

Treasury Under Secretary for Terrorism and Financial Intelligence Sigal Mandelker Speech on Iran Strategy

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Thank you so much for inviting me. It's a great honor to be invited to speak at AIPAC and terrific to be here with so many friends. AIPAC does such important work to support the strong relationship that Israel has with the United States and to promote peace and stability in the Middle East.

As the Under Secretary for Terrorism and Financial Intelligence, the offices I lead are tasked with preventing terrorist organizations and other illicit actors from accessing funds.

Among other things, we use our very strong economic authorities to cut funding from and put pressure on rogue states, proliferators of weapons of mass destruction, state sponsors of terrorism, human rights abusers, and other illicit actors.

These issues – and this relationship – hit home for me in a very powerful way. My parents were both Holocaust survivors. They were young children in Poland during World War II. They both spent a significant amount of their childhood hiding from the Nazis, whether underground in the forest, in haystacks in a barn, or hidden by righteous gentiles.

After the war, they like so many others, lived in displaced persons camps until they eventually made it to Israel. In fact, my mother was on the ship Exodus – which as many of you know – was not allowed to enter then-Palestine.

My father was on a similar ship, the Ben Hecht. They both ultimately made it to Israel - my father in '47 after being in a DP camp in Cyprus and my mother in '48 after being in a DP camp in Germany. They eventually moved to the United States in the late '60s to pursue their studies.

Shortly after I began my job as the Under Secretary of TFI, I learned that one of the offices I oversee, the Office of Foreign Assets Control (or OFAC), was actually born out of an effort to prevent Nazis from seizing U.S.-held assets in countries that the Nazis invaded.

In fact, I recently read through a series of documents in which then Secretary of the Treasury Henry Morgenthau, who oversaw this effort, later appealed within the Roosevelt Administration that it take significant action to save the Jews during the Holocaust after some in the government had attempted to hide what was happening.

To learn that one of the offices I now oversee was instrumental in that effort is profoundly moving. At the Justice Department, I also oversaw the Office of Special Investigations, the section of prosecutors who pursued Nazis who lied their way into our country.

Here I stand, the child of Holocaust survivors, over 70 years after my parents were hiding as young children underground and in haystacks, over 70 years after 3 of my grandparents were killed or died as a result of the Holocaust, and over 70 years after 6 million Jews and many, many others were slaughtered. Here I stand with the opportunity to make a significant difference in some of the greatest national security threats of our time.

It is truly humbling and nothing short of a miracle that my parents survived and that I subsequently have been able to take on this important mission.

THE THREAT POSED BY IRAN:

And there are few more pressing national security concerns for the United States and the international community right now than the growing threat posed by Iran.

The Iranian regime is wreaking havoc on the Middle East and beyond. Iran continues to pursue ballistic missile capabilities in defiance of UN Security Council Resolution 2231, and it provides a lifeline to the Assad regime as he slaughters his people, including children, and sends millions of refugees to Europe.

All the while, the Iranian regime's grievous human rights abuses against its own people continue unabated. And the regime continues its threats against the United States and Israel. As the President said on Friday, the regime's two favorite chants are "Death to America" and "Death to Israel."

Iran's state support of terrorism is second-to-none. It finances and supports Hizballah, Hamas, and the Taliban, as well as Bahraini, Iraqi, Syrian, and Yemeni militant groups. It seeds these terror groups with increasingly destructive weapons as they try to establish footholds from Iran to Lebanon and Syria.

This aid is primarily delivered by Iran's Islamic Revolutionary Guard Corps (or the IRGC) and its Quds Force, which is one of Iran's principal vehicles to cultivate and support terrorists abroad.

These efforts are supported by entities like U.S.-designated Mahan Air, which carries weapons, fighters, and money to the Assad regime and its supporters like Hizballah in Syria.

The IRGC has even threatened terrorist attacks right here in the United States, plotting the murder of Saudi Arabia's Ambassador to the United States on American soil in 2011. Such an attack—if not thwarted by our terrific law enforcement and intelligence officers—would have not only killed a Saudi diplomat, but likely innocent bystanders here in Washington, DC.

