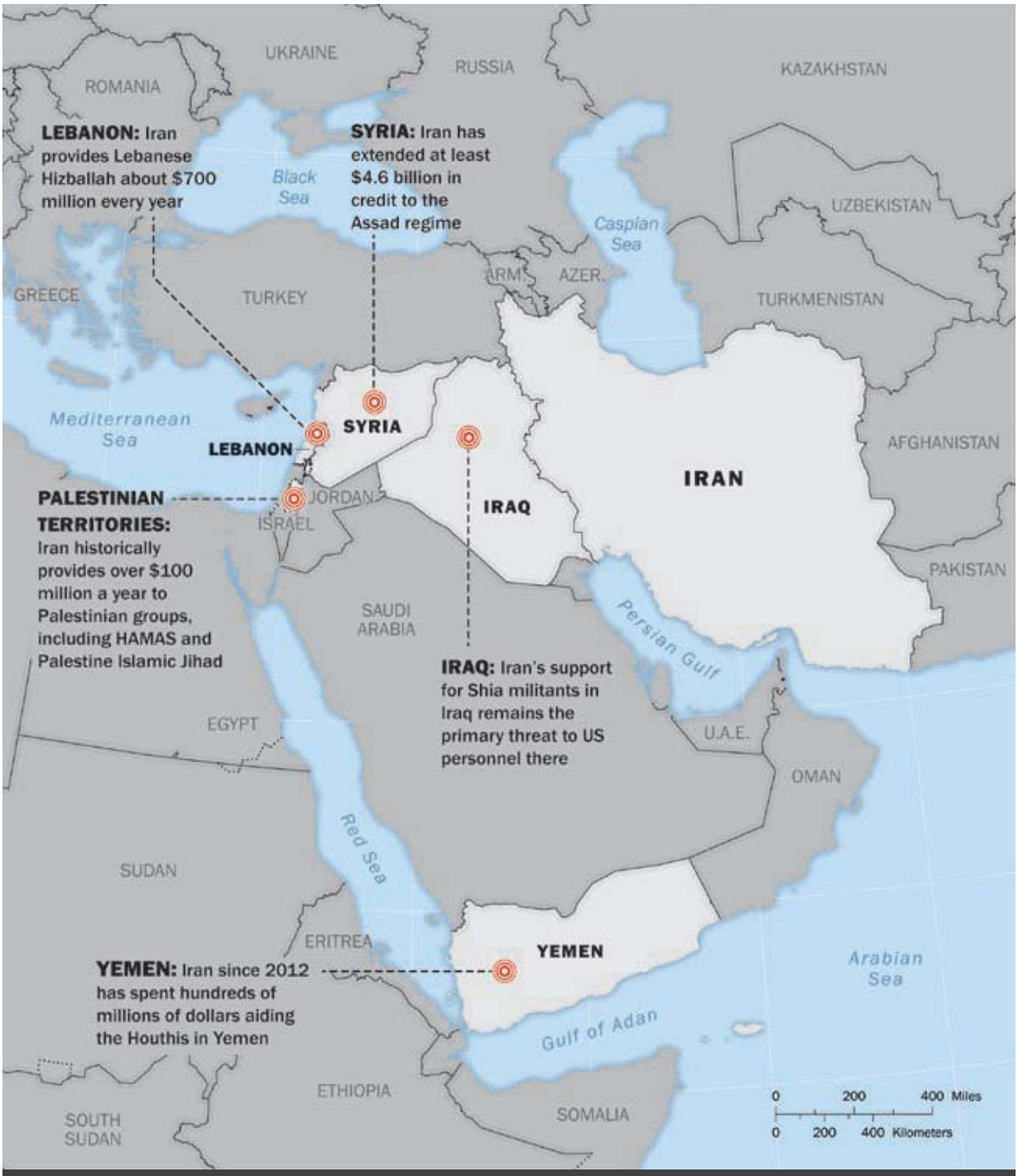
Lebanese Hizballah is Iran's most powerful terrorist partner. In the past several years, it has demonstrated its far-reaching terrorist and military capabilities. Iran's annual financial backing to Lebanese Hizballah – a staggering $700 million per year – accounts for the overwhelming majority of the group's annual budget. Since its successful 2012 attack in Bulgaria, Hizballah terrorist plotting has been disrupted in Azerbaijan, Bolivia, Cyprus, Guinea, Kuwait, Nigeria, Panama, Peru, Thailand, the United Kingdom, and the United States, among others. In the past six years alone, Hizballah has attempted terrorist attacks on five of the world's seven continents.

AP PHOTO

Lebanese Hizballah fighters parade during a ceremony in south Lebanon.

Significant advancements in Hizballah's military capabilities are thanks primarily to Iran, which is supporting the development of missile production facilities inside Lebanon as well as precision guidance systems for the group's large missile stockpile. These are dangerous developments that increase the likelihood of conflict between Hizballah and Israel and continue to undermine prospects for peace in the region. Since the end of the 2006 Israel-Hizballah conflict, Iran has supplied Hizballah with thousands of precision rockets, missiles, and small arms. Hizballah now has more than 100,000 rockets or missiles in its stockpile. The world is already witnessing the consequences of Iran providing its proxies with lethal ballistic missile capabilities. Yemen's Houthi militants have fired numerous ballistic missiles into Saudi Arabia, including two directed at Riyadh in May 2018.

Iran also provides up to $100 million annually in combined support to Palestinian terrorist groups, including Hamas, PIJ, and the Popular Front for the Liberation of Palestine-General Command. These terrorist groups have been behind a number of deadly attacks originating from Gaza, the West Bank, Syria and Lebanon, including attacks against Israeli civilians, Egyptian security forces in the Sinai Peninsula, and American citizens.



Since 2012, Iran has spent over **$16 billion** propping up the Assad regime and supporting its other partners and proxies in Syria, Iraq, and Yemen.

Iran's support for Palestinian terrorist proxies furthers its own strategic interests and threatens our ally Israel, but it comes at a deep cost to the Palestinian people's security and economic wellbeing.

As the regime prioritizes funding for Palestinian terror groups, it falls well short of living up to its self-professed obligation of directly supporting the Palestinian people. In terms of its contributions to the United Nations Relief and Works Agency (UNRWA), in the last ten years, Iran has provided only $20,000 to the organization. This pales in comparison to the nearly $3 billion provided to UNRWA by the U.S during this period as well as the almost $2 billion provided by the EU and the more than $600 million provided by Saudi Arabia.

In addition to its support of proxies and terrorist groups abroad, Iran also harbors terrorists within its own borders, thereby facilitating their activities. Iran continues to allow Al Qaeda (AQ) operatives to reside in Iran, where they have been able to move money and fighters to South Asia and Syria. In 2016, the U.S. Treasury Department identified and sanctioned three senior AQ operatives residing in Iran. According to the Treasury Department, Iran knowingly permitted these AQ members, including several of the 9/11 hijackers, to transit its territory on their way to Afghanistan for training and operational planning. As AQ members have been squeezed out of other areas, all indications suggest that they are continuing to find safe haven in Iran. An August 2018 report released by a group of United Nations experts found, "Al-Qaida leaders in the Islamic Republic of Iran have grown more prominent." The UN report determined that this growing prominence in Iran is allowing AQ leadership to continue projecting influence.

UNCONVENTIONAL TACTICS

As the Islamic Republic prosecutes its wars in the Middle East, it frequently turns to unconventional tactics to sustain and assist its proxies. This includes the coercion of foreign fighters, use of child soldiers in hostilities, and misuse of civilian and commercial airlines to facilitate malign military activity.

The IRGC recruits foreign fighters to increase its influence abroad. The IRGC created the Fatemiyoun Division of Afghan Shiites and the Zainabiyoun Brigade of Pakistani Shiites to fight in regional conflicts, most notably in Syria. West Point's Combatting Terrorism Center reports the size of the Fatemiyoun Division is between 10,000 and 12,000 soldiers, while a Fatemiyoun official

in Iran stated in January 2018 that over 2,000 militiamen had been killed in Syria. A report by the Foundation for the Defense of Democracy noted that some Afghan Fatemiyoun also deployed to Yemen to fight alongside the Houthis. Human Rights Watch documented and condemned the IRGC's practice of recruiting child soldiers for the Fatemiyoun, uncovering evidence that Afghan refugees as young as 14 have died in combat in Syria under this division. Following a full assessment of Iranian activities, in 2018, the U.S. Department of State listed Iran under the Child Soldiers Prevention Act for the first time.

