Over the last two decades, there has been a dramatic increase in the popularity of financial sanctions as an instrument of US foreign policy to address security threats ranging from weapons of mass destruction (WMD) proliferation and terrorism to human rights violations and transnational crime. Washington’s policymakers have prized these tools for their ability to rapidly apply pressure against foreign targets with few perceived repercussions against American business interests. The problem, however, is that Washington is ignoring a growing tension between financial sanctions designed to support economic statecraft (with non-financial goals) and those designed to protect the international financial system. Confusing the two sends mixed signals to adversaries as well as allies and undermines US credibility and commitment to upholding international banking rules and norms. If Washington cannot reconcile these competing processes, it is unlikely that future administrations will enjoy the same foreign policy levers, leaving the United States at a significant disadvantage.

Policymakers in Washington tend to describe financial sanctions in monolithic terms. The truth, however, is that not all financial sanctions are created equally. US financial sanctions are built from an array of different legal and regulatory authorities, as well as different implementing and enforcement authorities. In order to appreciate and understand these nuanced complexities, it is first necessary to understand how and why these tools are so powerful.

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© 2019 The Elliott School of International Affairs
The Washington Quarterly • 42:4 pp. 57–71
https://doi.org/10.1080/0163660X.2019.1693098
There are two key sources of power when it comes to US financial sanctions. The first is “dollar dominance,” or the centrality of the US dollar, which makes up 62 percent of all foreign currency reserves and 90 percent of foreign exchange turnover, according to the International Monetary Fund (IMF), making the US dollar the principal currency used around the world. In a recent speech, the Bank of England’s governor noted that the United States accounts for 10 percent of global trade, 15 percent of global GDP, and more than 50 percent of global trade invoices. From a legal and regulatory standpoint, this means that US authorities possess a great deal of power over who is permitted to use US dollars, how those dollars are used, and where those transactions take place. For all intents and purposes, the United States acts as a gatekeeper when it comes to international trade and commerce.

In addition to its “dollar dominance,” America is also viewed as a leader and strategic partner in protecting the global financial system against fraud and abuses like money laundering and terrorist financing. This leadership role, however, evolved in part due to the widespread use of the US financial system, as well as a concerted effort since the late 1970s to remain apolitical. As William F. Wechsler, a former Special Advisor to the Secretary of the Treasury during the Clinton administration, aptly notes, the United States emerged as a leader by not playing “diplomatic favorites.” In other words, the international community viewed the United States as an honest broker, and by the turn of the 21st century, the United States had established itself as a leader and consensus-builder in protecting the global financial system.

In the age of sanctions, however, US central authority and role within the global financial system has proven an all too tantalizing lever of political power for Washington’s policymakers. Consequently, the United States now finds itself in a situation where it must reconcile national security interests without being perceived as unfair, unjust, or exploitative of its unique role as the defender of the global financial system.

Defender of the Global Financial System

From the late 1970s through the 1990s, as globalization increased the speed and frequency of cross-border transactions, protecting the international financial system from abuse emerged as a key national security concern for the United States. Tax evaders, narco-traffickers, and weapons smugglers alike found refuge
in jurisdictions with weak banking rules and regulations that favored secrecy over transparency. Left unchecked, outlaws enjoyed a safe haven from US enforcement and prosecution.

This abuse ultimately led Congress to pass a series of reforms to increase oversight, transparency, and accountability within the US banking system. These efforts largely started with the Bank Secrecy Act in 1970, which sought to increase domestic banking transparency and combat tax avoidance. The Act requires US banks and other types of financial institutions—like investment firms and casinos—to keep detailed records of their customers and transactions. Moreover, the law requires banks to identify and report any suspicious activity to the Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN), which is the agency responsible for collecting, analyzing, and disseminating financial intelligence to Federal, state, and international law enforcement partners. Despite the landmark legislation, however, loopholes within the Act allowed money launderers to effectively walk free while banks carried most of the risk.

In 1986, Congress criminalized the act of money laundering, which helped to close loopholes in the Bank Secrecy Act. Money laundering, simply put, is the act of making ill-gotten gains appear to be legitimate. The Act was largely a response to growing public concerns over organized crime and increasing violence connected to the international drug trade.

