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USING VESTED ASSETS FOR THE RECONSTRUCTION OF IRAQ

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ABSTRACT

This paper summarizes an important initiative for the post-war stabilization and economic recovery of Iraq: The rapid movement of $1.7 billion in U.S. currency to Iraq to pay over 3 million Iraqi workers, ex-soldiers, and pensioners. These payments (which eventually supported more than a third of Iraq's population) derived from Iraq government vested assets in the U.S. and were essential to facilitating post-war economic recovery. The initiative involved complex administrative, accounting, institutional, and logistics problems and required close cooperation between Treasury, DOD, OMB, DOJ, State, and the Federal Reserve. It represents an interagency federal financial management policy that actually "worked."

INTRODUCTION

At the initiation of hostilities with Iraq in March 2003, President Bush issued Executive Order 13290 on March 20, 2003, which stated that all blocked funds held in the U.S. in accounts in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil are hereby confiscated and all right, title, and interest to such funds vested in the Department of the Treasury. The Order further stated that the vested property be used to assist the Iraqi people and to assist in the reconstruction of Iraq, and authorized the Secretary of the Treasury to perform the functions necessary to implement the Order.

Accordingly, the Secretary requested that the Federal Reserve Bank of New York (FRBNY), as fiscal agent of the United States:

- Establish a new account on its books in the name of the "U.S. Treasury Special Purpose Account."
- Receive vested assets into the Account from financial institutions in accordance with directive licenses issued by Treasury's Office of Foreign Assets Control (OFAC)
- Hold and manage the vested assets in the Account in the same manner as the Treasury General Account until FRBNY received further instructions from Treasury.

Beginning in March 2003, $1.7 billion in vested Iraqi assets was transferred to the U.S. Treasury Special Purpose Account at FRBNY and, over a period of seven months, these assets were withdrawn as U.S. currency and shipped to Iraq. An additional $192 million of vested Iraqi assets was transferred to the Development Fund for Iraq (DFI).[1] These transactions required the resolution of many complex legal, financial, accounting, procedural, and logistical issues.

I. VESTING IRAQI ASSETS HELD IN THE U.S.

Iraqi government assets in the U.S. were blocked at the time of the 1990-91 Gulf war by Presidential EO.[2] Following the Presidential Order of March 20, 2003:

- The Secretary of the Treasury delegated to OFAC the authority to perform acts incident to the accomplishment of the vestings.
- OFAC issued a Directive License under the Iraqi Sanctions Regulation which authorized FRBNY to transfer funds in the relevant accounts to an account at FRBNY.
- The Secretary sent letters to the executives of the financial institutions in which vested Iraqi assets were held to notify them.

The vesting proceeded smoothly, and by early April $1.67 billion of vested Iraqi assets had been transferred and were reported as a budgetary receipt. The transfers out of the U.S. Treasury Special Purpose Account were transfers of authority, and DOD made the ultimate expenditures—except for the transfers to the DFI.

II. DETERMINING USE OF THE VESTED ASSETS

In early April 2003, the National Security Council (NSC) determined that one of the most important objectives following the cessation of hostilities in Iraq was to resume basic government operations and assure the provision of important public services. This decision was informed by Treasury planning that began in the Fall of 2002, and successful implementation of the plan required a credible and secure system for paying emergency workers, civil servants, and pensioners. Because of a lack of certainty about how the existing payments systems worked in Iraq, and whether they would be usable immediately after hostilities, and out of a desire to avoid payments in Saddam dinars, the Administration devised a contingency plan to temporarily make payments in cash in U.S. dollars. The payments would help resuscitate the Iraqi economy, which in turn would support the Coalition's broader political goals in postwar Iraq.

It was decided to use vested Iraqi assets to fund these payments. The objective was to make emergency cash payments as soon as possible to Iraqi civil servants, military and other essential personnel, and for humanitarian and reconstruction purposes to get the basic economic and social infrastructure of the country functioning quickly after the end of the conflict.

NSC established a process to approve decisions on the uses and amounts of the vested assets. The first steps of the process involved a request from Office of Reconstruction and Humanitarian Relief (ORHA),[3] sent through the Policy Office of the Office of the Secretary of Defense to the NSC's Executive Steering Group (ESG). The ESG approved the plan and Treasury transferred spending authority to DOD.