Multiple organizations continue to document the IRGC's tactic of coercing Afghan refugees to serve as foreign fighters. Human Rights Watch interviewed more than two dozen Fatemiyoun, reporting that "some said they or their relatives had been coerced to fight in Syria and either had later fled and reached Greece, or had been deported to Afghanistan for refusing. One 17-year-old said he had been forced to fight without being given the opportunity to refuse. Others said they had volunteered to fight in Syria in Iranian-organized militias, either out of religious conviction or to regularize their residence status in Iran." A New York Times interview with Fatemiyoun stressed that the Afghans were frequently used as the "first wave" of fighters, resulting in higher casualty rates among their brigades, and that the IRGC would send the Fatemiyoun "to fight the most difficult battles." While less is known about the Pakistani Zainabiyoun Brigade, the Jamestown Foundation reports that the group is also financed and recruited by the IRGC. The Atlantic Council noted that the first reported Zainabiyoun casualties were suffered while imbedded in Iraqi Shiite militia groups, indicating the IRGC probably used the Pakistani fighters in Iraq initially before transferring those forces to Syria.

AP PHOTO

The Iranian government also exports its destructive behavior by harnessing the global reach of civil and commercial aviation. Mahan Air, Caspian Air, Meraj Air, and Pouya Air have all been implicated in supporting the IRGC and IRGC-QF as well as the proxy groups that those entities support. The egregious use of Mahan Air to support Iranian proxies threatens regional stability and the integrity of free and open aviation, which is why the entity has been sanctioned by the U.S. Government since 2011. Mahan Air has been implicated in the transport of IRGC-QF operatives, weapons, equipment, and funds in support of the regime's campaigns

abroad. It shuttles IRGC-QF and proxy personnel to the frontlines of conflicts, including in Syria, where they engage in military training and fighting. The airline has also provided private transportation to senior IRGC-QF officials like Qods Force commander Qasem Soleimani, allowing them to bypass UN-mandated travel restrictions as well as normal security and manifest procedures that are the international standards of aviation security.

IRANIAN-SUPPORTED TERRORIST PLOTTING, ASSASSINATIONS, AND ATTACKS WORLDWIDE

The Middle East bears the brunt of the destruction wrought by Iran's state support for terrorism but Iranian terrorism is a global problem. Since the Iranian regime came to power in 1979, Iran has conducted terrorist plots, assassinations, and attacks in more than 20 countries worldwide, primarily through the IRGC-QF and MOIS but also via Lebanese Hizballah.

Iran's activities are on the rise. After a brief lull in the 1990s and early 2000s, Iran has ramped up its active involvement in worldwide terrorist plotting and attacks, with numerous terrorist operations uncovered or disrupted in Europe, North and South America, Africa, and Asia since 2009. The pace of these activities indicates that Iran remains committed to using terrorism to achieve its objectives and is confident in its ability to operate anywhere in the world.

EUROPE

2018 – Belgium, France, Germany:
Authorities in Belgium, France, and Germany arrested several Iranian operatives, including an Iranian government official, in a plot to plant a bomb to disrupt a political rally in Paris, France.

2016-2018 – Germany:
German authorities searched the homes and offices of 10 suspected IRGC-QF operatives in early 2018. In 2016, German authorities convicted an IRGC-QF operative for spying on the ex-head of a German-Israeli group and people close to him.

2013 – Bosnia and Herzegovina:
Two Iranian diplomats were discovered to be Iranian intelligence officers and expelled for espionage and connections to terrorism.

2012 – Turkey:
Four IRGC-QF operatives entered Turkey to attack Israeli targets; the attack was disrupted by Turkish authorities.

July 2012 – Sofia, Bulgaria:
An IRGC-QF operative was arrested by Bulgarian authorities for surveilling a synagogue.

September 17, 1992 – Berlin, Germany:
Lebanese Hizballah – with Iran's logistical support – assassinated four Iranian Kurdish dissidents in a small-arms attack at a café. Four operatives were tried and convicted in 1997.

August 6, 1991 – Suresnes, France:
Iranian operatives assassinated the former Iranian Prime Minister Shahpour Bakhtiar, who led an anti-Iranian regime movement. One operative was convicted, but two fled.

July 13, 1989 – Vienna, Austria: Iranian operatives using diplomatic cover assassinated the head of an Iranian Kurdish dissident group and two others.

December 1985-September 1986 – Paris, France:
Lebanese Hizballah bombed a number of soft targets. Iran provided logistical support, and the attack resulted in 12 dead and at least 200 wounded.

June 14-30, 1985 – Athens, Greece:
Lebanese Hizballah – with Iran's logistical support – hijacked TWA flight 847 and murdered a U.S. Navy diver.

AFRICA

November 2016 – Kenya:
Two Iranian operatives and their Kenyan driver, a local embassy employee, were arrested and charged with information collection in connection with a terrorist act after surveilling the Israeli embassy.

February 20, 2013 – Nigeria:
Three Iranian operatives were arrested for planning attacks against U.S. and Israeli tourist sites and organizations. A terrorist cell leader received weapons training in Iran.

June 2012 – Nairobi, Kenya:
Two IRGC-QF operatives were arrested for planning bomb attacks against Western interests. Authorities discovered 33 pounds of explosive materials.

October 2010 – Nigeria:
Nigerian authorities seized an Iranian shipment of rockets, rocket launchers, grenades, and ammunition destined for rebels in the Gambia and Senegal.

NORTH AMERICA

August 20, 2018 – United States:
Two Iranian operatives were charged for conducting covert surveillance of Israeli and Jewish facilities in the United States, and collecting identifying information about U.S. citizens and U.S. nationals who are members of an Iranian opposition group.

September 29, 2011 – Washington, DC, United States:
The IRGC-QF supported a plan to bomb a restaurant to assassinate the Saudi Ambassador to the United States.

September 2009 – Glendora, CA, United States:
An Iranian operative hired a hitman to assassinate an Iranian-American regime opponent and radio personality.

July 22, 1980 – Bethesda, MD, United States:
An Iranian operative assassinated a former Iranian diplomat-in-exile, Ali Akbar Tabatabai, a vocal critic of then-Iranian Supreme Leader Ayatollah Ruhollah Khomeini.

SOUTH AMERICA

January 8, 2015 – Montevideo, Uruguay:
A senior Iranian diplomat was expelled for planning an attack near the Israeli Embassy.

July 18, 1994 – Buenos Aires, Argentina:
Lebanese Hizballah detonated a vehicle-borne improvised explosive device (VBIED) outside the Argentine-Israeli Mutual Association. Iran provided logistical support, and the attack resulted in 95 dead and 200 wounded.

March 17, 1992 – Buenos Aires, Argentina:
Lebanese Hizballah detonated a VBIED outside the Israeli Embassy. Iran provided logistical support. The attack killed 29 people and wounded 252.

ASIA

February 2016 – Manila, Philippines:
Philippine authorities thwarted an Iranian plot to hijack a Saudi Arabian civilian aircraft.

April 13, 2013 – Kathmandu, Nepal:
An Iranian traveling on a fake Israeli passport was arrested for conducting surveillance of the Israeli Embassy.

February 14, 2012 – Bangkok, Thailand:
Three IRGC-QF operatives planned attacks against Israeli diplomats in Thailand, but the operatives were arrested after accidentally detonating explosives. One operative and five others were injured.

February 13, 2012 – New Delhi, India:
IRGC-QF directed a bomb attack targeting Israeli diplomats that injured one Israeli and three Indian citizens.

May 16, 2011 – Karachi, Pakistan:
Iranian operatives assassinated Saudi diplomat Hassan al-Qahtani.

CHAPTER TWO

IRAN'S MISSILE PROGRAMS

Iran launches an Emad long-range ballistic surface-to-surface missile.

> "Iran's pace of missile launches did not diminish after JCPOA Implementation Day in January 2016, and Iran continues to prioritize its missile force development. Iran has conducted multiple ballistic missile launches since that time."
>
> **SPECIAL REPRESENTATIVE FOR IRAN BRIAN H. HOOK**, SEPTEMBER 2018

INTRODUCTION

Iran's development and proliferation of ballistic missiles poses a critical threat to regional security and remains a significant challenge to global nonproliferation efforts. Iran's proliferation activities have been a concern of the UN Security Council for more than a decade. UN Security Council Resolution (UNSCR) 1929, adopted in 2010, placed tough limitations on Iran's ballistic missile program. The resolution prohibited Iran from undertaking any activity related to ballistic missiles that had the capacity to carry nuclear weapons, recognizing that such missiles would likely be Iran's preferred method of delivering a warhead in the future.

The Joint Comprehensive Plan of Action (JCPOA), which was finalized in 2015 to curtail Iran's nuclear program, did not include any meaningful constraints on the regime's ballistic missile program. Worse yet, as the JCPOA was implemented, UNSCR 1929's strong language constraining aspects of Iran's ballistic missile program was weakened. The JCPOA's failure to address Iran's ballistic missile proliferation remains one of its enduring shortcomings. With a weaker nonproliferation regime to constrain its activity, Iran has continued to defy international scrutiny as it pushes ahead with its ballistic missile program, conducting tests as well as ongoing research and development, and providing missile capabilities to its proxies in the region.