It was clear by the 1990s, however, as global banking became integrated, that US domestic legislation alone was not enough to address the challenges of offshore banking and money laundering. In 1992, in the aftermath of a major investigation into financial crimes perpetrated by the Bank of Credit and Commerce International (BCCI), then-Senator John Kerry provided a report to the Senate Foreign Relations Committee detailing the crimes and issuing recommendations to strengthen US anti-money laundering rules and regulations. According to the report, BCCI’s crimes were massive in both scale and scope, including billions of dollars in money laundering operations across Europe, Africa, Asia, and the Americas in support of tax evasion, terrorism, arms trafficking, WMD proliferation, human trafficking, and illegal immigration. To address anti-money laundering deficiencies that the investigation uncovered, the Committee made several recommendations, including to develop a “more aggressive and coordinated approach to international financial crime.”

The report’s findings and the Committee’s recommendations helped lead to a series of new anti-money laundering legislation passed throughout the 1990s that focused on strengthening the Bank Secrecy Act, streamlining reporting requirements, and facilitating new national security priorities trained on threats posed by international money laundering. One of the more significant acts,
which would later serve as an early prototype for US sanctions regimes against WMD proliferators, was when President Clinton declared international money laundering to be a national security threat in 1995. The declaration permitted US enforcement agencies to freeze assets related to narcotics trafficking within the United States.⁶  

What really established the United States as a leader in global anti-money laundering efforts were not so much the unilateral actions taken against criminals and bad banks, but, as Wechsler puts it, the government’s top-down approach that focused on building an international consensus about the threats posed to the international financial system by weak banking regulatory and enforcement regimes. Specifically, the approach worked through multilateral organizations, like the IMF, G-7, and the OECD (Organization for Economic Cooperation and Development), among others, to establish international standards and elicit commitments from states, despite a great deal of push-back from other countries about sovereignty.⁷  

For all intents and purposes, this US-led effort was successful. In June 2000, for example, the Financial Action Task Force (FATF), an intergovernmental body responsible for setting anti-money laundering standards, issued its first “blacklist”—a list of non-cooperative countries and jurisdictions deemed to have inadequate banking regulatory and enforcement mechanisms.⁸ Although publishing the list was seen as controversial, as those affected viewed the list as produced without due process, it demonstrated a growing international consensus and sense of urgency around mitigating threats to the international financial system.  

By the end of the twentieth century, the stage was set for a new era of US economic statecraft. The United States was the de facto leader in global anti-money laundering efforts, and its banks were the central players in international finance and banking. In other words, the United States seemingly controlled all the strings. All that was missing were appropriate legal authorities for regulators and enforcement authorities to pull those strings.  

Section 3II: The Non-Sanction Sanction  

Leveraging anti-money laundering rules and regulations as an instrument of US foreign policy is a relatively recent phenomenon. In fact, it was only after the passage of the 2001 USA PATRIOT Act that Federal agencies were equipped
with the necessary tools to target foreign states and non-state actors. In the months after the September 2001 terrorist attacks, Congress moved swiftly to provide the president with a host of new intelligence, law enforcement, and regulatory authorities.

While Title I and Title II of the Act deal with enhancing domestic security and providing enhanced surveillance mechanisms, respectively, Title III deals with addressing national and international money laundering and terrorist financing vulnerabilities. Specifically, Title III highlighted several gaps within preexisting legislation and policy—namely, money laundering and other types of financial crime that take place outside of US jurisdiction. One of the more powerful provisions is Section 311, which provides the Secretary of the Treasury the authority to designate a foreign jurisdiction or entity a “jurisdiction of primary money laundering concern” and apply one or more “special measures.”

A Section 311 designation is a three-phase process. First, FinCEN issues a finding that outlines why the jurisdiction or bank in question should be considered a primary money laundering threat. The Treasury Secretary must consider several factors, including evidence that organized criminal groups, terrorist organizations, or entities involved in WMD proliferation have transacted in the jurisdiction and whether the jurisdiction has adequate anti-money laundering rules and regulations, provides offshore banking services, or has high levels of corruption, among other factors. Section 311 was amended by the Iran Freedom Support Act in 2006 to include language about WMD proliferation activity. In phase two, FinCEN issues a “notice of proposed rulemaking,” which again summarizes the findings and also recommends one or more “special measures” against the country or financial institution in question. The special measures range from requiring US financial institutions to conduct extra scrutiny of its transactions and customers to closing certain types of accounts. In most cases, the finding and notice of proposed rulemaking occur on the same day.