III. ESTABLISHING THE ADMINISTRATIVE AND LOGISTICAL PROCEDURES

The legal, accounting, administrative, and logistical challenges were formidable. While the policy had been decided upon, the specifics had to be worked out in a series of meetings between senior staff from Treasury, DOD, OMB, GAO, and State in late March and early April. One of the most contentious issues involved an accounting question: When to record the expenditure. The Army first proposed recording each individual payment, but that would have required a certified U.S. military disbursing officer (DO) to witness each case, and there were nowhere near enough such officers in Iraq. Instead, agencies agreed that the correct Government accounting treatment was that the money should be recorded as outlayed (spent) by the U.S. Government only when it was transferred to an Iraqi official with an approved list of payment recipients. Separate reporting and accounting would trace the ultimate disbursements.[4] Specifically, it was decided to:

- Use vested assets to temporarily make payments in dollars to Iraqi civil servants in essential industries and to pensioners.[5]
- Ensure that these emergency payments were made as soon as possible—starting no later than the week of April 14.
- Ensure that the assets were properly safeguarded, documented, and accounted for.
- Working through ORHA/CPA, establish and implement a mechanism to distribute U.S. dollars in emergency payments and, subsequently, wages/pensions to verified civil servants and pensioners.

With the policy decision made and the major objectives identified:

- The Secretary of the Treasury designated the Secretary of Defense with the spending authority to use, document, and account for the first portion of the vested Iraqi assets.
- The Secretary of Defense delegated this authority to the Director of ORHA and designated the Secretary of the Army the responsibility for receiving, safeguarding, documenting, and transporting the vested assets. The first portion, $20 million, was to be transferred immediately to fund emergency payments.

The spending authority of vested assets was institutionalized:

- NSC Deputies confirmed DOD/ORHA as the Program Agency to execute spending authority and be held accountable.
- Treasury transferred spending authority to DOD or OMB, and ORHA was designated as the program entity, in installments, at the NSC approved level.
- The authority to spend the vested assets was vested in DOD.
- DOD/DFAS/Treasury/OMB established the necessary budget and accounting structure to account for the spending authority of ORHA/CPA.

The Cash Flow Sequence

The following cash flow sequence was initiated:

- Commercial banks transferred the vested Iraqi funds to the new Treasury Special Purpose Account at FRBNY.

- The new Treasury Special Purpose Account at FRBNY received the deposit, and Treasury's Office of the Fiscal Assistant Secretary (OFAS) was accountable for the funds.
- OFAS reported collection of the funds as a budgetary receipt.
- As required, OFAS directed FRBNY to withdraw specified amounts of cash from the account and transport them. OFAS was accountable for the cash at this point.
- The Army took possession of the cash from FRBNY's private carrier at the designated Air Force base. An Army DO was identified as accountable for the cash during transport to Iraq—accountability had transferred.
- The cash was transported by DOD to Iraq. The funds were shipped via Air Force MILAIR (in pallets), and at least two Army personnel safeguarded the funds for each flight.
- Initially, an Army CFLCC Finance Command Military DO assumed possession of the cash in Kuwait and accounted for the physical cash. Subsequently, this occurred in Iraq.
- The CFLCC Finance Command DO financial reports reflected the increase in cash liability.
- OHRA (and then CPA) was authorized to expend the cash. The cash could not be disbursed without a certification from an authorized program certifying officer, and the certifications confirmed that there were sufficient funds available to be disbursed.
- The OHRA/CPA certifying officer certified the disbursement of cash, and the Army DO disbursed cash. The OHRA/CPA certifying officer certified the account destination (e.g. a bank custody account in the Rafidain Bank).
- The Army DO reduced his accountability for the cash disbursed and, as an accounting service for OHRA/CPA, reported the total amount of the disbursement against ORHA's appropriation account—as a budgetary outlay on budget of OHRA/CPA.
- CFLCC Finance Command provided security in Kuwait and provided secure vault storage and transportation of the cash to forward distribution points in Iraq.
- The cash was delivered to the bank for deposit in a joint custody account of OHRA/Government of Iraq (GOI) for distribution based on the authorization to the bank from the OHRA and GOI.
- The cash was distributed by the bank to Iraqis, with oversight from OHRA and GOI and security provided by the military.

