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2 UNITED STATES DISTRICT COURT  
3 CENTRAL DISTRICT OF CALIFORNIA  
4 WESTERN DIVISION

5 STEVEN M. GREENBAUM,  
6 et al.,

7 Plaintiffs

8 vs.

9 ISLAMIC REPUBLIC OF IRAN,  
10 et al.,

11 Defendant.

CASE NO. 2:08-CV-00740-GAF  
(SSx)

DECLARATION OF  
LISA J. GROSH

Date: June 23, 2008  
Time: 9:30 a.m.  
Courtroom: 740  
Judge: Gary A. Feess

12 **DECLARATION OF LISA J. GROSH**

13 I, LISA J. GROSH, declare, pursuant to 28 U.S.C. 1746 and under penalty  
14 of perjury, the following:

15 1. I am the Acting Assistant Legal Adviser of International Claims and  
16 Investment Disputes in the Office of the Legal Adviser of the Department of State.  
17 The Office of International Claims and Investment Disputes is responsible, among  
18 other things, for representing the United States before the Iran-United States  
19 Claims Tribunal ("Tribunal"). I have worked in this office since 1984 and have  
20 represented the United States before the Tribunal throughout this time. I make this  
21 declaration based upon information within my personal knowledge or known to me  
22 through my official responsibilities at the Department of State.

23 2. In January 1981, Iran and the United States entered into the Algiers  
24 Accords, which ended the U.S. Embassy hostage crisis. Under the Accords, the  
25 parties established the Tribunal in The Hague to arbitrate certain claims of U.S.  
26 nationals against Iran, Iranian nationals against the United States, and certain  
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28 *Declaration of Lisa J. Grosh*

1 claims between the two governments.

2 3. Plaintiffs' present assignment motions seek to satisfy a U.S. court's  
3 judgment in a variety of ways that impact matters before the Tribunal, including a  
4 request for the assignment of rights to Tribunal awards against the United States.  
5 If granted, these motions could have serious implications for the United States'  
6 ability to defend against claims by Iran and to prosecute its own claims against Iran  
7 by preventing the United States from paying such awards and thereby undermining  
8 the U.S. position before that body.

9 4. Also relevant to these assignment motions is the Tribunal's finding in  
10 Case A/27. In 1993, Iran filed a claim alleging that the United States violated the  
11 Algiers Accords by failing to enforce a Tribunal award against a U.S. national  
12 rendered in Iran's favor (Case A/27). Iran based its case on the denial of  
13 enforcement by a U.S. court of the Tribunal's award in the *Avco Corp. v. Islamic*  
14 *Republic of Iran* case (Partial Award No. 377-261-3), 19 Iran-U.S. Cl. Trib. Rep.  
15 200 (1988). In 1988, the Tribunal rendered its award in Case No. A/27, finding  
16 that the U.S. court's denial of enforcement was a violation of the Algiers Accords,  
17 and awarded Iran \$5,042,481.65 plus interest.

18 5. Upon issuance of the award, the United States requested in another  
19 case (Case A/28) that the Tribunal permit it to pay the A/27 award into the Security  
20 Account, rather than directly to Iran. The Tribunal denied the U.S. request, noting  
21 that its award in A/27 was "final and binding . . . and must be carried out without  
22 delay." See United States v. Iran, Order, Case No. A/28, Aug. 5, 1998 (Doc. 62) at  
23 ¶ 2.

24 6. Currently, there are no outstanding awards by the Tribunal against the  
25 United States. As described below, with the exception of Case B/7, in which the  
26 United States paid the final award in full in 1985, each of the cases referenced by  
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1 the plaintiffs in filings to date (B/1, A/15 and A/11) is still being actively litigated  
2 before the Tribunal.<sup>1</sup>

### 3 **Case B/1**

4 7. In 1981, Iran filed a claim with the Tribunal against the United States  
5 based on contracts underlying its Foreign Military Sales (“FMS”) program (Case  
6 B/1). In Case B/1, Iran alleges that the United States breached its contracts on  
7 1,126 FMS Letters of Offer and Acceptance (LOAs) under which Iran purchased  
8 military goods and services from the United States.

9 8. In 1982, the United States filed a Counterclaim in Case B/1, seeking  
10 to recover losses arising out of Iran’s breach of its contractual obligation to  
11 maintain the security of classified defense articles and related classified  
12 information provided to it under the FMS program.

13 9. While some of the claims in Case B/1 have been resolved and paid,  
14 the largest claims, as well as the U.S. Counterclaim against Iran, continue to be  
15 actively litigated before the Tribunal. The United States vigorously contests Iran’s  
16 claim of breach and, until all of the Iranian and U.S. claims related to the FMS  
17 program are resolved by the Tribunal, it is unknown whether Iran is entitled to a  
18 refund of any amount presently in the FMS account associated with the Iran FMS  
19 program.

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25 <sup>1</sup> In addition, a discrete sub-claim of Case B1 referenced by plaintiff, B1 (Claim  
26 4), was terminated by agreement of the United States and Iran in 1991. See Partial  
27 Award No. 525-B1-FT, Dec. 2, 1991 (Tribunal Partial Award on Agreed Terms  
disposing of B1 (Claim 4)).