If the target state or financial institution does not change its behavior, FinCEN next issues a final rule, at which point US banks are required to implement the special measures. Between December 2002 and February 2018, FinCEN has conducted 27 Section 311 actions. Of these actions, five have been findings against countries (Burma, Iran, Nauru, North Korea, and Ukraine), while 22 have been findings against financial institutions. In December 2011, for example, FinCEN issued a Section 311 finding against Ukraine, citing significant anti-money laundering deficiencies, high levels of corruption, and non-cooperation with US enforcement agencies. Fearing swift isolation from global banking, Ukraine took immediate steps to remedy its deficiencies. In April 2012, FinCEN rescinded its initial findings, noting Ukraine’s efforts to reform its anti-money laundering legislation.
In only two of the cases against countries—Burma (2004) and North Korea (2016)—did FinCEN impose a final ruling. In the cases of Nauru and Ukraine, FinCEN rescinded its finding because each jurisdiction ultimately took appropriate steps to address deficiencies in its anti-money laundering and counter-terrorist financing legislations. Although FinCEN published a finding and notice of proposed rulemaking against Iran in November 2011, FinCEN has yet to publish a final rule or rescind its finding. This is in part due to superseding financial sanctions against Iran that include similar prohibitions on US financial institutions maintaining correspondent accounts with Iran or Iranian-linked institutions, such as the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 and the National Defense Authorization Act of 2012.

Unlike prior anti-money laundering legislation, Section 311 allowed regulatory authorities to directly target foreign banks and countries that were once thought to be outside US jurisdictional reach. The question, however, was whether Washington would wield Section 311 as a tool to protect the international financial system or to serve Washington’s political interests.

**Banco Delta Asia: The Turning Point in American Sanctions Policy**

When the US Treasury Department proposed a Section 311 designation against a small Macanese-based bank called Banco Delta Asia for facilitating North Korean money laundering, it set in motion a series of events that pit American political objectives against maintaining international norms and standards against money laundering. The Banco Delta Asia episode showed that Washington not only can leverage the international financial system to achieve its political objectives with little resistance from the international community, but, more to the point, it is willing to do so.

As early as the 1950s, the United States began to impose increasingly comprehensive financial and economic sanctions against North Korea. Over this period, US unilateral sanctions regimes evolved to address different security threats emanating from North Korea—including nuclear weapons and ballistic missile proliferation, human rights abuses, narcotics trafficking, regional transgressions, and money laundering. As diplomatic negotiations with North Korea over its nuclear program in particular have waxed and waned, so too have the US sanctions regimes. The Clinton administration, for example, lifted several trade-related sanctions after North
Korea made progress toward implementing International Atomic Energy Agency (IAEA) safeguards but also imposed several financial and trade-related sanctions because of North Korea's ballistic missile activities.

The most significant and far-reaching of these unilateral sanctions have come since North Korea walked away from the six-party talks in 2005. Broadly, the sanctions include prohibitions and bans on trade and financial transactions, arms sales, access to foreign aid, and travel restrictions. In 2005, however, against the backdrop of high-stakes nuclear negotiations with North Korea, the Department of the Treasury designated a small, Macanese-based bank—Banco Delta Asia—as a “primary institution of money laundering concern” under Section 311 of the USA PATRIOT Act. Treasury officials accused the bank of laundering illegal proceeds, including counterfeit US dollars, on behalf of the North Korean regime. According to former Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levy, “Banco Delta Asia's grossly inadequate due diligence and systematic facilitation of deceptive financial practices have run too deep for the bank to be allowed access to the US financial system.” In other words, Treasury officials imposed the designation against Banco Delta Asia based on the bank's lack of anti-money laundering rules and procedures and the threat that the bank posed to the greater international financial system.

The designation prohibited US financial institutions from conducting transactions with Banco Delta Asia. After the designation and at the Treasury's request, Macanese authorities froze US$25 million linked to North Korean accounts at Banco Delta Asia. International banks quickly followed suit, severing ties with Banco Delta Asia—effectively forcing banks to choose between doing business with North Korea or face potential regulatory action from the United States. Juan Zarate, the former Assistant Secretary of the Treasury for Terrorist Financing and Financial Crimes during the Bush administration, described the US government's approach as “less about politics and more about the enforcement of the law.” Rather than relying on political and diplomatic pressures, the United States would instead focus on enforcing regulatory and criminal violations of domestic laws, like money laundering. In turn, the result of such enforcement actions “might provide much needed leverage to diplomats seeking a nuclear deal at the six-party talks that had begun in August 2003,” according to Zarate.