Budgetary Authority

The corresponding budgetary authority proceeded as follows:

- An appropriation warrant was issued to the OHRA/CPA appropriation account.
- OHRA/CPA determined the amount of cash required for program activities and designed a payment distribution system.
- An OHRA/CPA certifying officer certified to the Army DO an amount of cash to be disbursed to a payee (e.g., to an OHRA account at a bank branch).
- The Army DO disbursed in accordance with the certification from the OHRA certifying officer.

- ORHA OHRA/CPA and GOI directed the bank as to who should be paid.
- OHRA/CPA maintained account records of how distributions were made and reduced balances of spending authority on OHRA/CPA books.
- Iraqis provided for receipt of funds and payment against a list of workers and pensioners, and the signed pay lists were returned to the CPA observer.

IV. INDIVIDUAL CASH SHIPMENTS

Administrative Requirements

Administratively, prior to each cash shipment, two major actions were taken.

First, the Treasury Secretary issued a memorandum designating the Secretary of Defense to perform the functions of determining the appropriate uses of, consistent with Executive Order 13290, and making payments from, the property or proceeds of any property vested in the Treasury Department in a specified aggregate amount. Seven such designation memoranda were issued between April 10, 2003 and July 14, 2003. On August 1, 2003, the Secretary authorized the Treasury Fiscal Assistant Secretary (FAS) to transfer the balance of funds remaining in the U.S. Treasury Special Purpose Account. Second, the FAS sent a letter by fax to the Senior Vice President of FRBNY authorizing and directing the conversion of a specified sum of the total amount held in the U.S. Treasury Special Purpose Account into U.S. currency for shipment to Iraq.

For the flights, DOD officials considered several military airfields before settling on the designated air base, because crews there have experience dealing with special security situations. Physical custody of the cash was transferred at the base from the armored carrier drivers to Army DOs, who accompanied the shipments to Baghdad. There, the funds were disbursed in smaller amounts and paid to three million teachers, oilfield crews, dockworkers, guards, other Iraqi government employees, and, eventually pensioners. OHRA/CPA worked with the Iraq Ministry of Finance to compile the lists from which the payments were made. Regular salary payments began the week of May 19, when 1.4 million Iraqi civil servants collected their first salaries in two months. Eventually, payments were being made on a regular basis to 1.4 million Iraqi civil servants and 1.8 million pensioners.[6]

The Cash Shipments Sequence

The cash shipments generally went smoothly, according to the following sequence of events:

- ORHA/CPA prepared a written request to use the vested assets for presentation to the ESG and for interagency coordination with final approval by the NSC.
- About a week prior to a cash shipment, OHRA/CPA notified Treasury of the amount of cash required and when it was required.
- Treasury notified DOD, the FRB, and FRBNY and established a date for the shipment that was consistent with OHRA/CPA needs.
- Treasury and FRBNY decided on the exact amount of cash to be shipped, which was determined by the amount of cash required, the desired denominations, and the capacity of the cash bricks.[7]
- FRBNY notified the private armored carrier of the shipment requirements and the date.
- Treasury notified DOD of the shipment date, and DOD ensured that the MILAIR flight was scheduled.

- Early in the morning of the shipment date the private carrier arrived at FRBNY's Operations Center and loaded the cash in armored carriers.
- At the designated Air Force Base, the seals on the armored carriers were broken, the cash was counted and accounted for, and turned over by the private carrier to the Army DO. The process was witnessed by Treasury representatives, and special security was provided by the military.[8]
- The cash was transferred from the truck pallets to pallets configured to fit on the MILAIR plane.
- The cash was loaded onto the military aircraft and, accompanied by two Army DOs, was flown to Iraq.

The air shipment logistics were:

- The first several shipments were flown to Kuwait, and the cash was subsequently shipped by military convoy to the part of Iraq that had been secured by Coalition forces.
- After the Coalition forces had secured Baghdad, the shipments were made directly to Baghdad.
- For security reasons, the shipments were timed to arrive in Baghdad at mid-morning, so that the off-loading and shipments to Baghdad banks could be conducted during daylight hours.
- No shipments were timed to arrive in Baghdad on a Friday, since this is the Muslim Sabbath and the banks in Iraq are closed.
- The MILAIR flights were not dedicated solely to the vested assets cash; they also carried other cargo.

