Center for Strategic and International Studies

“Are Sanctions Working?”

Welcome & Opening Remarks + Keynote

Welcome & Opening Remarks:
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CSIS

Keynote:
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U.S. Department of the Treasury

Moderator:
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Transcript By
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JOHN J. HAMRE: (In progress)

My name is John Hamre. I’m the president at CSIS.

Before we begin and when we have outside groups like you who are here with us today, we’re responsible for your safety. So, you know, Sarah is the responsible safety officer, and so you’re going to follow her directions if anything happens. Nothing’s happened in six years and I don’t expect anything will happen today, but if it does you will hear a voice and they’ll say leave. And the doors right immediately behind me are the ones we’ll use to exit. This is the door closest to the stairs. It’ll take us down to street level. We’ll take two left-hand turns, a right-hand turn, go over to National Geographic, and I’ll get everybody tickets for the exhibit on the queens of Egypt. It’s really a great show. Nothing’s going to happen, don’t worry.

We’re very honored and pleased to have Undersecretary Mandelker with us today. This is an extremely important topic, which is reflected by so many of you coming today. You want to learn more about how sanctions are used, how they’re implemented, what they mean, are there questions that raise about it. All of these are big, vital questions in the debate right now.

We’re very fortunate to have Undersecretary Mandelker, with her background and expertise, leading this for the government. We were talking earlier that had the privilege of being an undersecretary one time in a previous life form, and it is – these are the best jobs in Washington because it’s where operations and policy reinforce each other. It’s really the ideal job in government, the one that’s really fun. And I think she’s having a good time, and fortunately that’s good for all of us. She brings a remarkable background as a lawyer working in the Southern District of New York, where she cut her teeth on some of the hard – really hard cases; worked in the Justice Department, Department of Homeland Security; and now in the Treasury Department, and heading up probably the most important and dynamic part of the Treasury Department as it relates to American security and foreign policy.

We’re very fortunate to have her here, so could I ask you, with your very warm applause, please welcome Undersecretary Sigal Mandelker. (Applause.)

SIGAL MANDELKER: Thank you so much, John, for that kind introduction. And it’s a real pleasure to be here today as part of this very important discussion about the impact of sanctions.

The economic authorities of the Office of Terrorism and Financial Intelligence, or as we like to call it TFI, play an increasingly central role in countering the nation’s most critical national security and illicit finance threats. Our tools have been so effective that we frequently find ourselves at the tip of the spear as new security threats and challenges emerge around the globe. I spend my days and nights working to ensure that our powerful authorities are always deployed strategically.

In the last two years we have, among many other achievements: cut off billions of dollars in revenue that have – would have otherwise flowed to the world’s largest state sponsor of terror, Iran. We’ve disrupted major networks that had provided Bashar al-Assad with oil and other resources he has used to brutalize the Syrian people, destabilize the region, and fund terror. We have choked off funds to Hezbollah, causing the terrorist organization to undertake an unprecedented plea for funding. We have expanded sectoral and other sanctions in response to Russia’s continued aggression, leading to major Western firms abandoning joint exploration ventures with Russian companies and a drop in foreign direct investment. We have exposed and disrupted the malign activity of Russian oligarchs such as Oleg Deripaska who are closely linked to the Kremlin, forcing them to divest ownership in large
corporations and rendering them pariahs to the international business community. We have disrupted North Korean shipping, financial, and export networks, and worked in concert with our allies and the U.N. to create a diplomatic opening for discussion. We have led the Financial Action Task Force in adopting comprehensive measures for how countries must regulate and supervise digital assets, including digital or cryptocurrencies, to address and mitigate the associated anti-money laundering and terrorist risks. We have targeted and disrupted networks of human rights abusers and corrupt officials all over the world, including the illegitimate Maduro regime in Venezuela and kleptocrats in the Democratic Republic of the Congo. And we have exposed and disrupted numerous illicit finance schemes around the world, from ISIS to al-Qaida, from drug kingpins to transnational criminal organizations.