What happened next created a template that undermines the thrust of US economic statecraft. Incensed and increasingly isolated from international financial channels, North Korean diplomats almost immediately began making overtures to their American counterparts for the return of the seized US$25 million in exchange for returning to the six-party nuclear negotiations. As Zarate notes, however, doing so would have created a dilemma that undermines
the power and credibility of the financial weapon. The Department of the Treasury designated Banco Delta Asia for the bank’s serious anti-money laundering deficiencies but then used the designation as a political bargaining chip over nuclear negotiations with North Korea. This sends two signals with competing interests. On one hand, the designation signals a commitment to enforce global banking rules and norms against financial crime. On the other hand, the designation may be perceived as a willingness to exploit authority over international banking to achieve political objectives—in this case, to pressure North Korea to negotiate over its nuclear program.

Ultimately, President Bush decided that getting North Korea back to the six-party talks was more important than continuing to leverage the Banco Delta Asia affair to force North Korea’s hand over its illicit financial activity. In 2008, the Bush administration lifted North Korea’s “state sponsor of terror” designation and removed restrictions under the Trading with the Enemy Act, which were eventually replaced with proliferation-related sanctions under the International Economic Emergency Powers Act. The writing was on the wall: Washington’s policymakers had leverage over the global financial system, and they were willing to use that leverage to achieve political aims.

In the years since the Banco Delta Asia affair, scholars and policymakers have routinely highlighted the case as an example of American leverage and power within the global financial system. What is interesting, however, is that there was barely any criticism or perception of US overreach or its consequences. In fact, one of the few mentions of perceived overreach was by Banco Delta Asia’s Manhattan-based attorney, who described the Section 311 actions as “arbitrary and capricious” and “politically motivated.”

Subsequent administrations have not only continued to leverage financial power to achieve political objectives but have significantly expanded the scope of those efforts. FinCEN imposed its most recent Section 311 designation, for example, in 2017 against China-based Bank of Dandong for acting as a gateway for North Korea to evade international sanctions. Intermediaries acting on behalf of North Korea had used several accounts at Bank of Dandong the previous year to facilitate millions of dollars of transactions for companies involved in the procurement of ballistic missile technology and other sanctioned activities. The bank held several accounts for Korea Mining Development Corporation (KOMID), which the United States and the UN sanctioned for being a primary exporter of goods and technologies relating to ballistic missiles and conventional arms. Under the FinCEN ruling, US banks are prohibited from opening or maintaining correspondent accounts with Bank of Dandong.

While Washington may see these features of financial sanctions as attractive and risk-free—perhaps prompting even greater use—they ultimately diminish
US credibility and commitments to uphold international banking norms and standards. Using Section 311 as a “financial sanction” could make it harder for future administrations to impose financial sanctions if countries believe the United States is exploiting its role.

Iran and the Catch-22 of Section 311
In many ways, the Banco Delta Asia episode set up a catch-22 for Washington’s policymakers in the Iran case. The template appears simple enough. Designate Iran as a “jurisdiction of primary money laundering concern” under Section 311, thereby leveraging an international consensus against money laundering to isolate the rogue regime from global banking and finance. The problem, of course, is that doing so would send a mixed signal to Iran. On one hand, these sanctions are an effective means to address inadequacies and abuses within the global financial system. That is, they prevent state and non-state actors alike from exploiting banks for the purpose of laundering ill-gotten gains or hiding illegal transactions. On the other hand, lifting the sanction must be calibrated in a way that does not imply the United States is abusing its power or authority over international banking. Blocking North Korean access to correspondent banking networks because the country is a primary money launderer helps to shield international banking from fraud and abuse and reinforces global anti-money laundering norms. Lifting those sanctions for nuclear concessions without requiring North Korea to address its banking system, however, sends a flawed message: America is willing to leverage its leadership role in protecting global banking to achieve political concessions.