MISSILE PROLIFERATION

Iran has the largest ballistic missile force in the Middle East, with more than 10 ballistic missile systems either in its inventory or in development, and a stockpile of hundreds of missiles that threaten its neighbors in the region. Iran is continuing to develop a range of solid and liquid propellant short-range and medium-range systems, and is exploring multiple pathways to expand its longer-range missile capabilities. Iran's pace of missile launches and tests has not diminished following the implementation of the JCPOA and Iran continues to prioritize its missile force development. Iran has conducted numerous ballistic missile launches since the JCPOA has been in effect.

AP PHOTO

The Iranian regime has failed for years to adhere to restrictions placed on its missile program by the international community. Iran has engaged in numerous missile launches since 2010 that were in violation of UNSCR 1929 and it continues to conduct launches that defy language in UNSCR 2231, which was adopted as part of the JCPOA. The Security Council has catalogued Iranian violations of UNSCR 2231 in its biannual reports since 2016. Prior to the adoption of 2231, Iranian violations of previous UNSCRs related to missile, nuclear, and conventional proliferation were well documented by various UN Panels of Experts.

Iran's ongoing missile tests demonstrate its desire to increase the accuracy and effectiveness of its capabilities. Continued investments in its space launch vehicle program have also been notable. In an August 2017 letter to the UN Secretary-General, France, Germany, the United Kingdom, and the U.S. condemned Iran's July 2017 launch of a Simorgh space launch vehicle as inconsistent with UNSCR 2231. Space launch vehicles use technologies that are virtually identical and interchangable with those used in ballistic missiles, in particular Intercontinental Ballistic Missiles. Separately, the U.S. assesses that in January 2017, Iran conducted a launch of a medium-range missile believed to be the Khorramshahr. The Khorramshahr is designed to carry a payload of at least 1,500 kilograms and could be used to carry nuclear warheads. Its suspected range is at least 2,000 kilometers, which is far enough to reach some European countries.

Iran is increasingly supplying missile technology to its regional proxies. Recent media reporting suggests that Iran is transferring ballistic missiles to Shia militias in Iraq, which targeted U.S. diplomatic facilities in Baghdad and Basra as recently as September 2018. In Lebanon, Iran is supporting Hizballah's development of missile production facilities as well as advanced precision guidance systems for the group's large missile stockpile.

There is also mounting evidence of Iran's provision of ballistic missile technology to the Houthis in Yemen. Debris recovered from recent strikes from Yemen into Saudi Arabia indicate that Iran is providing missile support to the Houthis, which can only escalate the conflict further. It also poses an even greater threat to regional security. In one instance, assessments indicate that a missile launched in July 2018 from Yemen into Yanbu, Saudi Arabia was an Iranian Qiam short-range ballistic missile based on unique features identified in the debris. Analysis of the debris, for example, revealed three valves located on the fuel tank, which is a feature uniquely observed on the Qiam. Further investigations have also indicated that a missile launched in November 2017 was also an Iranian Qiam. Recovered debris contained a company logo with the letters SBI, which is used by the Iranian company Shahid Bagheri Industries. A United Nations Panel of Experts'

AP PHOTO

U.S. Ambassador to the UN Nikki Haley briefs the press in front of recovered segments of an Iranian missile.

affirmed in January 2018 that missiles and other military equipment used by the Houthis against Saudi Arabia were in fact Iranian in origin. In response to this attack, U.S. Ambassador to the UN Nikki Haley said, "just imagine if this missile had been launched at Dulles Airport or JFK, or the airports in Paris, London, or Berlin. That's what we're talking about here. That's what Iran is actively supporting."

ADDRESSING THE THREAT

The international community increasingly recognizes we must take action to counter the further development and proliferation of Iran's missile program. The U.S. relies on a wide range of tools to address this problem. On the multilateral front, the U.S. works with its partners to interdict missile-related transfers to Iran and to target Iranian missile proliferation activities in third countries. The U.S. and many of its closest partners also participate in the Missile Technology Control Regime and the Hague Code of Conduct Against Ballistic Missile Proliferation, two multilateral venues to help raise awareness of Iran's missile development program, choke point technologies, and procurement strategies, and to press countries to take steps to impede Iran's acquisition of missile technology. The U.S. also reviews thousands of visas annually to ensure that students, researchers, and other foreign visitors are not evading export controls and acquiring technological know-how that could benefit Iran's missile programs.

The U.S. and its partners also use sanctions authorities to penalize entities involved in or supplying technology to Iran's missile program. In March 2017 and April 2018, the United States imposed sanctions against a total of 19 foreign entities for transferring equipment to Iran's missile program under authorities provided by the Iran, North Korea, and Syria Nonproliferation Act. In July 2017, the United States designated 18 entities and individuals under Executive Order (E.O.) 13382 for supporting Iran's ballistic missile program or otherwise facilitating the regime's military procurement. E.O. 13382 provides authorities to target proliferators of weapons of mass destruction. In January 2018, the United States designated four additional entities in connection with Iran's ballistic missile program under E.O. 13382. In May 2018, the U.S. Department of Treasury designated five Iranian individuals for providing ballistic missile-related technical expertise to the Houthis. The individuals were also responsible for transferring weapons to Yemen on behalf of the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF).

The U.S. will continue to aggressively employ sanctions against Iran's missile program as we implement the President's new strategy.

CHAPTER THREE

ILLICIT FINANCIAL ACTIVITIES IN IRAN

> **"The United States will cut off the IRGC's access to capital to fund Iranian malign activity, including its status as the world's largest state sponsor of terror, its use of ballistic missiles against our allies, its support for the brutal Assad regime in Syria, its human rights violations against its own people, and its abuses of the international financial system."**
>
> **SECRETARY OF THE TREASURY STEVEN T. MNUCHIN**, MAY 2018

INTRODUCTION

The Islamic Republic regularly seeks to use deception and subterfuge to fund its illicit activities, threatening the integrity and security of the international financial system. The regime primarily uses shell companies and other types of seemingly legitimate entities to exploit vulnerabilities that enable it to access financing. Although prompted for years by the international community to adopt a more stringent regulatory framework, the Iranian regime has failed to implement necessary reforms to comply with anti-money laundering and combatting the financing of terrorism standards.

MOVING MONEY FOR THE QODS FORCE

The IRGC Qods Force (IRGC-QF), the IRGC's extra-territorial branch responsible for supporting proxies in the region, continues to engage in large-scale illicit financing schemes to fund its malign activities. This includes its support for U.S.-designated terrorist groups like Hizballah and Hamas. In one case, IRGC-QF set up a network of front companies to exploit the currency exchange market in the United Arab Emirates (UAE) to procure and transfer hundreds of millions in U.S.-dollar denominated bulk cash. The network forged documents and disguised its conduct behind legitimate businesses. At least one Iranian front company, the Rashed Exchange, advertised its services online and appeared to be a legitimate broker. In May 2018, the U.S. designated nine targets to disrupt this activity.

The IRGC-QF's illicit financing schemes are facilitated at the highest levels of Iran's government, including through the Central Bank of Iran (CBI). In May 2018, the U.S. Treasury revealed that the Islamic Republic's then-CBI governor Valiollah Seif, and the assistant director of CBI's international department, conspired with IRGC-QF to conceal the movement of illicit funds to its terrorist proxy, Hizballah. The scheme also involved co-opting the chairman and chief executive of Al-Bilad Islamic Bank in Iraq to act as an intermediary, which enabled the transfer of funds to Hizballah. This scheme by the IRGC not only fueled terrorism, it also undermined