1 **Case A/15**

2 10. In 1982, Iran filed a claim, case A/15, Part II:A, with the Tribunal  
3 alleging that the United States violated Paragraph 9 of the General Declaration of  
4 the Algiers Accords by failing to arrange for the transfer to Iran of mostly non-  
5 military properties, as well a small number of military properties, within the  
6 jurisdiction of the United States. In Case A/15, Part II:B, Iran sought  
7 compensation for any damages arising from the blocking of its properties from  
8 November 14, 1979, until January 19, 1981, and for any deterioration of these  
9 properties during that period. In a Partial Award, the Tribunal denied Iran's claim  
10 in A/15 (II:B) and dismissed this claim.

11 11. With respect to Case A/15 (II:A), the Partial Award held that the  
12 United States had, in certain instances, breached its obligations under the Algiers  
13 Accords, but that because of insufficient briefing on the issues of liability and  
14 damages, the Tribunal was unable, at that time, to make any determination of  
15 liability with respect to any individual item of property, or any damages that Iran  
16 may have incurred. Further proceedings and submissions were deemed necessary  
17 to determine liability on a case-by-case basis, and the extent of damages, if any.  
18 The United States continues to contest vigorously Iran's claim that any breach  
19 occurred with respect to the properties and disputes Iran's entitlement to  
20 compensation of any kind. Among other arguments, the United States contends  
21 that most of the items in question were already transferred to Iran, or were  
22 otherwise disposed of before Iran made the United States aware of its claim. The  
23 United States contends that Iran failed to prove its ownership of other property and  
24 that it failed to take actions required of it with respect to certain property, such as  
25 providing indications to the United States that it wanted return of the properties  
26 and was unable to achieve that result. The parties continue to actively litigate these  
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1 issues. To date, no damages have been awarded, and no ruling (or award) is  
2 expected in the near term.

### 3 Case A/11

4 12. In 1981, Iran filed a claim with the Tribunal alleging that the United  
5 States had failed to comply with Point IV of the General Declaration of the Algiers  
6 Accords (Case A/11). Point IV provides that the United States “will freeze, and  
7 prohibit any transfer of, property and assets in the United States within the control  
8 of the estate of the former Shah or of any close relative of the former Shah served  
9 as a defendant in U.S. litigation brought by Iran to recover such property and assets  
10 as belonging to Iran.” The freeze order was to remain effect “until such litigation  
11 is finally terminated.”

12 13. The only assets that were ever identified as falling within the scope  
13 of this provision were certain assets held by the sisters of the Shah – Ashraf  
14 Pahlavi and Shams Pahlavi.

15 14. In Case A/11, Iran argued that Point IV required the United States to  
16 freeze these assets as soon as Iran named the defendant in the lawsuit; the United  
17 States interpreted Point IV to require effective service of process, in conformity  
18 with the laws of the jurisdiction after appeals had been exhausted. In 2000, the  
19 Tribunal held that service should have been “in apparent accordance with the  
20 applicable law of the forum, regardless of any subsequent challenges on  
21 [defendant’s] part to the service.” However, the Tribunal has not determined, and  
22 the United States vigorously contests, that any damages resulted from the delay.

23 15. All of the litigation brought by Iran in U.S. courts to recover the  
24 property and assets described in Point IV has been dismissed. See Islamic  
25 Republic of Iran v. Mohammed Reza Pahlavi and Farah Diba Pahlavi, No.  
26 22013/79 (N.Y. Sup. Ct.); Islamic Republic of Iran v. Ashraf Pahlavi, No. 4432/90  
27 (N.Y. Sup. Ct.); Islamic Republic of Iran v. Shams Pahlavi, No. WEC 069489 (Cal.

1 Super. Ct.); Islamic Republic of Iran and Bank Mellat v. Shams Pahlavi, No. WEC  
2 070089 (Cal. Super. Ct.); Bank Melli and Bank Mellat v. Shams Pahlavi, No. 92-  
3 CV-5479 (C.D. Cal.). The United States lifted the freeze order when the litigation  
4 was finally terminated by amending the relevant regulations. See 31 C.F.R. §  
5 535.217. Neither the Tribunal nor any U.S. court ever found these assets to be  
6 Iranian.

7 **Case B/7**

8 16. In 1982, the Atomic Energy Organization of Iran filed a claim with  
9 the Tribunal seeking an award of damages against the Atomic Energy Commission  
10 of the United States, seeking the reimbursement of advance payments of  
11 \$7,933,951.04 made pursuant to two contracts between the parties for the provision  
12 of uranium enrichment services.

13 17. On June 8, 1984, the Tribunal issued a Partial Award against the  
14 United States for the full amount. The \$7,933,951.04 award in Case B/7 was paid  
15 in full by the United States in 1985.

16 I declare under penalty of perjury that the foregoing is true and correct.

17 Executed on the 9<sup>th</sup> day of June, 2008.

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Lisa J. Grosh