

# Financial Warfare: Why Did the US Seize Iran's \$2 Billion?

By [Eric Walberg](#)

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*What looked to be a new window of detente between the US and Iran, following the signing of the Joint Comprehensive plan of Action on Iran's nuclear program has quickly turned opaque.*

*A US decree was issued to seize \$2 billion in assets belonging to the Central Bank of Iran (CBI), holding Iran financially responsible for the 1983 bombing that killed 241 Marines at their barracks in the Lebanese capital, Beirut. The funds in question have been blocked since the civilian trial in the bombing began in 2011, but awaited the final legal touch to bless the blatant theft. This came when the US Supreme Court recently upheld the Congress bill, with the approval of President Barack Obama.*

This is truly alarming. It clearly is part of a tactic of goading Iran, pushing it in an attempt to bring Iran to heel. Either that or to undermine the deal. Perhaps Obama has had second thoughts about the deal.

## **Timeline long and tortuous**

\* In 2002, Judge Royce Lamberth entered default against the defendant (Iran) in a civil suit lodged by victims. In 2003, he ruled that Iran was legally responsible for providing Hezbollah with financial and logistical support that helped the suicide bombers carry out the attack, and thus was guilty. Lamberth concluded that the court had personal jurisdiction over the defendants under the Foreign Sovereign Immunities Act, that Hezbollah was formed under the auspices of the Iranian government and was completely reliant on Iran in 1983, and that Hezbollah carried out the attack in conjunction with Iran's Ministry of Information and Security agents. Hezbollah, Iran, and Syria have continued to deny any involvement in any of the bombings. An obscure group calling itself "Islamic Jihad" claimed responsibility, and that the bombings were aimed to get the multinational forces out of Lebanon.

\* In 2007, Lamberth awarded \$2.65 billion to the plaintiffs, an amount he wrote at the time "may be the largest ever entered by a court of the United States against a foreign nation." The judgment was divided up among the victims; the largest award was \$12 million to Larry Gerlach, who became a quadriplegic as a result of a broken neck he suffered in the attack.

\* In 2008, the \$2 billion was secretly ordered frozen.

\* In 2010, victims of the Beirut attack sued the Luxembourg-based clearing house and bank Clearstream for allegedly assisting Iran to move \$250 million in frozen assets out of the United States, prompting the open seizure of all Iranian assets at Citibank.

\* In 2012, Lambeth ordered Iran to pay an additional \$813m in damages and interest. US Congress buttressed this decision with a special law that specifically directed the American bank to turn over its Iranian assets to victims' families.

\* In 2014, Bank Markazi challenged the ruling.

\* Now, in 2016 Judge Lamberth got the final word: the US Supreme Court ruled that Congress did not usurp the authority of American courts by passing the 2012 law concerning the 2007 ruling.

The situation is clear: the US 'justice' system is not objective. The results of the long process show it serves US political interests over any concern for justice.

### **Who dun 'Beirut 1983'?**

The case revolves around Iran's supposed guilt by association with Hezbollah, and Hezbollah's supposed perpetration of the 1983 bombing. Since the bombing was never solved, there is no case here. It is the US that is guilty in falling short in its security precautions.

Shortly after the 1983 bombing, President Ronald Reagan appointed a military fact-finding committee. The commission's report found senior US military officials responsible for security lapses and blamed the military chain of command for the disaster. It suggested that there might have been many fewer deaths if the barracks guards had carried loaded weapons and a barrier more substantial than the barbed wire the bomber drove over easily. The commission also noted that the "prevalent view" among U.S. commanders was that there was a direct link between the navy shelling of the Muslims at Suq-al-Garb and the truck bomb attack.

When you are so universally loathed and occupying another country, you should be very, very careful. Israel knows that well. Former Mossad agent Victor Ostrovsky, in his 1990 book *By Way of Deception*, has accused the Mossad of knowing the specific time and location of the 1983 bombing, but only gave general information to the Americans of the attack, information which was worthless. According to Ostrovsky, then Mossad head Nahum Admoni decided against giving the specific details to the Americans on the grounds that the Mossad's responsibility was to protect Israel's interests, not Americans. Ostrovsky further claimed that among the high level officers of the Mossad there was a view that if the Americans "wanted to stick their nose into this Lebanon thing, let them pay the price."

The perpetrators of the bombing are still unknown, but the US insists it must be Hezbollah and thus, indirectly, Iran. Both have denied responsibility. Seizing the funds, given the inconclusive evidence and the security lapses of the occupiers, can only be described as theft. President Rouhani referred to the US Supreme Court ruling on seizure of Iran's blocked assets as "a blatant robbery and a major legal scandal for the US", saying the move is indicative of Washington's continued hostilities toward the Iranian nation. "They (the Americans) should be aware that the rights of the Iranian people cannot be violated and plundered," he said, adding, "No thief can take pride in his theft and think what he has stolen belongs to him."