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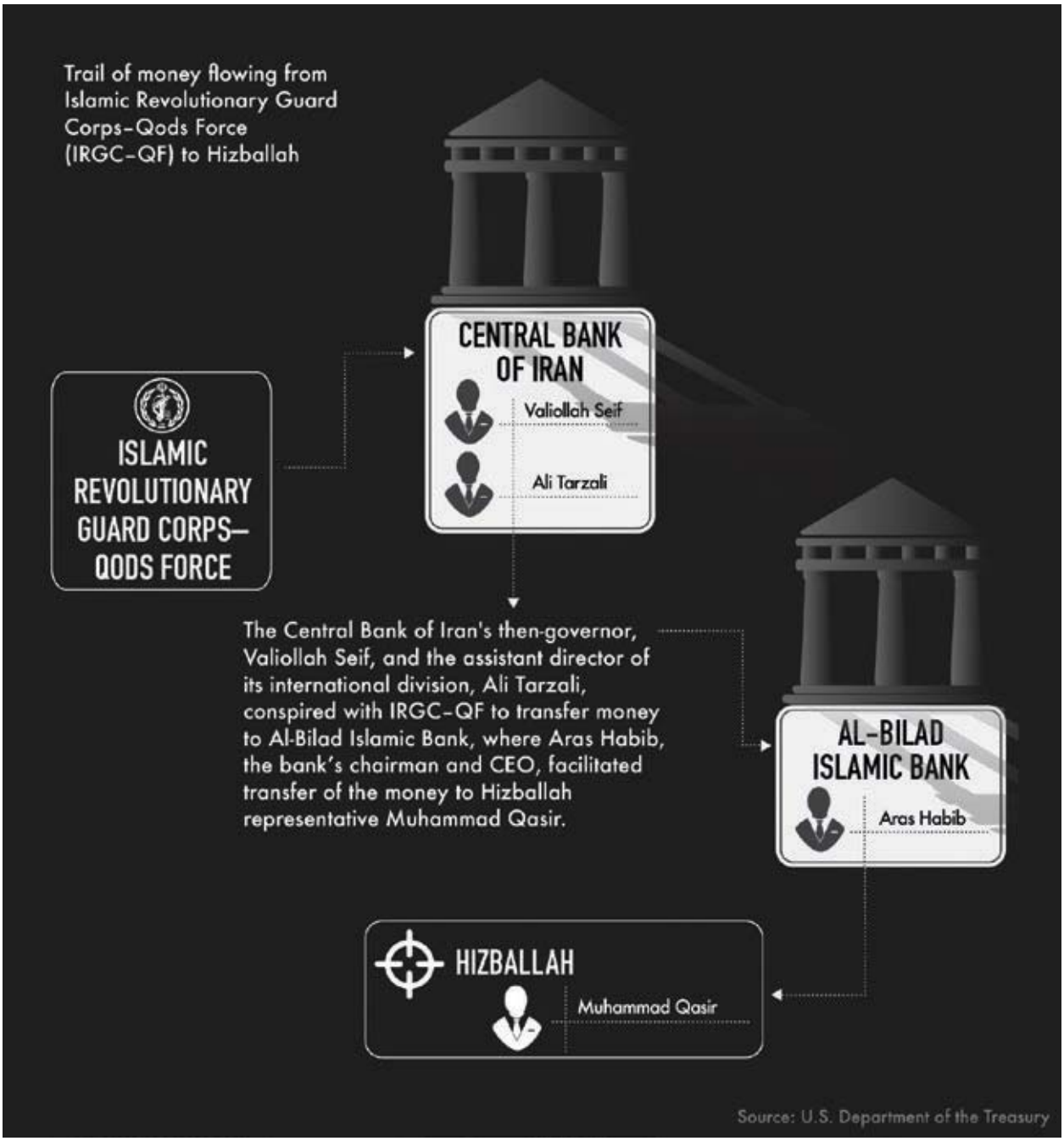

the integrity of Iraq's financial system and therefore its ability to underwrite economic growth and development. In May 2018, the U.S. designated four individuals and one entity for this activity.

The IRGC-QF's efforts to exploit the international financial system are not limited to fraudulent documentation or front companies. In 2017, the IRGC-QF engineered a plot to produce counterfeit

currency and flout the laws of our allies in Europe. It deceived European suppliers by using a series of companies in Germany to conceal its identity and end-user data to procure advanced printing machinery and other necessary materials. It then printed counterfeit Yemeni bank notes, which were used to support its destabilizing activities in Yemen. In November 2017, the U.S. Treasury designated six targets related to this operation.

The IRGC-QF is also responsible for orchestrating an extensive plot to circumvent U.S. sanctions and export controls to illicitly procure aircraft parts. The scheme involved a series of front companies that assisted Mahan Air in procuring export-controlled, U.S.-origin goods. Following an investigation into this activity, the U.S. Treasury designated nine individuals and entities. Iranian commercial airlines, particularly Mahan Air, play a key role in ferrying IRGC-QF operatives, weapons, equipment, and funds that fuel regional conflicts. Mahan Air's current chairman and chief executive, Hamid Arabnejad Khanooki, is closely associated with the IRGC. The U.S. sanctioned Arabnejad in 2013 for facilitating a shipment of illicit cargo to Syria on Mahan Air aircraft.

FATF AND THE ISLAMIC REPUBLIC

The Islamic Republic has continually failed to implement international standards to combat money laundering and terrorist financing, as established by the Financial Action Task Force (FATF). Thus, for the past decade, the FATF has designated Iran as a high-risk and non-cooperative jurisdiction. Starting in 2016, the FATF suspended its countermeasures against Iran in response to a high-level political commitment from the country to implement certain reforms.

Despite the opportunities afforded to the Islamic Republic, the Iranian regime has failed to live up to its commitments. The FATF specifically documented Iran's fundamental deficiencies, including its lack of adequate criminalization of terrorist financing. The Iranian regime's failure to complete nine of its ten action items resulted in FATF's specific expression of disappointment in June 2018. The FATF will decide upon appropriate action in October 2018, should Iran fail to make progress toward meeting its obligations. Iran's Supreme Leader Ali Khamenei himself questioned Iran joining the required international conventions on terrorist financing and money laundering, which many hardliners argued might limit Iran's ability to finance Hamas and Hizballah.

CHAPTER FOUR

IRAN'S THREAT TO MARITIME SECURITY

> "The Islamic Republic of Iran does not control the Strait of Hormuz. The Strait is an international waterway. The United States will continue to work with our partners to ensure freedom of navigation and free flow of commerce in international waterways."
>
> **U.S. SECRETARY OF STATE MICHAEL R. POMPEO**, AUGUST 2018

INTRODUCTION

The Islamic Republic poses a major threat to freedom of navigation and maritime security from the Persian Gulf to the Red Sea. Iran's Islamic Revolutionary Guards Corps Navy (IRGCN) directly challenges global economic stability and the broader regional security architecture. Islamic Republic officials, including high-level Islamic Revolutionary Guards Corps (IRGC) commanders, have threatened to close the Strait of Hormuz, the narrow waterway in the Persian Gulf through which 20 percent of global petroleum passes. Iran has also taken its proxy wars to the sea. The regime provides weapons and advisors to the Houthi militants in Yemen, who in turn have targeted warships and commercial shipping in the Red Sea.

"UNSAFE AND UNPROFESSIONAL"

The Islamic Republic has used the sea to confront its Gulf neighbors as well as U.S. interests and has a clear objective of expanding its power in the Persian Gulf and beyond. The IRGCN's fast-attack small crafts have engaged in "unsafe and unprofessional" harassment of U.S. naval vessels in international waters on numerous occasions, according to the commander of U.S. Central Command, General Joseph Votel. In 2017, the U.S. Navy recorded 14 such instances while in 2016 and 2015 it recorded 36 and 22, respectively. These incidents presented a high risk of collision between IRGCN and U.S. naval vessels. In July 2017, an IRGCN vessel came within 150 yards of the USS *Thunderbolt* in the Persian Gulf, forcing it to fire warning shots. In another incident in March 2017, USNS *Invincible* was forced to change course to avoid collision with multiple approaching IRGCN fast-attack small crafts. The IRGCN threat to the U.S. Navy extends beyond its fast-attack small boats. The IRGCN has utilized drones to approach U.S. naval assets. In August 2017, an unarmed Iranian drone flew close to the USS *Nimitz* as fighter jets landed at night, threatening the safety of the American pilots and crew.

The regime's malign maritime behavior extends beyond the Persian Gulf to the Red Sea. Its support of Houthi militants in Yemen, which presents an escalated threat to both military and

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commercial interests. In January 2017, a remotely detonated marine craft attacked the Saudi Royal Navy Frigate, *Al Madinah*. The U.S. Navy determined that the craft was likely provided by the IRGC. Since then, the Houthis have threatened and carried out attacks against Saudi commercial vessels, including a July 2018 attack on a Saudi tanker in the Red Sea. In October 2016, the Iranian-supported Houthi militants fired anti-ship cruise missiles at U.S. warships in international waters just north of the Bab-al-Mandeb. The attacks came just one week after militants struck the Emirati vessel *Swift*, disabling the transport ship. The Houthis have also placed crude naval mines near commercial shipping routes in the Red Sea, threatening freedom of navigation and the free flow of commerce in the region.

The expansion in Houthi maritime offensive capabilities reflects the persistent malign and destabilizing influence of the IRGC in the region. In 2016, the UN Secretary General expressed concern over Iran's illicit arms shipments following the seizure of an arms shipment by the U.S. Navy in the Gulf of Oman. The U.S. concluded that the shipment originated from Iran and was bound for Yemen, in clear violation of a UN Security Council arms embargo on Houthi militants. Iran has also engaged in the illicit shipping of arms in other regions. In 2010, Nigerian officials uncovered an arms cache on board a commercial vessel in Lagos, demonstrating the risks posed by the Islamic Republic exploiting commercial shipments for malicious activities beyond the Persian Gulf and Red Sea.