The daily pace is intense. Since the beginning of this administration, we have issued close to 190 tranches of sanctions targeting more than 2,600 individuals, entities, vessel(s), and aircraft. We have issued scores of advisories and convened engagements with banks, the maritime and aviation industries, the energy and real-estate sectors, and many others. In just this calendar year, we have issued nearly $1.3 billion in civil monetary penalties and settlements for financial institutions and corporate actors related to violations of our sanctions programs.

Given the prevalence of economic statecraft in addressing so many of today’s most significant and pressing national security challenges, we are constantly evaluating the impact and effectiveness of our programs. In doing so, I like to draw upon our great history.

It is an honor to be the undersecretary of TFI during our 15th anniversary year. Although TFI itself is a relatively recent creation, the foundation of our program was laid in the – in 1940 out of an effort to prevent Hitler and the Nazis from seizing U.S.-held assets from the countries that they invaded. In those days, Treasury Department officials ensured that billions of dollars were kept out of the hands of the Nazis. Tragically, this didn’t stop the genocide that was underway, but imagine how much worse it could have been if Hitler had had access to those funds.

Treasury moved swiftly then. We move swiftly now as we constantly innovate and develop new strategies to keep funds out of the hands of dangerous actors around the world.

No other government in the world has an organization like TFI. It includes the Office of Foreign Assets Control, or OFAC, which is the beating heart of our sanctions program; the Financial Crimes Enforcement Network, or FinCEN, which safeguards the financial system from illicit use and money laundering; the Office of Intelligence and Analysis, which is a member of the intelligence community and has a cadre of talented threat finance analysts; and the Office of Terrorist Financing and Financial Crimes, which develops policy and conducts extensive international outreach. This organizational structure, under one undersecretary, integrates unparalleled insight into the financing of emerging global threats with powerful economic authorities to counter them.

I hope you’ll indulge me as I take a moment to talk about the career professionals of TFI, who are the best in the world at what they do. These dedicated women and men work tirelessly to protect our national security and our financial system. They are among the smartest, most determined, and indefatigable public servants that I have had the honor to work with. They believe in creativity, innovation, teamwork, and great ideas.
I like to say that TFI is a small but mighty organization. We draw upon the diversity of background and experiences of our people, collaborating with one another with a spirit and history of collegiality, to punch well above our weight over and over again.

Every single day I am struck by the fascinating life stories and diverse family histories of those who work in TFI. I am the first in my immediate family born in this great country, the proud child of immigrants who came to the United States to study and ultimately pursue the American dream. We have professionals who themselves grew up overseas and came to the United States just like my parents to go to college, as well as those who grew up in rural America and were the first in their families to attend college. Our TFI family includes those whose families have suffered directly at the hands of cruel and authoritarian regimes, including in places like Europe during the Holocaust and Armenia. We have those whose families were forced to flee their countries due to persecution, losing everything, including many family members. I recently traveled to Europe with a TFIer whose grandfather was part of the Belgian resistance during World War II but was captured and sent to the concentration camp Buchenwald.

We have TFIers who have made tremendous sacrifice to serve their country. There are those who have served in the military and suffered significant injury, and those who still serve in the reserves. Every single person I have encountered at TFI has a unique perspective, a story that has driven them to public service. Each and every one of them influence the collective tapestry of TFI.

TFI has achieved great things in its history. Prior to 9/11, our nation’s sanctions authorities were largely embargo-based. Think of Cuba, Libya, Sudan, and the early Iran sanctions programs. Starting in 1995, Treasury first imposed targeted sanctions on Colombian drug cartels. And five years later, the Kingpin Act provided similar authorities on a global basis. These new sanctions authorities set the stage for the effective use of targeted sanctions on terrorists focused first in the Middle East, and then out of tragic necessity expanded globally after 9/11.

When I took the oath as undersecretary, it became my mission to build upon Treasury’s experiences and successes by ensuring that all of our efforts are strategic and intelligence-driven, focused on achieving specific national security objectives and illicit finance objectives, and calibrated to take maximum advantage of the myriad tools and authorities at our disposal. In short, my challenge was to make certain that we are not merely responding to the increase in calls for action, but that our economic statecraft is agile, strategic, impactful.