The list of Iran's malign activities goes on, including: unrelenting hostility to Israel, with threats to destroy it; threatening freedom of navigation in the region; aggressive and sustained cyber-attacks against the U.S., Israel, and America's allies and partners in the Gulf; and arbitrary detention of foreigners, including U.S. citizens, on specious charges, without due process, often in brutal conditions.

An increasingly emboldened Iran, with a patient pathway to a nuclear weapon, is not something the United States can live with. Strategic patience didn't work with North Korea, and it won't work with Iran.

THE TRUMP ADMINISTRATION'S STRATEGY TO COUNTERACT IRAN:

That is why the President's Iran strategy that he laid out on Friday focuses on far more than just the nuclear deal, the Joint Comprehensive Plan of Action or the JCPOA. It is a broad and comprehensive strategy to counter Iran's support for terrorism, ballistic missile development, and human rights abuses.

It is designed to neutralize Iran's destabilizing influence and support for terrorists and militants. It includes four strategic objectives:

First, we must neutralize Iran's destabilizing activities and constrain Iran's aggression, particularly its support for terrorism and militants with a focus on its activities in the Middle East and in Afghanistan. That includes its actions in Syria, which threatens Israel, and its support to terrorism through groups like Hizballah, Hamas, Iraqi Shia militant groups and others.

Second, we must work to deny Iran and especially the IRGC funding for its malign activities, including its funding for terrorists and militant proxies, but also the funding that has allowed it to hijack a large portion of the Iranian economy;

Third, we must counter Iran's ability to threaten the U.S. and our allies using ballistic missiles and other asymmetric weapons; and

Fourth, we must deny Iran all paths to a nuclear weapon. As the President said during his speech, we must ensure that Iran never acquires a nuclear weapon.

That fourth line of effort, of course, is tied to what the President announced on Friday with respect to the JCPOA.

As the President has consistently made clear, the JCPOA is a flawed agreement with one of its greatest shortcomings being the so-called "sunset provisions," which over time would allow Iran to openly pursue an industrial scale nuclear fuel enrichment program.

This would move Iran one step closer to achieving a rapid nuclear weapons breakout capability, and put it in a position to sprint to becoming a nuclear weapons state in a matter of months if it chooses that path.

Further, the Iranian regime has sought to exploit loopholes in the JCPOA and to test the international community's resolve. Iranian military leaders have stated publicly that they will refuse to allow IAEA inspections of their military sites, which flies in the face of its commitments under the JCPOA and the Additional Protocol.

We must not forget that, not long ago, Iran hid its nuclear facilities on military sites in order to avoid detection. This is why Iran's stated refusal to allow IAEA access to its military sites cannot be tolerated.

In North Korea, we now see the consequences of agreeing to flawed deals with rogue regimes. We cannot allow that to happen with Iran. We cannot keep kicking the can down the road.

In light of these concerns, the President on Friday declined to certify that the agreement is appropriate and proportional under the Iran Nuclear Agreement Review Act of 2015, or INARA. The President believes that Iran's activities outside the scope of the nuclear file severely undercut whatever positive contributions to regional and international peace and security the JCPOA sought to achieve.

The decision not to certify the deal allows Congress and the Administration to work together to fully address Iran's threats and the shortcomings of the deal, including the sunset clauses, inspection access, and failure to prevent Iran from developing an ICBM.

The President's decision gives the Congress an opportunity to weigh in in a meaningful way. Through the INARA process, we will work together to address the deal's deficiencies and the dangers posed by Iran and to amend INARA.

I want to make one point clear about the President's decision. It is important not to confuse the internal U.S. legal process of certification under INARA with our continued implementation of the JCPOA.

By declining to certify under INARA, the United States has not violated its commitments under the deal; our country still remains a party to the JCPOA. Rather, the President can now start the process of working with Congress to help strengthen the deal.

In addition to working with Congress, the President directed the Administration to work with our allies to fully enforce the agreement while addressing the deal's many flaws so that the Iranian regime can never threaten the world with nuclear weapons.