The Islamic Republic has also engaged in politically motivated seizures of commercial vessels, intended to project influence at home and abroad. In April 2015, IRGCN vessels fired shots across the bow of the Marshall Islands-flagged cargo ship *Maersk Tigris* near the Strait of Hormuz. The IRGCN then forced the vessel to dock at the Iranian port of Bandar Abbas. Iranian officials held the vessel for a week on charges of outstanding debt. The incident demonstrated the regime's lack of regard for international norms and laws.

Iran's Islamic Revolutionary Guards Corps Navy seized Maersk Tigris cargo ship and held the vessel for a week.

DETAINING SAILORS AT SEA

Iran's illegal detention of Western sailors stands as one of the Iranian regime's most provocative acts. Most recently, on January 12, 2016, the IRGCN seized two U.S. Navy riverine boats. They claimed the vessels illegally strayed into Iranian waters following engine failure, and detained ten U.S. sailors for a period of 15 hours. A Department of Defense investigation into the incident concluded that Iran violated international law by impeding the boats' exercise of the right of innocent passage. It also determined that Iran violated the sovereign immunity of a U.S. vessel by boarding, searching, and seizing the boats, and by taking photographs and video recordings of the crew.

In another highly provocative incident, the IRGCN boarded and seized the Royal Navy's HMS *Cornwall* near the mouth of the Shatt al-Arab waterway in March 2007. For 15 days, the Iranian government detained the British sailors patrolling the waterways. According to a report on the incident by the UK House of Commons Foreign Affairs Committee, the Iranian regime claimed that the sailors confessed to engaging in patrols of Iranian waters illegally. The UK government definitively refuted the claim, providing evidence that the British vessel was 1.7 nautical miles inside Iraqi territorial waters. The Iranian regime then changed the coordinates of where they claimed the vessel had been captured, and refused to release the sailors. The detained sailors later stated that they were blindfolded, held in isolation, and threatened with up to seven years in prison if they did not confess to straying into Iranian waters.

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Iranian President Mahmoud Ahmadinejad gives a medal of honor to an IRGC commander, who was among those who intercepted the 15 U.K. sailors and marines.

During the course of the two week ordeal, the UK Foreign Office froze bilateral diplomatic ties with Iran, the United Nations Security Council issued a statement of "grave concern" over the sailors' detention, and the European Union called for the immediate and unconditional release of the detainees. Then-President Mahmoud Ahmadinejad agreed to their release after two weeks of negotiations, although he continued to insist that the crew had "invaded" Iranian waters. In fact, Ahmadinejad presented medals of honor to the IRGC commanders responsible for illegally detaining the sailors and insisted Iran had every right to put the sailors on trial, calling their release a gift to the British people. Iran's illegal detention of sailors at sea is consistent with the regime's broader policy of illegally detaining foreign and dual nationals on spurious charges.

CHAPTER FIVE

IRAN'S THREAT TO CYBERSECURITY

> "We will not tolerate the theft of U.S. intellectual property, or intrusions into our research institutions and universities. We will continue to systematically use our sanctions authorities to shine a light on the Iranian regime's malicious cyber practices, and hold it accountable for criminal cyber-attacks."
>
> **UNDER SECRETARY OF THE TREASURY SIGAL MANDELKER**, MARCH 2018

INTRODUCTION

The Islamic Republic is a leading threat actor in cyberspace, using cyberespionage, propaganda, and attacks to influence events, shape foreign perceptions, and counter perceived threats. Iranian cyber activity undermines international norms and security interests and regularly threatens access to open, interoperable, reliable, and secure Internet communications. Similar to the regime's support for proxies, the Islamic Republic prioritizes plausible deniability for its malicious cyber activities, making attribution difficult in many cases. However, there is mounting evidence that the regime has continued its malign activity in cyberspace.

FOREIGN OPERATIONS

The Islamic Republic has developed its cyber capabilities with the intent to surveil and sabotage its adversaries, undermining international norms and threatening international stability. Over the past decade, public reporting indicates that the Iranian regime has conducted cyber operations targeting governments as well as commercial and civil society entities in the U.S., Israel, Saudi Arabia, and Qatar, among others. The Islamic Revolutionary Guards Corps (IRGC) is frequently the main force behind these attacks, though they often enlist the assistance of hackers outside of government.

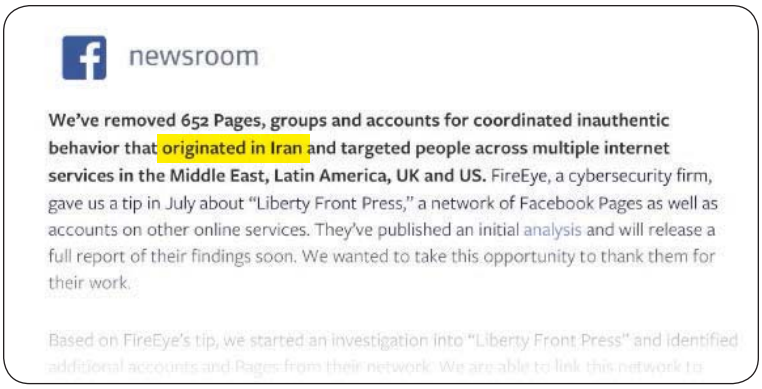
The Iranian regime typically focuses on "soft" targets, such as vulnerable commercial entities, critical infrastructure, and non-governmental organizations. In the Middle East, Iranian cyber operations have focused heavily on Saudi Arabia and other states in the Gulf. In a 2012 attack that was widely attributed to the Iranian regime, tens of thousands of computers were compromised and deemed inoperable at Saudi Aramco and Qatar's RasGas, resulting in hundreds of millions of dollars in damages. An updated version of that attack was again carried out between 2016 and 2017, resulting in the destruction of databases affecting the Saudi government and elements of its private sector, including the General Authority for Civil Aviation and the Central Bank.

Outside the Middle East, the Iranian regime has targeted the U.S. and other western countries through cyber espionage and sabotage. Between late 2011 and mid-2013, IRGC-linked entities conducted a coordinated distributed denial-of-service (DDoS) campaign against the U.S. financial sector, threatening the international global financial system. The DDoS campaign disabled bank websites, prevented customers from accessing their accounts online, and collectively cost the victims tens of millions of dollars in remediation costs as the banks worked to neutralize and mitigate the attacks. In 2013, one of the Iranian hackers involved in the DDoS campaign also conducted an intrusion into the industrial control system of a U.S. dam just north of New York City. Despite the Iranian regime's efforts to obscure its role in these incidents, the U.S. government designated and indicted several Iranian nationals for their roles in the attacks, giving greater transparency to the full scope of the Islamic Republic's malicious cyber activity.

The Islamic Republic's malign cybercrimes are not limited to commercial entities or critical infrastructure. The IRGC-linked Mabna Institute in Iran conducted massive coordinated cyber intrusions into computer systems of approximately 144 U.S.-based universities and at least 176 universities located in 21 other countries, stealing more than 31 terabytes of documents and data. In March 2018, the U.S. government designated the Mabna Institute and both designated and criminally indicted the Iranian individuals involved. The U.S. Treasury's Under Secretary for Terrorism and Financial Intelligence, Sigal Mandelker, said in announcing U.S. sanctions on these entities, "Iran is engaged in an ongoing campaign of malicious cyber activity against the United States and our allies. The IRGC outsourced cyber intrusions to the Mabna Institute, a hacker network that infiltrated hundreds of universities to steal sensitive data."

DOMESTIC TARGETS

Within its borders, the Iranian regime develops and uses cyber capabilities to silence and weaken its critics, whether ordinary Iranians, members of the civil society or elected government officials.



IRGC-affiliated entities have also targeted the Islamic Republic's own diplomatic corps, with reports indicating that even Iran's Foreign Minister Javad Zarif may have unknowingly been a part of an IRGC-linked cyber surveillance scheme targeting a prominent Iranian. Beyond elected officials, cyber campaigns including espionage, defacement and credential theft have targeted Iran's reformist clerics and moderate political leaders and activists.

The Iranian regime utilizes its cyber capabilities to deny Iranians unrestricted access to the Internet, including by blocking access to social media sites and applications. It funds a massive online censorship apparatus and restricts access to satellite services. An irony not lost on the Iranian people is that while the regime cracks down on social media platforms like Twitter, regime officials like Supreme Leader Ali Khamenei and Foreign Minister Zarif, as well as journalists sympathetic to the regime regularly use the platforms to spread the regime's propaganda to the outside world. In August 2018, Facebook, Twitter, and other U.S. companies reported the removal of more than 1,000 pages, groups, and accounts they assessed were engaged in spreading disinformation on behalf of the regime. The scope of the campaign was wide. On Facebook alone, it included over 600 pages and targeted users in the U.S., UK, Middle East and Latin America.