Between April 11, 2003 and October 17, 2003 nine cash shipments totaling $1.708 billion of vested assets were made to Iraq. The cash weighed a total of 237.3 tons and occupied 9,363 cubic feet of space. Transportation of the cash from FRBNY to the designated USAFB required 316 pallets, 13 armored tractor-trailer trucks, and 11 armored trucks. The cash included all denominations - ones, fives, tens, twenties, fifties, and hundreds, but later shipments were largely in the higher denominations.

V. TRANSFERS FROM THE VESTED ASSETS ACCOUNT

In addition to the cash shipments of vested assets, two transfers of vested assets were made in May and July, 2003:

- On May 28, $16.2 million in Iraqi vested assets was transferred from the U.S. Treasury Special Purpose Account to the Treasury General Account at FRBNY. The funds were used by DOD to procure communications equipment for the Iraqi police force.
- On July 15, $192.4 million was deposited into the U.S. Treasury Special Purpose Account and immediately transferred to the DFI account at FRBNY. These funds represented the final installment owed from a loan made to the UN from blocked GOI assets.

Administratively, these transfers were handled in a manner similar to the cash shipments.

VI. VESTED ASSETS LITIGATION

From July through October 2003, shipments of vested assets cash were hindered and delayed by two lawsuits in which plaintiffs attempted to attach the funds in the U.S. Treasury Special Purpose Account:

- *Acree v. Republic of Iraq*. In this lawsuit, filed in the U.S. District Court for the District of Columbia, the plaintiffs were U.S. service members who were mistreated as POWs during the 1990-91 Gulf War and their family members. Judgments against the Republic of Iraq, Saddam Hussein, and the Iraqi Intelligence Service were obtained July 7, 2003 in the amount of $653 million in compensatory damages and $306 million in punitive damages.
- *Smith v. Islamic Emirate of Afghanistan*. In this lawsuit, filed in the U.S. District Court for the Southern District of New York, the plaintiffs were the estates of victims of the 9-11-01 terrorist attacks. Judgment against the defendant Republic of Iraq was obtained May 7, 2003, in the amount of $63.5 million in compensatory damages.

Ordinarily, plaintiffs would attach the assets of their judgment debtor (in this case, Iraq) to satisfy their judgments. However, the President had already confiscated and vested Iraqi Government assets in the United States several weeks before the judgment in Smith, and several months before judgment in Acree. Plaintiffs in both cases thus tried to attach the U.S. Treasury Special Purpose Account, which was established at FRBNY to hold the liquid assets that the President had confiscated and vested in the Treasury Department. Two U.S. Courts of Appeals (in the District of Columbia Circuit and the Second Circuit) eventually denied the claims and stated that the plaintiffs could not attach a U.S. Treasury account to satisfy their judgments against Iraq. Nevertheless, these lawsuits were significant both because of the uncertainty and delay they caused the shipment of vested assets cash to Iraq between July and October 2003, and for considerations that went into the decision to establish a separate account at FRBNY for assets vested under the 8-28-03 Presidential EO (discussed below).[9]

These legal actions generated a series of temporary restraining orders (TROs) that repeatedly delayed the cash shipments, and in several cases caused the cancellation and rescheduling of the shipments. In several instances, the TROs were issued while the cash was actually being transported, either between New York and Washington, or between Washington and Iraq.

VII. THE SECOND VESTING ORDER AND A NEW DFI ACCOUNT

A New Executive Order

The President issued EO 13315 on August 28, 2003, providing for the confiscation, vesting, and transfer via the U.S. Treasury Special Purpose Account to the DFI assets of former senior Iraqi officials and their families. This EO was necessary because EO 13290 issued on March 20 vested only the blocked funds held in the U.S. in accounts in the name of the Government of Iraq and its entities. The amount of assets subject to vesting under the second EO was much smaller than those under the first EO—less than $50 million. EO13315 specified that the assets vested under it be transferred to the DFI.

Vesting and a New DFI Account

On November 18, FRBNY established a new, separate DFI account into which the assets vested under the August 28 EO would be deposited, and this new account helped protect the other DFI funds from risk of attachment. Treasury then worked with FRBNY to establish the appropriate administrative and accounting procedures so that as soon as the assets were vested, they could be immediately transferred from the U.S. Treasury Special Purpose Account to the separate DFI account.