And we are also working with our allies to aggressively and proactively address Iran's continued aggression. Yes, we must work to fix the fatal flaws contained in the JCPOA. But the President has made clear that our Iran policy is about much more than the JCPOA.

And so as part of the strategy to support all four lines of effort, the President intends to revitalize our traditional allies and regional partnerships as strong counterparts against Iran so that we can together serve as a better deterrent against Iran's destabilizing activity.

As you have seen, the President is engaging the international community to condemn the Iranian regime and particularly the IRGC's malign and destructive behavior. Our conversations with our allies are therefore about much more than just the JCPOA.

Rather, they are focused on a revitalized effort together to take a comprehensive approach to counter Iran's destructive behavior, while working with our allies and partners to address the problems with the JCPOA.

TREASURY'S ROLE IN THIS STRATEGY:

At the Treasury Department, we use our strong economic authorities to play a vital role in implementing the President's strategy.

I want to spend my remaining time focusing on the second pillar of the President's strategy, which involves placing additional sanctions on the regime to block their financing of terror and other destabilizing activities. That is where my office plays a very large role.

Over the last 10 months, since this Administration took office, OFAC, one of the offices that I oversee, has issued seven tranches of sanctions, designating 72 targets in China, Iran, Lebanon

and Ukraine in connection with the IRGC, Iran's ballistic missile program, support for terrorism, and human rights abuses.

And we are continuing to ramp up the economic pressure on Iran's illicit networks using all of the tools and authorities at our disposal.

On the day of the President's speech, OFAC designated the IRGC for support to terrorism under Executive Order 13224, consistent with section 105 of the Countering America's Adversaries Through Sanctions Act passed in August. The President also authorized us to take additional action against the IRGC's officials, agents, and affiliates later this month.

The IRGC designation, which was announced along with additional sanctions on four entities connected to the IRGC or previously designated defense-related entities, further increases the pressure on the IRGC.

It also highlights the nefarious nature of the organization. Beyond being a proliferator of weapons and a supplier of militants and military equipment – actions for which it has been previously sanctioned by the United States – the IRGC has helped make Iran the world's leading state sponsors of terrorism.

The IRGC provides the organizational structure that allows them to export their militant extremism across the globe. It has been the Iranian regime's main weapon in pursuit of its radical goals and is a lifeline for Hizballah, the Syrian regime, the Houthis in Yemen, Shia militant groups in Iraq, and others.

The IRGC's control over large portions of the Iranian economy furthers its ability to support these groups and enrich its members.

In order to deny the IRGC the resources and financing it needs to spread instability, we must and we have been engaging our allies and partners, including those in the private sector.

We have consistently raised concerns regarding the IRGC's malign behavior, the IRGC's level of involvement in the Iranian economy, and its lack of transparency. We have pointed out that the IRGC continues to be an integral part of the Iranian economy, including in the energy, construction, mining, and defense sectors.

And as we have urged the private sector to recognize that the IRGC permeates much of the Iranian economy, we have told them that those who transact with IRGC-controlled entities do so at their own risk.

Our fight against Iran's malign activities extends beyond the IRGC. We will continue to aggressively target other organs of state power in Iran that foment instability and support terrorism.

Likewise, we have been pressing Iran to implement a rigorous and effective anti-money laundering and counter financing of terrorism regime that promotes transparency, forcing it to stamp out terrorist financing and corruption or be excluded from the international financial system.

We will continue to hold Iran accountable to its Financial Action Task Force action plan, and if it fails to meet its commitments, will call on FATF countermeasures to be re-imposed. As long as Iran fails to adequately criminalize terrorist financing, it should remain on the FATF's black list.

We will also continue implementing new measures to pressure Iran to cease its support for terrorism, human rights abuses, and promotion of regional instability for the benefit of international peace and security and also for the Iranian people, who, as the President said, have paid a heavy price for the violence and extremism of its leaders.

And in all of this important work we will continue working very closely with our great ally Israel to constrain this dangerous organization.

Thank you very much.