Sanctions, as well as other economic authorities and measures, are tools, very powerful tools to be sure, used in support of a broader strategy to achieve a U.S. policy goal or objectives. Sanctions alone will rarely, if ever, comprise the entire solution to a national security threat or human rights or corruption crisis. Sanctions often, however, play an enormously important role in achieving these strategies and an equally important role in disrupting money from going to malign actors who seek to do bad things around the globe. Every time we utilize these tools to disrupt that flow of money, we keep our country safer.

Within TFI, we are laser-focused on predicting and achieving an intended impact against a specific actor or actors to effect a broader goal. We are constantly thinking through which complement of tools – sanctions, anti-money laundering measures, enforcement actions, foreign engagement, intelligence and analysis, and private-sector partnerships, among others – are most impactful when countering specific challenges. We then carefully orchestrate and sequence the application of these tools to build off of each other and nest them in a broader strategic approach.
To enhance our integration, I established Strategic Impact Units comprised of representatives from each TFI component, who work together to develop strategies and implementation plans that are intelligence driven, in support of specific domestic or foreign policy priorities, using each component’s authorities in conjunction with the larger interagency community.

Before and after applying economic measures, we assess the expected and actual impact of that action. These impacts may be the disruption of funds going to a national security threat or illicit activity, the isolation of an illicit actor from the U.S. and global financial system, direct economic or financial loss to an illicit actor or regime, a decreased capability for an adversary to conduct further illicit activity, the hardening of our financial system against illicit finance threats, an improvement in meeting global standards in high-risk jurisdictions and elsewhere, or a fundamental change in behavior.

This pre- and post-action analysis requires discipline and diligence, which can be tough given the workload that we face. But understanding the impact of our actions is critical to determining effectiveness in achieving our objectives and making any necessary adjustments to our strategies in the future.

Our decision-making also includes taking great care to understand and address any potential unintended impacts of each sanctions action. Treasury and the State Department have many tools to mitigate, where appropriate, these unintended consequences of our actions, while maintaining the pressure on the target of our sanctions, including through our licensing authority, waivers, and calibrated actions such as sectoral sanctions, FAQs, guidance, and advisories. We use general and specific licenses to ensure that humanitarian transactions, including the provision of food and medicine, are authorized in sanctions programs such as Iran, Syria, and Venezuela. This is particularly important in countries where you see kleptocrats or regime officials try to use humanitarian goods as a political weapon, to line their own pockets, or as a cover for nefarious activities.

One way in which we have maximized the impact of our actions is by prioritizing what we call network sanctions. Network sanctions recognize that a bad actor rarely acts alone. Instead, they frequently rely upon complicated structures that include shell companies, business partners, facilitators, enablers, and middlemen to disguise the nature of their activity and launder their money. When we focus on these broader networks and their assets, we can more effectively block a bad actor’s ability to access their ill-gotten gains, making it more difficult for them to use the global marketplace or continue in their business arrangements.

We can also have a significant impact on their reputations, which can result in dismissal from formal commercial or official positions, and trigger the initiation of investigations and proceedings. For example, when we designated Dan Gertler for using his relationship with then-President Kabila of the DRC to secure grossly underpriced mining contracts, depriving the Congolese people of more than a billion dollars in lost revenue, we also designated 33 entities in his network. We then followed up by designating 14 additional entities a few months later. These designations came at a critical time as the U.S. applied concerted pressure on Kabila and his enablers to abide by the terms of their constitution to hold elections, which he ultimately did.

Similarly, last month we designated Samer Foz, a Syrian oligarch, and 15 individuals and entities who leveraged the atrocities of the Syrian conflict into a profit-generating enterprise. Foz directly supported the murderous Assad regime and built luxury developments on land stolen from those fleeing Assad’s brutality. Our action there included the Four Seasons Hotel in Damascus as
being owned or controlled by Foz, and within days of that action the Four Seasons cut ties with the property, as should others around the world. These kinds of actions have a chilling effect on those who think that they can profit off the back of the innocent.