In the last year, the U.S. Department of Treasury designated several individuals and entities in connection with serious human rights abuses and censorship in Iran. This includes Abolhassan Firouzabadi, the Secretary of Iran's Supreme Council of Cyberspace. Firouzabadi has played a leading role in the regime's ongoing efforts to block access to social media sites and applications such as Telegram. The Supreme Council of Cyberspace is itself a designated entity for its role in overseeing the censorship of speech and the media in Iran.

CHAPTER SIX

HUMAN RIGHTS ABUSES IN IRAN

A university student in Tehran protests the regime as a smoke grenade is thrown by Iranian police.

> "Today the people of Iran are speaking to their government, and their message is undeniable: Stop the support for terrorism. Stop giving billions of our money to killers and dictators. Stop taking our wealth and spending it on foreign fighters and proxy wars. Think of us."
>
> **U.S. PERMANENT REPRESENTATIVE TO THE UNITED NATIONS**
> **NIKKI R. HALEY**, JANUARY 2018

INTRODUCTION

Iran has an abysmal human rights record, and the outlook remains dire. The Iranian regime continues to violate the human rights of its own people, frequently targeting political and civil society activists as well as religious and ethnic minorities. The regime's legal systems fall woefully short of providing due process and foreign and dual nationals are regularly targeted for arbitrary detention.

NO TOLERANCE FOR ACTIVITISM

The Iranian government targets its citizens for peaceful civic activities and the exercise of freedom of expression and belief. Currently, there are more than 800 prisoners of conscience detained in Iran. The regime regularly targets journalists and restricts the online exercise of freedom of expression, including through the arrests of bloggers and social media users. In July 2018, Reporters Without Borders estimated that 20 journalists and nine Internet activists remain in prison for expressing their views online. The regime also restricts the travel and speech of high-profile figures, including political candidates. Former presidential candidates Mehdi Karroubi and Mir Hossein Mousavi as well as Mousavi's wife, Zahra Rahnavard, have been kept under house arrest without formal charges since February 2011.

The Iranian regime continues to crack down on activism of all kinds. Women's rights activists, for example, have faced arbitrary arrests and detentions following protests that gained significant momentum in 2018 against compulsory hijab. Government agents arrested participants in these protests, and courts issued harsh and excessive punishments against many of them, including prison sentences of up to 20 years. The regime also targets workers for engaging in trade union activity. Since the beginning of the year there have been several cases of workers who have been detained or arrested for demanding unpaid wages. Environmental activists have also come under increasing scrutiny, as they speak out in greater numbers against the government's corruption and mismanagement.

AP PHOTO

Iran's numerous ethnic minorities are also targeted by the regime, routinely facing harassment and arbitrary arrests and detention. Deaths in custody are reported to occur under suspicious circumstances and enforced disappearances of members of Iran's Ahvaz, Baloch, Kurd, and Azerbaijani communities, among others, continue to take place. The regime also continues to mistreat Afghan refugees, including through physical abuse by security forces, detention in unsanitary conditions, forced labor, and even forced separation from families. As noted earlier, credible reports assert that the regime unlawfully recruits Afghan refugee children as young as age 14 to fight alongside Syrian government forces in Syria, and that Afghan children have been killed fighting in the Syrian conflict.

TARGETING RELIGIOUS MINORITIES

The Iranian government represses religious freedom by directly engaging in the harassment and targeting of religious minorities, particularly religious minorities not recognized in the Islamic Republic's constitution. Minority religious communities such as Baha'is, Christians, Jews, Zoroastrians, and Sunni and Sufi Muslims face widespread persecution, discrimination, and unjust imprisonment.

The regime has escalated persecution of the Gonabadi Sufi community, jailing at least 300 Sufis this year for protesting the arbitrary detention of other Sufi activists. Courts reportedly handed down sentences that included long prison terms, flogging, and internal exile in unjust trials. Human Rights Watch characterized the trend as, "one of the largest crackdowns against a religious minority in Iran in a decade." Dr. Noorali Tabandeh, the Gonabadi's 91-year old spiritual leader, remains under house arrest.

Other religious minorities continue to suffer harsh treatment as well. Christians, particularly evangelicals and converts from Islam, experience high levels of arrests and detention. For example, in July 2018, the government detained Pastor Youcef Nadarkhani, a Christian convert and house church leader, along with three members of his congregation, after a court upheld their 10-year prison sentences for "assembly and collusion against national security," organizing home churches, and preaching "Zionist Christianity." Individuals belonging to the minority Sunni

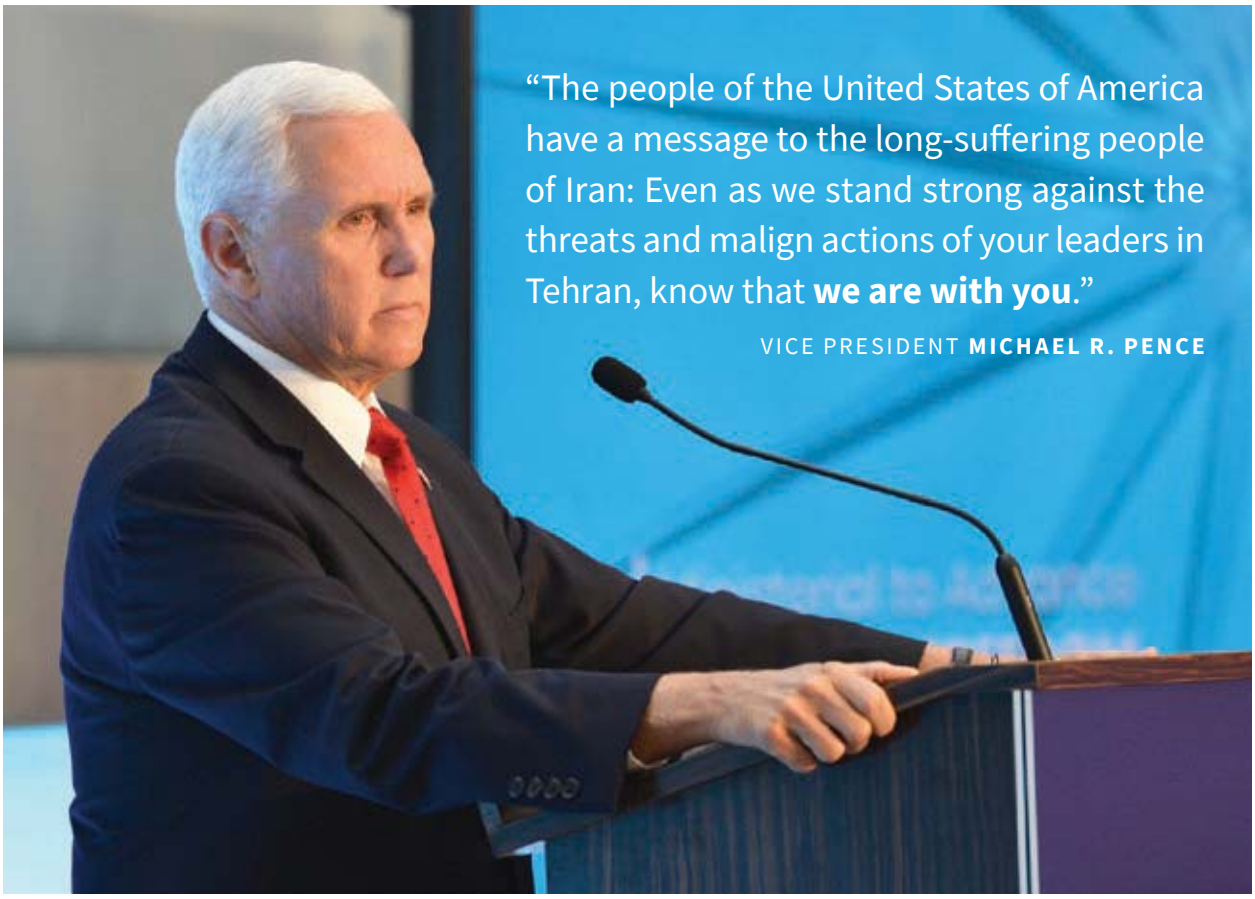
population are reported to face government repression, including extrajudicial killings, arbitrary arrest, and torture in detention, and are routinely denied permission to build houses of worship on account of their faith. Baha'is face severe persecution by the government because of their beliefs, including harsh jail sentences for members of their leadership, limited access to public education and employment, confiscation of property, closure of businesses, and desecration and destruction of cemeteries. There were 67 Baha'is in prison in Iran as of July 2018.