### **Canadian advice to Rouhani**



President Hassan Rouhani says Iran will soon lodge a complaint against Washington with The Hague over a US court ruling that paves the way for the use of billions of Tehran's frozen assets. "The government will never allow for the money that belongs to the Iranian nation be easily gobbled up by the Americans."

Rouhani should ponder Canada's experience. Canadians know only too well about US creative accounting. Our irritant is the billions the US has charged as a tariff duty on Canadian softwood lumber, a problem which started in 1982 and remains unresolved, despite Prime Minister Justin Trudeau's predecessor, Stephen Harper, making a deal with his friend George Bush back in 2006.

Almost as if on principle, the US refuses to take any responsibility for its actions, let alone apologize, but, at least in this case, Uncle Sam gave back most of its ill-gotten gains. That is unfortunately the relevant precedent here for Iran. Let the theft stand, or try to get a European country to propose some kind of mediation, or try to get the US to settle the matter in the International Court of Justice, as President Rouhani is now doing, though the US, unlike Iran, is not party to the international court.

### **Iran's Airline 655 experience**

This is how Iran settled the US downing in 1988 of Iran Air Flight 655, shot down by the US Navy (illegally) in Iranian waters, killing all 290 civilians on board. The perpetrator was clearly the US in 1988, though it did not formally apologize to Iran. In 1996, the US and Iran reached a settlement at the International Court of Justice which included the statement "the United States recognized the aerial incident of 3 July 1988 as a terrible human tragedy and expressed deep regret over the loss of lives caused by the incident."

As part of the settlement, the US did not admit legal liability but agreed to pay \$61.8 million, amounting to roughly \$200,000 per passenger, in compensation to the families of the Iranian victims. Even if there was a shred of truth to the US claim concerning Iran and the Beirut bombing—there isn't—\$2 billion divided 241 equals \$11 million. Simple math means Iranian lives are 'worth' \$200,000, but US and French marines \$11 million.

Only the relatives of the Beirut bombing victims and US pride are assuaged. Israel and Saudi Arabia are eager for continued strife between the US and Iran and putting the nuclear deal at jeopardy. In the meantime, Iran can only continue to work to renew its position in world affairs, proving its anti-terrorist credentials in its actions.

### **What should happen**

120 member states of the Non-Aligned Movement denounced the US ruling, calling it a

violation of Washington's international and treaty obligations concerning "the sovereign immunity of states," echoing Iranian President Rouhani's words.

The Iranian president, under increasing criticism for foolishly trusting the US fired back with the backing of parliament. The Iranian parliament passed a bill last week calling for compensation for past US actions against Iran, including

- \* US involvement in the 1953 coup that overthrew Prime Minister Mohammad Mossadegh and reinstated Mohammad Reza Pahlavi as king of Iran;

- \* a coup attempt known as the Nojeh coup in 1980 shortly after the Islamic Republic was established;

- \* US support for Iraqi President Saddam Hussein during the Iran-Iraq War, including the 223,000 victims and 600,000 injured during that war;

- \* the deaths of 17,000 Iranian citizens at the hands of US-backed terror groups; spying against Iran; confiscating Iranian assets; and US support for Israel.

While there is little hope of the US government coughing up, the bill highlights to anyone interested in US-Iranian relations why the road to smoother relations will not be easy.

**Eric Walberg** is a Canadian writer specializing in the Middle East, Central Asia and Russia. He is a graduate of Cambridge University and has lived in both the Soviet Union and Russia, and then Uzbekistan, as a UN adviser, writer, translator and lecturer. He has been writing on East-West relations since the 1980s, presently for Al-Ahram Weekly and is a regular contributor to several globally-recognized websites, and a commentator on Voice of the Cape radio. His articles appear in Russian, German, Spanish and Arabic and are available at his website <http://ericwalberg.com>.

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### About the author:

Canadian Eric Walberg is known worldwide as a journalist specializing in the Middle East, Central Asia and Russia. A graduate of University of Toronto and Cambridge in economics, he has been writing on East-West relations since the 1980s. He has lived in both the Soviet Union and Russia, and then Uzbekistan, as a UN adviser, writer, translator and lecturer. Presently a writer for the foremost Cairo newspaper, Al Ahram, he

is also a regular contributor to Counterpunch, Dissident Voice, Global Research, Al-Jazeera and Turkish Weekly, and is a commentator on Voice of the Cape radio. Eric Walberg was a moderator and speaker at the Leaders for Change Summit in Istanbul in 2011.

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