In 2011, FinCEN moved to further isolate Iran’s financial system by designating the country as a jurisdiction of primary money laundering concern. The November 2011 finding pointed out several systemic deficiencies within the country’s financial system, noting that “In recent years, many international financial institutions have severed ties with Iranian banks and entities because of a growing body of public information about their illicit and deceptive conduct designed to facilitate the Iranian government’s support for terrorism and its pursuit of nuclear and ballistic missile capabilities.” Based on its findings, FinCEN recommended that banks be prohibited from opening or maintaining correspondent banking accounts for or on behalf of an Iranian bank. FinCEN went on to note that the recommended prohibition would “complement the US Government’s
worldwide efforts to expose and disrupt international money laundering and terrorist financing.”

The Section 311 designation never materialized; however, as part of the 2012 National Defense Authorization Act, which President Obama signed into law in December 2011, Iran was designated a “primary jurisdiction of money laundering concern.” The statutory language imposed the same prohibitions on opening and maintaining correspondent accounts as a Section 311 designation. Over the next three months, major global institutions dealt successive blows to Iran’s banking and finance sectors. In February 2012, the FATF issued its strongest warning against Iran, requesting that its members take active countermeasures against Iranian-linked transactions. In March, the SWIFT—the Belgium-based global provider of financial messaging services—booted Iranian banks from its services.

By the end of 2012, the United States had successfully orchestrated a global blacklist of Iran’s banking sector that, for all intents and purposes, froze the country out of legitimate global finance and banking channels. Iran’s largest banks—including Banks Sepah, Melli, Mellat, and Tejaret—were all on OFAC’s blacklist. While OFAC designated Bank Saderat for its financial support to Hezbollah, Banks Sepah, Melli, Mellat, and Tejaret were designated for their support to Iran’s nuclear and ballistic missile programs. What emerges are two sanctions regimes with different objectives but with similar implementation and outcomes. While one branch of Treasury (OFAC) targeted Iran’s banks for their support to terrorism and missile proliferation, another branch (FinCEN) targeted Iran’s weak anti-money laundering rules and regulations and threats to the global financial system.

Even before the ink dried on the Joint Comprehensive Plan of Action (JCPOA)—the agreement between the P5+1 (the United States, United Kingdom, Russia, China, Germany, France) and Iran, which limited Iran’s nuclear program in exchange for sanctions relief—Iran’s President Hassan Rouhani quickly moved to secure greater foreign direct investment and increased economic integration. In the end, while the European Union and the UN lifted their sanctions, most US financial sanctions stayed in place.

The problem, of course, was that the most stringent financial sanctions were in place due to Iran’s faulty financial system, not its nuclear program. Yet, the nuclear deal contained no provisions requiring Iran to make substantial reforms to its financial system, nor should it have. But in June 2016, the FATF temporarily suspended its call for member states to apply countermeasures against Iran. This suspension was meant to provide some breathing room for Iran to fix inadequacies within its financial system in order to receive benefits from sanctions relief. Although the objective was to provide some political top-cover for Iran to begin implementing anti-money laundering and counter-terrorist financing reforms, the move also highlighted the 800-pound financial sanctions
gorilla—it was a clearly tacit recognition of the inherent flaws in mixing certain financial sanctions and high-stakes nuclear negotiations. It was nearly impossible to distinguish between financial sanctions imposed for WMD proliferation and those imposed for deficiencies in anti-money laundering laws. As a result, there was never any real off-ramp for Iran.

The Consequences of Dual Sanctions Regimes

For some, the catch-22 that exists between imposing financial sanctions to protect global banking rules and norms and lifting those sanctions for unrelated political concessions is a nuanced argument that does not reflect the reality of broader risks to international security—namely, further nuclear and ballistic missile proliferation in the cases of Iran and North Korea. The problem with this is view, however, is that it is not without consequences.

One consequence is the challenges that Section 311-type sanctions impose on negotiations. In recent bilateral talks between the Trump administration and North Korea, it became clear that Kim Jong-un wants the United States to lift its sanctions, especially those meant to isolate the regime from the global financial system. The problem, of course, is that whereas many of the financial sanctions in place—like the Section 311 designation—target the country’s abuses of the international financial system, the negotiations are over the country’s nuclear program. In other words, there is a clear mismatch between the legal intent and political perception of sanctions. Thus far, there has been no indication from Kim Jong-un that he intends to undertake reform efforts to address his country’s anti-money laundering deficiencies. On one hand, North Korea represents a serious threat to the global financial system; on the other hand, anything but limited sanctions relief from the United States could trigger a crisis of confidence in the United States as the “guardian” of the global financial system.