Network sanctions can take longer to investigate and develop, but through their use we are sending the message that there are real consequences to engaging in illicit or corrupt behavior. I have had the humbling opportunity to meet with victims of atrocities and violent repression from Syria, Burma, South Sudan, the DRC, and elsewhere. They talk about how when we use these kinds of sanctions, they see the impact firsthand on the ground – military and police officials who have been removed or changed their behavior out of fear that they too would be sanctioned, less fuel for Assad to put into the tanks and the planes that very sadly have killed civilians, and the list goes on.

Another part of our strategic approach is close coordination with our partners. That includes coordinating with international partners to amplify our actions or working with those in the trenches of the economic battlefield – banks and other financial institutions – to maintain robust anti-money laundering/countering the financing of terrorism safeguards.

The private sector’s vigilance likewise makes our tools and authorities that much more effective, and we have prioritized strengthening these partnerships with the private sector by providing them with the vital information that they need to track, disrupt, and to report illicit activity. We have been doing this increasingly over the last two years by issuing more detailed press releases, increasing the number of advisories, directly engaging with financial institutions, and issuing specific guidance to help the private sector disrupt illicit finance and build robust compliance programs that harden their networks against the latest threats from around the globe. Just this year, OFAC, for example, for the first time ever outlined the essential components of an effective sanctions compliance program, which we are incorporating into our settlement agreements and are actively monitoring and enforcing for compliance.

Across the board, we have adopted these calibrated, integrated, impact-focused approaches. Today, I’d like to briefly discuss with you how we have done so with one of our major programs, Iran.

As the world’s leading state sponsor of terrorism, Iran prioritizes funding for brutal regimes and terrorists over supporting its own people. It’s provides billions of dollars to terrorist groups like Hezbollah and Hamas, funds Bashar al-Assad’s campaign against his own citizens, and sends vulnerable refugees and child soldiers to Syria, where they fight and they die on behalf of Iran’s Islamic Revolutionary Guard Corps and its Quds Force. Iran is also a country with zero financial transparency, as groups funding terrorism like the IRGC and its Quds Force remain deeply embedded in the Iranian economy. The central bank itself, the banker of the Iranian government and supervisor of all Iranian banks, has funneled hundreds of millions of dollars to the Quds Force, Hezbollah, and Hamas.

To meaningfully counter this national security challenge, we have engaged in a comprehensive approach, using every tool in our toolbox to tactically and strategically apply maximum economic pressure and to build international coalitions. Last November, the president fully reimposed sanctions on the greatest revenue-generating sectors of Iran’s economy: energy, financial, shipping, precious metals, aviation, and automotive. And we have added more than a thousand individuals, entities, aircraft, and vessels to our list of Specially Designated Nationals and Blocked Persons List.
We have further increased this economic pressure by targeting Iran’s most profitable entities, most notably its oil sector. The U.S. government has severely limited the flow of oil by ending the Significant Reduction Exceptions, or SREs. To further disrupt the regime’s illicit oil revenue, we have taken action after action against vast international networks attempting to illicitly supply the regime with revenue for its destructive behavior. This includes an action against a network that provided millions of barrels of Iranian oil to the Syrian government and facilitated the movement of hundreds of millions to the IRGC-Quds Force, Hamas, and Hezbollah. In that specific action, we also designated two Central Bank of Iran officials, a subsidiary of the Russian Ministry of Energy that was involved, and a Syrian businessman and his companies.

This summer we designated, among others, Iran’s largest petrochemical holding company, Persian Gulf Petrochemical Industries Company, specifically for providing financial support to the engineering conglomerate of the IRGC. Together with its designated subsidiaries, this company controlled 40 percent of Iran’s total petrochemical production capacity and is responsible for 50 percent of Iran’s total petrochemical exports. If you look at the sanctions we have issued in the Iran program, you will see that time and again we are targeting networks that support the IRGC, the Quds Force, and other terrorist organizations.