VIII. SUMMARY AND CONCLUSIONS

The U.S. Government had to devise a strategy for paying Iraqi workers and pensioners after the fall of Saddam Hussein, and beginning in late 2002 Treasury began developing such a strategy. The strategy was eventually approved in an interagency process after extensive debate, and it recommended making temporary payments in U.S. dollars. This was not dollarizing the economy, because the strategy continued use of local currencies—such as the Saddam dinar in the center and south and the Swiss dinar[10] in the north—and their eventual replacement by a new national currency. It was felt that temporarily using U.S. dollars would create stability and would help prevent a collapse of the dinar.

Keeping workers on the payroll with stable purchasing power was essential to prevent severe hardship and economic collapse. However, many complex issues had to be addressed and resolved expeditiously; including:

- How many workers were there and how much should they be paid?
- What currency should be used to make the payments?
- Where would the funds come from?
- What were the responsibilities of the agencies involved, e.g., Treasury, OMB, FRB, FRBNY, DOD, NSC, State, and DOJ?
- How would the funds be transported to Iraq and disbursed?
- Would the payments system be in good enough condition after the conflict to actually make payments?
- How could hyperinflation and a sharp depreciation of the currency be avoided?

After debate at the highest levels of government, it was decided to use Iraqi regime assets that were blocked at U.S. commercial banks in 1990 during the Gulf War, and these assets had to be confiscated and vested for the use of the Iraqi people. There was $1.7 billion that could be vested in the U.S. and it was estimated that this amount would likely be sufficient to last until a new currency could be issued in Iraq, and a vesting strategy was developed and approved by interagency legal experts. The President confiscated Iraqi assets located in the U.S. and vested them in Treasury. The Treasury Secretary then directed all vested Iraqi assets to be transferred to a new U.S. Treasury Special Purpose Account at FRBNY.

To make the strategy for paying Iraqi workers and pensioners operational, many tactical issues and contingencies had to be considered. For example, the plan required that the military in Iraq issue public statements worked out with DOD and Treasury that the dinar would continue to be accepted as a means of payment after the fall of the Saddam regime. The plan also required that the first Treasury financial advisers into Baghdad assess the payments system's capability for making dollar payments.

Another operational issue concerned the shipment of U.S. currency to Iraq, and a plan for making the payments to workers and pensioners on the ground had to be developed. It was determined that sufficient U.S. currency in the right denominations was in storage in FRBNY's Operations Center, and that it was feasible to ship the currency by armored carriers to the designated Air Force Base, load it on military aircraft, fly it to in Kuwait, and then transport it to Iraq—eventually, cash was shipped directly to Baghdad. Nearly 240 tons of U.S. currency were involved because of the need for small denominations of one-dollar and five-dollar bills, and the military shipped the currency throughout Iraq.

Treasury financial advisors in Iraq developed lists of eligible workers and pensioners, and the U.S. currency was distributed to Iraqis who then made the payments. In some cases, the currency was paid at state owned enterprises or government ministries; in other cases, recipients came to local banks to receive payments.

This payments strategy along with all its tactical details was conducted successfully. Even as major combat operations were winding down, a mechanism for the shipment of cash and distribution of emergency payments was established and began to function. Accordingly, ORHA/CPA and the military were able to make monthly emergency payments to dock workers, rail workers, power plant workers, and others essential to restoring basic services. This soon transitioned to regular civil service salary and pension payments to more than three million Iraqis.

Despite tremendous administrative and logistical challenges, the system of payments worked well. Treasury's financial advisors in Baghdad considered this to be a major force for stability in the country, as well as a significant spur to economic growth. A total of $1.7 billion of the vested assets was shipped to Iraq where it was used principally to support salary and pension payments, and DOD's logistical support was crucial in this enormous undertaking. By the Fall of 2003, over three million Iraqis were regularly receiving payments—including dependents, this comprised essential financial support of more than a third of the population.

Throughout this period there was no collapse of the currency, no hyperinflation, and no serious glitch in the payments process itself. This success was due in large part to pre-conflict planning and to adjustments that were made as the U.S. government implemented the plan and learned from experience. Specifically, from the beginning Treasury's goals were to:

- Use vested assets to make emergency payments to Iraqi civil servants in essential industries
- Ensure that these payments were made as soon as possible
- Ensure that the assets were properly safeguarded, documented, and accounted for
- Temporarily make emergency payments in dollars
- Determine dollar payment amounts equivalent to pre-hostility civil servant compensation and pension payments
- Initiate regular salary payments to civil servants and payments to pensioners, and discontinue emergency payments
- Eventually transfer payments systems and administration to Iraqis

