

The United States Provides \$6 Billion Ransom to Iran

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On August 10, the Biden administration announced a hostage deal with the Islamic Republic of Iran that will see five U.S. hostages released in exchange for the release of five Iranian prisoners and \$6 billion of frozen Iranian funds previously held in South Korean banks. The U.S. prisoners have currently been released from prison in Tehran and placed on house arrest. They were wrongfully detained – some for several years – and their release should be celebrated. Bringing Americans home should always be a priority, but must not be done in a way that places even more Americans in danger going forward.

While the release of Iranian prisoners – mostly convicted for sanctions violations – was necessary to facilitate the release of U.S. hostages held on false charges, the release of \$6 billion to Iran will likely be viewed by regime officials as a ransom payment, encouraging Iranian officials to take more Americans hostage in Iran and possibly around the world. Fetching a price of \$1.2 billion per head, U.S. citizens traveling abroad are now a valuable commodity. As former House Majority Leader Steny Hoyer (D-MD) [said](#), “This is a substantial amount of money for Iran, which has used money historically for damaging purposes...particularly [against] Israel for support for terrorism...It’s hard to think that it does not incentivize criminal activities to profit from them.”

The United States must act quickly to try and recoup this payment and block the Iranian regime from using these funds for terror attacks, make it harder for Americans to be taken hostage in Iran and elsewhere, and make clear the consequences for future abductions.

What the United States Received:

The Iranian government released five American prisoners to house arrest – all with dual or triple Iranian citizenship – whom the regime had held hostage for political reasons and who were convicted in the absence of evidence or due process. They will now be held in house arrest in a Tehran hotel for several weeks until they are allowed to board an airplane for Qatar, according to one prisoner’s lawyer. Notably, all these individuals had originally traveled to Iran seeking to aid the Iranian people in environmental, economic, and political causes.

- **Morad Tahbaz** is a renowned environmental conservationist who is a triple citizen of the United States, United Kingdom, and Iran. In 2008, he co-founded the Persian Wildlife Heritage Foundation and led efforts to conserve the Persian cheetah. He was [imprisoned](#) in January 2018 on charges of espionage, despite operating in Iran with permits from the United Nations and the Iranian government, and sentenced to a 10-year prison sentence. His charges were condemned by the United Nations, European Union, United States, and even some Iranian officials who recognized they were made up. Morad was supposed to be released after the United Kingdom [paid](#) Iran £400 million in ransom in 2022 but Iran reneged on its agreement.
- **Siamak Namazi** is a dual U.S.-Iranian businessman who worked to expand business and diplomatic ties between the United States and Iran and advocated the end of economic sanctions on Iran. Siamak was imprisoned in October 2015 and sentenced to a 10-year prison sentence for “collaborating with a foreign government.” His father Baquer, a former UNICEF official and governor of Khuzestan Province in the Pahlavi-era was lured to Iran and also imprisoned on similar charges; he was released in 2022 after requiring urgent medical care. Siamak is one of the longest-held American hostages in Iran. He has engaged in multiple hunger strikes while in Evin Prison.
- **Emad Shargi** is a dual U.S.-Iranian businessman who moved to Iran in 2017 with his wife to work with an Iranian venture capital fund. He was first arrested in April 2018 before being released on house arrest in December 2019 and cleared of all charges. In November 2020, he was subsequently re-arrested and informed he had been tried in absentia and convicted of espionage charges with a 10-year prison sentence.
- **Unnamed 4th American**, likely an Iranian-American NGO worker known for her work in Afghanistan, who was reportedly detained in Iran in July and was also released to house arrest.
- **Unnamed 5th American.**

What Iran Will Receive:

The U.S. government will release five Iranian prisoners tried and convicted with their rights for due process upheld through the U.S. judicial system. The identities of these Iranian prisoners have not yet been released. They will be free to either return to Iran or continue to live in the United States with their families.

Additionally, the United States will permit the transfer of \$6 billion in Korean won that had been previously frozen due to U.S. sanctions in two South Korean banks. The funds are set to be transferred from those banks to a fund in Qatar over the coming weeks after being converted into Euros by Switzerland. U.S. officials are claiming that the use of these funds will be restricted to humanitarian purposes.

A total of \$7 billion of funds in Korean won originally pooled up in South Korea as a result of the country importing Iranian oil between May 2018 and May 2019 under a “Significant Reduction Exemption” from the United States that allowed South Korea to import Iranian oil as long as the proceeds were placed in escrow subject to U.S. approval for release to Iran. In January 2022, the Biden Administration allowed South Korea to use \$18 million of the funds to [pay](#) for Iran’s United Nations’ membership dues. According to Iran’s Central Bank Governor, those funds have also [decreased](#) in value from the original \$7 billion due to the relative devaluation of the won in the past five years.

Why Is It Important?

This hostage deal provides the highest per-hostage payment in U.S. history, which will incentivize rogue regimes around the world to take more Americans hostage, provide funds to the Iranian regime for its terror activity and domestic repression, and will bolster the regime’s economy – reducing its incentive to negotiate a deal to reduce the regime’s nuclear enrichment program.

The Islamic Republic of Iran was born of the original sin of taking 52 American diplomats hostage in 1979. Ever since then, the regime and its top officials have viewed the practice as an effective tool of statecraft. In 2015, former IRGC Commander Mohsen Rezaei [argued](#) that “thousands of Americans must be taken hostage so we can get money from the U.S. for their release and solve the country’s economic problems.”