But the tools we’ve employed to apply maximum pressure on Iran have not been limited to just sanctions. We have also done extensive international engagement and education all over the world to enhance our collective ability to identify the threats posed by Iran and to cut off their illicit financing. Last year, through FinCEN, we published a comprehensive advisory on Iran alerting financial institutions and others of the ways in which the regime has used these front companies, forged documents, and other deceptive practices to circumvent sanctions and deceive private and public actors. And to counter Iranian efforts to evade our sanctions on oil shipments, OFAC issued a lengthy maritime advisory describing for shipping companies, insurers, vessel owners, managers, and operators the deceptive shipping practices and risks associated with dealing with Iranian oil and facilitating oil shipments to Syrian government-owned and -operated ports.

We have also done extensive international engagement and education with key partners and allies to enhance our collective ability to disrupt illicit funds going to Iran’s malign activities. And we are now seeing action at the Financial Action Task Force, or the FATF, to reimpose consequences on Iran for their severe AML/CFT deficiencies.

This multi-pronged maximum economic pressure campaign is working. Iran’s military spending has decreased significantly. Since the end of April 2018, Iran’s total trade has declined markedly, including of course its oil exports, which have decreased substantially in recent months. In fact, the Iranian president has declared that the economy is the worst it’s been in 40 years. All of this means that the regime has far less revenue to divert to terrorism and other destabilizing activities.

Our actions targeting Hezbollah and its financial facilitators are also having real financial impact, which likewise means that Hezbollah has less revenue to fund its destructive activities. In a January media report, employees of Hezbollah’s media and military systems complained of deep pay cuts. And in March, Hezbollah leader Hassan Nasrallah made an unprecedented call to his supporters to increase donations, pleading that fundraising efforts must be stepped up. This is the direct result of our pressure on Iran and its proxies.

Determining impact and overall effectiveness is a complex and complicated process that requires both patience and flexibility. Why patience? Because while we continually monitor for these...
impacts, we must acknowledge that some impacts may change or dissipate over time. Our adversaries are always going to be determined in achieving their malign objectives, and sanctions targets adopt mitigation strategies of their own. It may also be that some impacts are cumulative, or only reveal themselves after a longer period of time. We must take care against reading too much into the immediate reactions to a designation and instead focus on the long-term effectiveness of our strategies and plans.

Why flexibility? Because as carefully as we plan, the very nature and global scope of our actions means that – means that there may be unintended impacts that require adjustments to our plans through the use of licensing and waivers to prevent harm to innocent parties or allies. As we ramp up powerful economic pressure to achieve impact, these authorities allow us to fine-tune that pressure as situations develop. We need the ability to quickly adjust our efforts to focus on the most high-value targets.

Over the last two years, TFI has built upon the tremendous history and work of this organization to mature and evolve how we think about impact, and how that thinking drives our actions. We have become ever more sophisticated and stronger as we build our comprehensive approach. We utilize all of the tools in our economic toolbox in a calibrated fashion. And we wisely apply the economic leverage we have to protect our national security.

Thank you. (Applause.)

SARAH LADISLAW: Great. Well, thank you very much, Undersecretary Mandelker, for being here. And on a personal note, always really appreciate it when folks recognize the hardworking sort of men and women of the civil service who are putting a lot of effort into all of the things that you make possible.

I know you have a hard stop in a little bit, but I did want to take an opportunity to ask you a few questions –

MS. MANDELKER: Sure.

MS. LADISLAW: – that you addressed much of in your – in your comments. But you know, the title of our event today is “Are Sanctions Working?” And you rightly point out that sanctions’ effectiveness is largely seen in the context of a broader foreign policy effort, in addition to the sort of immediacy of the effectiveness of the tool that you’re using or the pressure campaign that you’re putting in place. There is a lot of criticism that as we ramp up the use of this tool, right – and you called it sort of the pointy end of the spear – that you can dull it, right, and if you use it too much or it’s not sort of embedded in a more comprehensive strategy to assure, one, its effectiveness, but then, two, maybe its removal sometimes as well, and there is that risk. How do you think about that risk of them of sort of dulling the tool over time?