These goals were achieved, and the shipment of cash to Iraq required:

- Establishing the mechanism for the transfer of funds
- Developing the appropriate accounting and accountability procedures
- Coordinating among staff at FMS, OMB, DOD, State, FRB, FRBNY, Treasury OGC, NSC, and DOJ

- Overseeing the shipments out of the designated AFB
- Securing the cash in Iraq
- Making the payments to Iraqis
- A variety of other related tasks

This program was a success:

- Despite the formidable obstacles involved, the first emergency shipment of cash was delivered and was being disbursed to Iraqis barely three weeks after the conflict had started and while hostilities were still underway.
- Nine cash shipments totaling $1.7 billion were been made from the U.S. to Iraq between April 11 and October 17, 2003.
- A mechanism was established with DOD, DFAS, and OMB for budgeting, accounting, and safeguarding the cash.
- Over three million pensioners, civil servants, and workers crucial to the functioning of essential public services received emergency and salary payments, and these payments were eventually being made on a routine, monthly basis. Payments were also made to ex-soldiers and for reconstruction purposes.
- No fraud or theft occurred.
- Appropriate public affairs campaigns were instituted

The vesting of Iraq assets, converting these into cash, shipping the cash to Iraq, and disbursing payments to millions of workers, ex-solders, and pensioners was an extremely complex, difficult, challenging task. It required extraordinary cooperation and coordination between many different federal agencies in the U.S. and in Iraq. At a time when federal agencies are accused of not talking to each other and of failing to work with each other, and bureaucratic red tape is blamed for making it impossible to get anything done, this initiative stands out as a stellar example of a critically important interagency federal financial management policy that actually "worked."

End Notes

1. The DFI was established by UN Security Council Resolution 1483 on May 21, 2003. It was managed by the CPA, in consultation with the Iraqi Governing Council, the Iraqi Minister of Finance, and the Governor of the Central Bank of Iraq. The DFI was held on the books of the Central Bank of Iraq and the corpus of the DFI was held in the account at FRBNY for the Central Bank of Iraq.

2. The amount of blocked Iraqi assets in the U.S., reported to OFAC in a census conducted in early 1991, was $1,261 million. In March 2003 $1,916 million was vested under EO 13290, $120 million was paid out to claimants, and another $61 million in various property remained blocked.

3. OHRA was redesignated as the Coalition Provisional Authority (CPA) in June 2003. The CPA ceased to exist when power was transferred to the government of Iraq in June 2004.

4. Some early salary payments were made in local currency. That was a key decision because it implied to Iraq that the Coalition was supportive of the local currency, and it was important that the local currency not lose its value. However, this was not an option for the later payments, because the required dinars were not available.

5. This included emergency payments in Coalition controlled areas and emergency payments nationwide, as necessary, with declaration of a permissive environment.

6. Initially, to facilitate exchanging the U.S. dollars for dinars, small bills were sent—primarily ones, fives, tens, and twenties. But after the exchange system proved capable of absorbing larger denominations, these were used instead. The first shipments also used a combination of old and new currency. However, the old bills were packed in canvas bags, which were more difficult to stack than the shrink-wrapped bricks of new currency. Thus, subsequently only new bills were sent.

7. For example, an OHRA/CPA requirement of $100 million in cash may have required an actual shipment of $100,008,000 to fit the desired denominations into the cash bricks.

8. Senior staff from Treasury, FRB, OMB, and DOJ often attended the cash deliveries to witness the cash arrival and transfer to the military aircraft.

9. With respect to both lawsuits, Treasury/DOJ followed a two-pronged approach. On the one hand, the Government fought vigorously to have the courts' decisions overturned so that the U.S. Treasury Special Purpose Account was not attached and the cash shipments to Iraq could continue. However, the Government followed a relatively conservative approach to actually shipping the cash while the matter was in litigation—even though shipping the cash was legally defensible. This more conservative option gave the courts ample time to consider the pending motions and to carefully review the submissions. The conservative option was considered by DOJ/Treasury staff to be optimal, because it was felt that the more time the Court of Appeals had to consider these issues, the more likely it was to deny even interim relief. This was the strategy followed, even though, in several instances, it required temporarily postponing scheduled cash shipments to Baghdad.

10. These are dinars that circulated in the Kurdish region, and they were originally printed in Switzerland.