NO DUE PROCESS

Court proceedings in Iran regularly fall short of the country's own legal standards as well as international obligations to ensure fair trial guarantees, including access to legal counsel and a credible appeals process. The government frequently subverts efforts to protect individual freedoms by limiting access to lawyers and directly targeting human rights lawyers in particular. For example, the government arbitrarily arrested prominent human rights attorneys Nasrin Sotoudeh and Zeynab Taheri in June 2018 for undertaking regular work on behalf of clients, claiming – without providing evidence – that their work endangered national security. In another example, in June 2018, the government hastily executed Mohammad Salas, a Gonabadi Sufi, for allegedly killing three police officers. This followed a trial in which the only piece of evidence used to convict Salas was a "confession," allegedly obtained from Salas under torture and broadcasted on Iranian state television. Iranian authorities also barred Salas from accessing his lawyer at any point before or during his trial.

Mohammad Salas, a member of the persecuted Iranian Gonabadi Sufi dervish community, was reportedly tortured into a forced confession and hanged in the notorious Rajai Shahr Prison.

Detainees in Iran face appalling conditions in prison. Credible reports indicate the Iranian regime regularly uses torture and other cruel, inhumane or degrading forms of punishment, particularly in Iran's notorious Evin Prison, which hosts many of Iran's political prisoners. This includes allegations of amputations, blinding, and flogging. The Iranian government also uses physical and mental torture to coerce confessions. Political prisoners are routinely denied access to medical care or family visitation. In May 2018, the U.S. Treasury designated Evin Prison



for its serious human rights abuses. Despite Iran's denial of torture in its detention facilities, there is little transparency or accountability even to Iran's elected officials. In January 2018, the prison granted limited visitation access to about ten parliamentarians following weeks of parliamentary inquiries and national media coverage.

Reflecting the dire circumstances of prisoners of conscience in Iran today, several suspicious "suicides" occurred in Iranian prisons in 2018, including the death in custody of environmental activist Kavous Seyed Emami. To date, no transparent or credible investigations have occurred, nor has any Iranian official been held accountable for these deaths. The regime frequently claims custodial deaths were the result of drug addictions, although the individuals in question often do not have a history of drug use.

The Iranian government continues to deliberately target and detain U.S. citizens and other foreign nationals, particularly dual-citizens, on fabricated national-security related charges. Iran has unjustly detained several Americans, including Siamak Namazi, and Xiyue Wang. Bob Levinson remains missing in Iran for more than 11 years.

CAPITAL PUNISHMENT

Iran's per capita execution rate remains among the highest in the world, despite recent reforms to reduce the number of executions for drug-related offenses. The government continues to execute persons for crimes that do not meet Iran's international obligation to impose the death penalty for only "the most serious crimes," and executions are often carried out in a manner contrary to Iran's international human rights obligations. The Islamic Republic's penal code continues to permit the execution of juveniles, starting at age nine for girls and 13 for boys. Iran continues to execute juvenile offenders convicted of crimes committed before they were eighteen years of age. Nearly 80 juvenile offenders remained on death row as of 2018, and at least three minors were executed in January of this year.

ATROCITIES ABROAD

Iran's negligence for human rights extends well beyond its borders. In Syria, Iran-backed groups, including Lebanese Hizballah, have repeatedly targeted civilians. Since the Syrian conflict broke out in 2011, Iran has been among Bashar al-Assad's most reliable partners, extending almost $5 billion in lines of credit to the Syrian regime and pouring resources and military personnel into the region. Iran has continued to back the Assad regime, despite its egregious use of chemical weapons and indiscriminate targeting of civilians. Tehran has deployed as many as 2,500 soldiers on the ground—including Islamic Revolutionary Guard Corps Ground Forces and Artesh (Iran's regular army)—and utilizes locations like Tiyas and Shayrat airfields in Homs and Al-Kiswah base south of Damascus to launch attacks.

In Iraq, Iran directly supports hardline elements associated with Iraqi Popular Mobilization Forces (PMF), including the designated foreign terrorist organization Kata'ib Hizballah. PMF units officially report to the Iraqi National Security Advisor, but several undisciplined units in practice are also responsive to the IRGC. There are numerous reports of intimidation, arbitrary detentions, and disappearances of Sunni persons by Iran-backed Shia militias. For example, Kata'ib Hizballah is reported to have kidnapped and intimidated local Arab Sunni residents in Diyala and Babil Governorates and prevented Arab Sunni internally displaced persons from returning to their homes.

Iran continues to provide military and financial support to Houthi rebels in Yemen. Since 2012, Iran has spent hundreds of millions of dollars on this endeavor. Iran's support of the rebels is helping to prolong the country's civil war and worsen an already devastating humanitarian tragedy. According to the NGO Save the Children, Iran-backed Houthi militants reportedly engaged in the intentional targeting of dozens of hospitals in Yemen.

CHAPTER SEVEN

ENVIRONMENTAL EXPLOITATION AND ITS IMPLICATIONS FOR IRAN

Dried up riverbed of the Zayandeh Roud river in Isfahan, Iran.

INTRODUCTION

Corruption and mismanagement at the highest levels of the Iranian regime have produced years of environmental exploitation and degradation throughout the country. Compounded by drought and rising temperatures, the unwillingness of Iran's leaders to confront the challenges before them is moving the country toward environmental crisis. Nikahang Kowsar, an Iranian geologist currently living in exile, remarked, "when people lose their lands they lose everything, and that means they aren't scared of anything. The water crisis is real and killing the country today. There are bad agricultural policies and bad water governance. It is like a time bomb."

Limited access to water and poor air quality are among the top concerns for many Iranians today. As they speak out in growing numbers about these hardships, the regime has responded with force to stifle dissent and obscure its own corrupt practices. As one prominent Iranian scholar said, "the people at the top are too incompetent and too corrupt to care." As a result, the situation is continuing to deteriorate while the Iranian people call on their government to take action.

The regime's failure to address critical environmental issues like potentially irreversible depletion of its water resources and air pollution strikes at the heart of its inability to respond to the broader needs of its people. As it throws billions into misadventures abroad fueled by the Islamic Revolutionary Guard Corps (IRGC), it neglects the most basic needs at home, including the ability of its people to drink clean water and breathe fresh air. When Iranian activists mobilize to address what is among the most fundamental issue in any society, they are harassed, arrested or die under suspicious circumstances.

AP PHOTO

ON THE BRINK OF CRISIS

The Iranian people feel the pain of this regime's environmental mismanagement in many ways, but limited access to water is among the most pronounced. According to a 2017 report by the United Nations, water shortages in Iran are so acute that agricultural livelihoods are no longer sustainable. The regime's failure to implement sound water policies has led to aquifers being depleted at potentially irreversible rates. The continued mismanagement is underscored by inefficient irrigation techniques, decentralized water management, continued subsidies for water-intensive crops like wheat (not least thanks to the Islamic Republic's revolutionary goal of achieving wheat self-sufficiency) and excessive dam building. Iran's history of unsustainable water use and groundwater pumping has been worsened by a 14-year drought, which, according to the director of Iran's Drought and Crisis Management Center, affects approximately 96 percent of the country.

The Iranian government has identified water as one of the country's foremost problems but has failed to respond appropriately. President Hassan Rouhani has said the Iranian government will address the people's grievances and in 2015, Supreme Leader Khamenei called on the government to "manage climate change and environmental threats such as desertification, especially dust pollution [and] drought." A senior Islamic Revolutionary Guard Corps (IRGC) commander noted in a public speech in late February that water would play a key role for Iran's national and regional security. However, despite public proclamations, little has been done to address the problem.

The current water crisis should come as no surprise. Former Iranian Agriculture Minister Issa Kalantari warned in 2015 that, if left unresolved, the water crisis would force 50 million (of a total 80 million) Iranians to migrate in the next 25 years. Reports estimate that well over 16 million Iranians have already fled the countryside and are now living in shantytowns, up from 11 million in 2013. Hardships resulting from a lack of water are often worst in rural areas, where Iran's large, historically marginalized and oppressed ethnic and religious minorities reside.

Even if the regime developed a sustainable policy agenda for its water supply, it is unlikely that it would be implemented due to rampant corruption – just look at the Iranian regime's policy on dam construction. Since 1979, Iran has built about 600 dams, an average of 20 per year. By comparison, before the revolution, Iran had seven ancient dams and 14 modern ones. While it is unclear how much has been spent on the dam projects, much of the money is thought to have lined the pockets of IRGC affiliates. Abadollah Abdollahi, commander of Khatam al-Anbiya Construction Headquarters, the IRGC's engineering arm, said in December 2017 that 62 dams, accounting for half of Iran's

damming capacity, were constructed by his firm. Thanks to poor planning and years of drought, many of the dams have been rendered useless. In many cases, the dams have actually contributed to further environmental damage and the loss of much-needed water from already marginalized communities who live on the social and economic peripheries.