MS. MANDELKER: So I think actually this is a conversation that has been going on – oh, can you hear me? Yeah.

I think it’s a conversation that’s been going on for some time, actually. The argument that we’ve been overusing our tools we’ve heard for many, many years, although it’s something that people have been talking about a lot today.
Look, I look back to what we did, how this whole program started – and I talked a little bit about it in my – in my remarks, right – which is it started in 1940. I mean, for those of you who don’t know the history, it actually started on the day that Hitler invaded Denmark and Norway. And Secretary Morgenthau was looking at the news that morning. He had no authority to do so, but he called the head of the New York Fed and he said – literally, he said freeze them, just freeze them, meaning Denmark and Norway’s assets that are held in New York. Because he knew, again, that if Hitler quickly got access to those funds, that would have – that would have been – that would have – terrible. He didn’t know what was – what was – what was about to ensure, but he had that – he had that sense.

And so the head of the New York Fed did that. He froze those funds. And it was the next day that President Roosevelt actually signed an executive order authorizing the use of the tool in that way. And as I mentioned, the Treasury Department in those years managed to freeze billions of dollar, and that’s in 1940s money, not in today’s money.

So imagine if back then somebody had said, look, you’re talking about freezing the assets of entire countries; you can’t – you can’t do that. It was the right thing to do then and it’s the right thing to do – to do today, because when you look at how we’re using this tool, we’re using it very pointedly, very strategically, again, to disrupt the ability of bad actors to do bad things. At the end of the day, that is our objective all over the world in all of our programs, and I think that’s extraordinarily important.

At the same time, we have to be mindful that there may be unintended consequences. And so we’re also always thinking about those potential effects, and that’s when you see things like FAQs and general licenses or specific licenses from us where we’re carefully thinking through in advance of the launch of a major action how to make sure that we’re also protecting our allies, our partners, our companies.

MS. LADISLAW: As a general rule, do you track the ways in which you mentioned, you know, malign actors are determined or targets of sanctions are determined to get around them? We’re going to talk about this on a later panel. Do you track the ways in which folks are trying to get around those systems, not necessarily to evade them but to inoculate themselves from the reach of –?

MS. MANDELKER: Of course. You know, that’s a big part – it’s a bit part of our effort. And again, I would say there for years – for years the likes of al-Qaida, right, and other terrorist organizations have been trying to get around the international financial system or to hide the way in which they move money to evade – to evade our sanctions. And that’s when you see things like some of our broader authorities or the network sanctions that I talked about, where we’re literally going after not just an individual but their front companies, their shell companies, their financial facilitators, among others. So we track it every day.

I like to say, you know, this – the Treasury – the U.S. Treasury Department is actually, I believe, the only treasury – finance ministry in the world that has an intelligence agency. And it was a brilliant idea back in 2004 to include, to have an intelligence agency in the Treasury Department that we use to support so much, so much of what we do to track, to disrupt, among others.

MS. LADISLAW: One of the additional sort of criticisms – and again, this can be levied on the foreign policy approach or on the sanctions approach, you know, specifically – is the idea of coordination. And you brought it up in a number of realms that I was thinking about it, which is, one, do we coordinate with allies on these things, and what is the danger of not doing that? Two, you
mentioned, though, working with the private sector more to sort of understand and make it a cooperative approach as opposed to one where there’s a lot of ambiguity, but then also just with Congress, right? I mean, even today we’re going to see some votes taken on the Hill on certain things that relate to sanctions. How do you manage such a complex set of coordination, particularly when it’s viewed by a lot of people as being key to this being a successful effort?

MS. MANDELKER: Well, first and foremost I manage it with, again, some of the most fabulous career professionals, I think, in the – in the federal government. But we put a lot of effort into strengthening those partnerships around the world, you know, on the Hill, and with – and with the private sector. And in fact, in many circumstances what you’ve seen is that we build international coalitions to target malign activity.