Another consequence is that states may begin to see American financial sanctions, especially those imposed for anti-money laundering reasons, as politically motivated and refuse to comply. Thus far, this perception has not been the reality. The “go along to get along” mentality of most US allies and trading partners reflects a real decision on their part that it is better to cut ties with North Korea and Iran than to jeopardize economic relations with the United States. Or, given the broad international consensus around stopping Iran and North Korea’s nuclear and ballistic missile program, there may be a tacit acceptance of the US playing politics with the global
financial system. The problem with this view, however, is that it does not account for an administration that may use these financial tools to achieve unitary political ends.

European leaders, for example, have shown an extraordinary weakness in contending with American secondary sanctions—i.e., US sanctions imposed (or, more often, threatened) against third-party countries and companies. After the Trump administration unilaterally withdrew from the JCPOA, it quickly re-imposed both financial and sectoral sanctions. Calling the JCPOA a “horrible, one-sided deal,” President Trump threatened foreign entities with “severe consequences” if they did not cut ties with Iran.25

In an attempt to protect European businesses from American sanctions, the EU enhanced its so-called “blocking statute,” which was first enacted in the mid-1990s in response to US extraterritorial sanctions against Iran and Cuba.26 Effectively, the statute prohibits European businesses from complying with US extraterritorial sanctions and provides legal mechanisms for recourse. While Washington’s political pundits and beltway scholars opined about the beginning of the end of American extraterritorial sanctions, ultimately the European Council could not muster enough political will to enforce its provisions. Not to mention that several “loopholes” allowed European business off the hook if complying with the blocking statute would harm economic interests. As expected, banks made the wise economic decision of complying with sanctions. Even SWIFT eventually succumbed to American pressure, limiting Iran’s access to its systems.

Although the EU did establish a legal mechanism to facilitate trade with Iran and mitigate exposure to American sanctions, it limited its scope and came nowhere close to providing the level of trade Iran had expected. In fact, most approved barters under the EU-approved legal mechanism are for food and pharmaceuticals in exchange for oil—items that already fall under humanitarian exemptions.27 Had the EU successfully forced the United States to take action against European companies, the outcome may have been entirely different.

**Next Steps for the United States**

The international appetite for what many perceive as reckless US sanctions may be waning. In a July 2019 show of defiance against US extraterritorial financial sanctions, a Brazilian court ordered Petrobras—the country’s state-run oil company—to refuel Iranian ships that had been stuck in the port of Paranagua for more than 50 days.28 Petrobras had originally declined to fuel the ships out of fear of US sanctions. Depending on how the United States responds, this case could be a crack in America’s sanctions dam. Nonetheless, it is increasingly
clear that the US approach to financial sanctions has created a political quagmire that undermines America’s commitment to upholding international banking norms.

There is no direct and clear-cut path to a solution. There are, however, steps that the Administration and Congress can take in order to assure allies and trading partners of America’s credibility and continued commitment to global banking norms. One is ensuring that sanctions regimes are linked to clear and specific demands, which have a clear off-ramp for the target state. As Richard Nephew, a former Obama Administration official, points out, “sanctions relief will be easier to organize and to present conceptually if there is understanding and clarity in the objectives of sanctions.”29 This clarity includes assurances that demonstrate the United States is not leveraging the global financial system for political objectives.

Of course, this does not imply that US policymakers should ignore punishing bad actors that exploit international banking. On the contrary, this should be done with consensus within the international community—through international organizations like the FATF, the UN Security Council, or the IMF—which can help to ensure the legitimacy of the financial sanction and prevent mixed signals.

There is every reason to believe that financial sanctions will be an important facet of American statecraft in the coming years, regardless of the administration. To be sure, sanctions can be quite effective. That said, it is imperative that the United States maintains not only its ability to deploy sanctions but also its credibility and commitment to upholding international banking rules and norms without undue political influence.

Notes


7. Wechsler, 49.


13. Zarate, 265.


18. Correspondent banking is when one bank carries out transactions on behalf of another bank—usually a foreign bank. These relationships allow a customer at a US bank to send a payment to a foreign bank quickly.

19. US Department of the Treasury, “Amendment to the Bank Secrecy Act Regulations—Imposition of Special Measure against the Islamic Republic of Iran as a Jurisdiction of