After the Obama administration paid \$1.7 billion and released seven Iranian sanction violators from prison as ransom payment for four Americans, top Iranian officials used the deal as evidence that taking Americans hostage was an excellent method to fund Iran’s budget. In January 2020, former IRGC Commander Hassan Abbasi [argued](#) that the Iranian Navy should take 10 or 20 Americans hostage and estimated they could earn \$1 billion per hostage. Since the 2016 hostage deal, Iranian authorities have taken six additional hostages: Xiyue Wang (released in December 2019), Michael White (released in May 2020), Morad Tahbaz, Emad Shargi, Shahan Dalili, and an unnamed Iranian-American aid worker taken hostage in July 2023.

The release of \$6 billion in funds to Iran pursuant to the release of U.S. hostages is the largest provision of funds to a state-sponsor of terrorism. The deal will likely prove a validation to regime officials of the success of their hostage-taking policy. Like it did after the 2016 hostage deal, the Iranian regime will probably double down on its successful practice by taking more Americans and Europeans hostage.

In 2019 and 2020, the United States demonstrated another way to earn the release of its citizens held hostage in Iran. U.S. diplomats made clear to Iran it would not pay the regime for the release of Americans and would only engage in a one-for-one prisoner exchange. In December 2019, the State Department negotiated the release of Princeton Ph.D. student Wang Xiyue for the release of Massoud Soleimani, an Iranian sanctions violator, and arranged the [release](#) of U.S. citizen Michael White for the release of Majid Taheri, another Iranian sanctions violator.

Iran's Lucrative Hostage-Taking



	2015-2016	2019-2020	2023
 USA gets:	 5 hostages	 2 hostages	 5 hostages
 IRAN gets:	\$1.7 billion (\$340 million per hostage) + 7 prisoners	2 prisoners	\$6 billion (\$1.2 billion per hostage) + 5 prisoners

The Biden administration is asserting the release of the \$6 billion in Iranian funds amounts to a “humanitarian gesture” and that the funds will only be permitted to be spent on food, medicine, and other humanitarian and consumer goods. This obscures the fact that money is fungible. Iran can now reduce its foreign currency allocations to these categories and instead increase spending on its military and terror budgets. Iran’s military budget for 2021 – when [converted](#) from rials to dollars on the market exchange rate – was \$7 billion dollars; accordingly, this ransom payment will pay for nearly a full year of Iran’s military spending.

Claims by both the U.S. government and Iranian regime that the provision of funds amounts to a humanitarian gesture ignores the regime’s lengthy history of subverting and misappropriating such aid to fund its terror activities. Further, it does not solve the Iranian people’s troubles: they are finding it difficult to provide for themselves because of the regime’s systemic corruption, mismanagement, and prioritization of spending the Iranian people’s wealth on terrorism and foreign expansion. On numerous occasions, Supreme Leader Khamenei and other top regime officials have [diverted](#) funds away from medical funding and humanitarian goods toward the regime’s security and terror apparatus.

The release of these funds also directly impedes the Biden administration’s ability to constrain Iran’s nuclear program through a negotiated settlement by prematurely giving away these funds which could have been used as incentive to Iran for reaching a broader accord.

What Should the United States Do Next?

The U.S. government’s provision of funds to Iran heightens the risk that rogue regimes and terror groups will seek to abduct Americans traveling abroad. The U.S. government must urgently take actions to prevent the further illegal detention of U.S. citizens by Iran.

- For the safety of U.S. citizens, the State Department should increase its Level 4 Travel Warning on Iran into a full-on travel ban, matching the U.S. government’s [designation](#) against North Korea that was initiated after the regime’s detention, torture, and killing of Otto Warmbier. This ban would render U.S. passports invalid for travel to Iran, subject to a waiver from the Secretary of State. This action would also help deprive the regime of revenue from tourism and send a chilling message to other nations’ citizens that they should avoid Iran due to the regime’s repeated hostage-taking.
- The State Department should shut down the Iranian Interests Section in Washington, D.C. which facilitates the provision of visas to Americans looking to travel to Iran; the U.S. government cannot encourage more Americans traveling to Iran where many could end up in Evin Prison. Further, the continuing operation of this diplomatic office is unwarranted given the Iranian regime’s ongoing assassination threats against current and former U.S. officials and other citizens.
- The United States should also return strict travel restrictions on Iranian diplomats working at the Iranian Mission to the United Nations in New York City. These restrictions can be further tightened to prevent access to grocery stores or hospitals in the event that the regime takes more Americans hostage.

- The \$6 billion in Iranian funds are set to be transferred to a Qatari bank account, but dispersion of these funds are subject to U.S. government approval. The Biden administration should not approve of the dispersal of these funds so long as the Iranian regime continues to support terrorism and threatens to assassinate U.S. citizens. Options to recover these funds are limited, however Congress could consider legislation to freeze the release of these funds to Iran through the threat of sanctions. Americans who have outstanding legal claims against the Islamic Republic of Iran for its support for terrorism could also initiate legal proceedings against the pool of funds.
- Congress should initiate formal investigations into the hostage payment, including ordering the preservation of all U.S. government documents relating to this ransom payment. They should hold hearings to investigate the matter and pose the following questions to administration officials:
 - » Did the intelligence community assess that this ransom payment would raise the risk to U.S. citizens traveling abroad, including to Iran, of being kidnapped or wrongfully detained?
 - » Did the intelligence community or other career government employees object to this hostage deal? On what basis were they overridden?
 - » How does this release of funds decrease the leverage of the United States to convince the Iranian regime to make concessions regarding its nuclear program?
 - » What measures is the State Department taking to protect Americans from further hostage taking by the Iranian regime and its terror proxies?
 - » Did the Iranian regime fulfill its promise originally made in the 2016 hostage deal to account for the fate of Robert Levinson or agree to return his body to his family?