A great example of that is in the ISIS context, where we have a counter-ISIS finance coalition where we meet very regularly with many, many countries around the world to share information, to take targeted disruptive activity, to do capacity building, which is something that we’ve done to great extent. And there are many other examples of that. You look at the Financial Action Task Force, which, again, we had the U.S. presidency over the – over the last year. That’s a global coalition centered on improving international AML/CFT standards, and our – and our folks are meeting in FATF sessions or other – or regional bodies as we speak, right, doing great work with our – with our partners.

We also do a lot of information-sharing with our partners around the world because we know sanctions is just one tool to disrupt activity. We’re going to be much more successful if we work in close partnership with allies and partners to disrupt that activity.

And of course, with the Hill we have very active discussions and engagements on how we can make sure that this tool remains incredibly effective, incredibly flexible, too, so that we can adjust our strategies and plans as we – as we move forward.

And I want to take a minute – I spent so much time talking about private-sector partnerships because at the beginning and the end of the day it is the private sector that works to implement our sanctions. Many banks, for example, have these very sophisticated financial-crimes units all over the world, and I meet with banks both here and all over the world. And we have to continue to educate them to make sure that they’re not enabling bad actors to move money through the international financial system.

MS. LADISLAW: That’s great. Well, I know you have got somewhere to be, but I did want to ask one more – one more question, which you didn’t talk as much about today but has certainly been a focus of some of the testimony you’ve given in the past, which is this is a very complex and growing area, particularly as we’re seeing sort of, you know, digital currencies and a whole bunch of other tools evolve. As you think of the future of your organization, what are the additional sort of authorities and capabilities you’re going to need to keep the tool as effective as you think it’s going to need to be?

MS. MANDELKER: Yeah. So I will say we’ve been very grateful to Congress for giving us increased resources that we’ve asked for over the last couple of years. You’ve seen, I think, a significant leap in the resources that we’ve been – we’ve been provided at our – at our great urging, but really because there’s so much support on the Hill for what we’re doing. And that’s been very, very important.
Look, in the area of emerging technologies, we have to stay way above the curve. And here, again, we have just incredibly sophisticated career professionals who are constantly tracking these emerging technologies. In the crypto space, for example, I have a Strategic Impact Unit just focused on cryptocurrency that’s comprised of members from each and every one of my components. And we’re doing a(n) enormous amount of work both here in the United States and globally to make sure that crypto isn’t, as we have seen, being used to fund malign activities.

Look, bad actors are always going to try to find new and sophisticated ways to move money, right? That’s been happening for many, many years. Crypto in particular, when it doesn’t have the right safeguards in place, has attributes that can be very appealing to bad actors: anonymity, global settlement, and speed. And so a lot of our effort has been put into ensuring that things like anonymity are not, in fact, being incorporated into these virtual currency exchangers and administrators, that they follow the same rules that other financial institutions follow.

And we do a lot of things to ensure that that’s the case. We actually supervise and examine virtual currency exchanges and administrators. We’ve issued enforcement actions both here and abroad over virtual currency exchangers and administrators that didn’t follow our rules. We’re doing what I said with the FATF, which is that we’re really pushing global standards. And we’re very pleased that they were adopted around the world.

And we’re also sharing information with virtual currency exchangers and administrators that are following the rules, right, because it’s that same effort, that tightening of the safeguards around virtual currency exchanges and administrators, that’s going to ensure that they’re not – they’re not being used and abused.

MS. LADISLAW: That’s great. Well, thank you. I do know you have a hard stop. We want to say thank you for getting us kicked off on the right start. We’re going to be talking about some of these strategic long-term implications of the use of sanctions as we see them from various sectors and foreign policy realms. But we really appreciate you spending some time thanking – joining us to talk about your perspective on this.

MS. MANDELKER: Thank you so much.

MS. LADISLAW: Thank you.

MS. MANDELKER: And I look forward to hearing about the panels for the rest of the day.

MS. LADISLAW: Great, thank you.

MS. MANDELKER: Good. Thank you.

MS. LADISLAW: Please join me in thanking Undersecretary Mandelker. (Applause.)

(END)