AP PHOTO

Paddle boats sit on the parched Zayandeh Roud riverbed, in Isfahan, Iran. As their livelihoods are destroyed by years of the regime's mismanagement of water, farmers have increasingly taken to the streets in protest.

Many Iranians point to Lake Urmia in northwest Iran as an example of the regime's mismanagement as well as its inability to change course. Once among the largest lakes on earth, Lake Urmia has shrunk considerably. According to reports, the government began building numerous dams around the lake in the 1990s, slowly siphoning off its water supply. The benefactors of these projects were contractors from the IRGC, individuals close to the Ministry of Energy, and large agribusinesses, who all got rich as the lake drained. The National Geographic said Lake Urmia now looks more like a crime scene, its beautiful waters that were once immortalized in Persian poetry turned to salt, which fills Iran's asphyxiating dust storms.

Air pollution also remains a severe problem in Iran. In Iran's capital, Tehran, schools were closed for days in February 2018 because the amount of hazardous particles in the air were over nine times higher than WHO recommended amounts. Some politicians have even proposed relocating the capital due to Tehran's air pollution. In September 2018, Tehran Municipality's Deputy Director of Transportation and Traffic, Mohsen Pour Seyed Aghaei, said that the city's air pollution costs Iran over $2.6 billion a year. According to a 2016 World Bank report, Zabol, Bushehr, and Ahvaz are among the most polluted cities in the world. For much of the year, Ahvaz is blanketed with yellow smog and its residents suffer from respiratory and skin ailments. Sand and dust storms, which hit Khuzestan particularly hard, are also a problem, worsened by the drying of surface waters, compounding grievances among an already aggravated population. The cost of the regime's harmful environmental practices are not borne by Iranians and their land alone – air pollution knows no borders.

THE IRANIAN PEOPLE SPEAK OUT

Taken together, poorly implemented environmental policies, rampant government corruption, and an ineffectual response from the regime have upended the lives and livelihoods of millions,

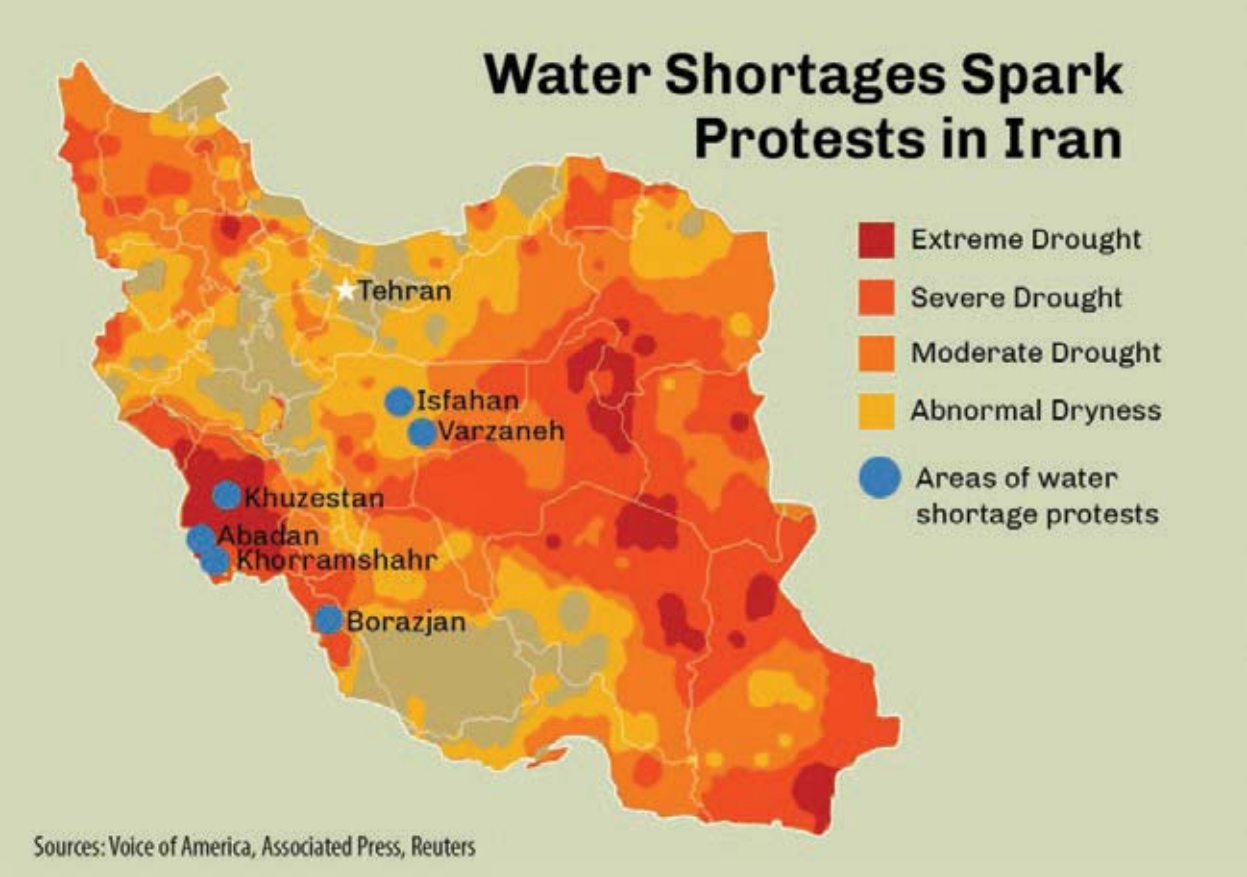
leading to protests throughout the country. These protests have been based largely in towns around central Isfahan and western Khuzestan province. The Center for Human Rights in Iran (CHRI), a leading NGO, said that towns and villages around Isfahan have been hit so hard by drought and water diversion that many have emptied out. In 2013, anger at the government's plans to divert water from Isfahan led to clashes with police. A year later, the Isfahan Chamber of Commerce reported that the drying out of the Zayandeh Roud river basin had deprived around two million farmers of their income. In January 2018, protests by farmers in the town of Qahderijan, near Isfahan, turned violent as security forces opened fire on crowds and killed at least five people. In March 2018, dozens of Isfahani farmers physically turned their back to the Friday prayer leader, a peaceful and powerful repudiation of the Islamic Republic.

Khuzestan, an oil-rich province with a large population of ethnic Arabs, has suffered from large-scale desertification, industrial waste, and excessive dam projects, which many have said were built only to benefit IRGC contractors. Recently, large protests have broken out in Ahvaz, the capital of Khuzestan province. Slogans by protestors outside the municipal governor's office in February 2018 included, "Ahvaz is our city, clean air is our right," and "breath, breath, breath, the least of our demands in the world." A constant grievance of the Ahvazis is that their water is being diverted to projects that line the pockets of agribusinesses associated with the regime. Hundreds of Ahvazis have taken to the streets to protest the regime's exploitation of their land and water. Many have been arrested, with reports of protestors being killed by security forces.

AP PHOTO

Tractors sit idle during a strike by Iranian farmers.

In June 2018, protests in Khorramshahr, a city also in Khuzestan province, turned violent with at least one protester reportedly shot. Clashes with security forces followed weeks of water shortages, in which the local population had no access to clean water. According to reports, local water supplies were undrinkable due to high salinity and mud content, making hundreds sick. According to Mehr News Agency, Khorramshahr's water was too dirty even for cooking or laundry. The people were forced to buy water from the black market or stand in line in the sweltering heat for water tankers to arrive. The protestors chanted at one point



that government officials were "useless" and "robbed us in the name of religion." One Iranian political commentator writing on social media summed up the frustration, writing, "For how long should the people of Khorramshahr and Abadan scream they have no water? Their date-tree farms have been destroyed, their wetlands have dried up and dust has injured their throats. They live next to three fresh water rivers and yet they have to buy drinking water."

REGIME TARGETS ENVIRONMENTAL ACTIVISTS

As Iranians have become increasingly aware of the scope of their country's environmental problems, the regime has cracked down on organizations working to address them. In late January 2018, Kavous Seyed-Emami, an Iranian-Canadian university professor and director of the Persian Wildlife Heritage Foundation (PWHF), along with dozens more environmentalists, were arrested. Seyed-Emami, accused of being a spy for the United States and Israel, later died in custody under mysterious conditions, which Iranian authorities attributed to suicide. In May 2018, more than 40 environmentalists, rangers and their relatives, many affiliated with PWHF, were arrested as part of the regime's crackdown. Most remain unjustly detained or have been killed, a warning to all who once worked in this relatively safe and non-politicized field.

“Our hope is that one day soon we can reach a new agreement with Iran. But we must see major changes in the regime’s behavior both inside and outside of its borders.”

U.S. SECRETARY OF STATE MICHAEL R. POMPEO, AUGUST 2018

This report was produced by the Iran Action Group.