



American Economic and Financial Power and the Iran File

August 20, 2025

Featuring Juan C. Zarate

Hosted by Mark Dubowitz

ZARATE: You can't stop every last dollar going to a bad actor, you're not going to stop every last front company, et cetera. But what you can do is to make it strategically very difficult for the targets to operate and forcing them in some ways to make strategic decisions based on limitations of their access to capital and goods.

DUBOWITZ: Welcome back to "The Iran Breakdown." I'm Mark Dubowitz. If you want to understand how to confront the Islamic Republic without firing a shot, you need to understand financial warfare. And no one knows the battlefield better than my guest today, Juan Zarate. Juan helped build the Treasury Department's financial pressure campaign after 9/11. He's taken on terrorist financiers, rogue regimes, and banks that thought they could do business with evil and get away with it. Today, he's global co-managing partner at K2 Integrity, and he chairs FDD's Center on Economic and Financial Power, where we work together to build – and rebuild – America's economic leverage. His work has real impact – so much so that the Iranian regime sanctioned him. I know how that feels. Tehran blacklisted me, too, accusing me and FDD of 'economic terrorism.' That's what happens when you hit the regime where it hurts: in the wallet.

We'll talk about what worked, what didn't, and what comes next in the financial war against the Islamic Republic. So let's break it down.

Juan, great to have you.

ZARATE: Mark, it's great to be here. Thank you for the honor.

DUBOWITZ: Oh, it's a real honor. Juan, you've been not only a close friend, but a mentor to me for two decades. I think I sort of got into this business of financial warfare by following your lead, so thank you for that.

ZARATE: Well, thank you, Mark. I have learned and followed your lead as well. The whole reason I'm involved with FDD is because of you. The reason we founded the Center on Economic and Financial Power is because of you. And it's a privilege to be here and to frankly continue to innovate in this space because this is just, in many ways, the third or fourth inning of the evolution of how we think about economic and financial power in national security.

DUBOWITZ: So Juan, before we jump into this, I want to, and I always ask my guests this, hearing a little more about your personal story because you had a phenomenal career. If you look at your bio, you've done everything and done everything so well, but how did you come to all of this?

ZARATE: Well, this is very boring, Mark.

DUBOWITZ: No, no. And I want to hear about your family background because I'm an immigrant to America, and I think immigrants have really helped build and strengthen this country. And you have, also, an immigrant story.

ZARATE: Yeah. So I'm incredibly proud of my parents and my heritage. Both my parents immigrated to the United States in the 1950s. My dad was a medical doctor, a surgeon. He came from Mexico, then established a practice, entered the Navy, served this country as a naval surgeon. My mother fled sort of the roiling revolution of Cuba in the 1950s. She came from a large family. Most of her family got out, everyone except one sister by the early 1960s. But she fled in the 1950s, late then. And I was fortunate that they met when my dad was stationed at Whidbey Island in Washington State. And probably the only two Spanish speakers at the time in the 1950s in that part of the country. But in any event, they came to this country not just seeking opportunity, but fundamentally believing in the power of the ideals of this country.

They believed, fundamentally, that this country offered opportunities if one was willing to work for it. They were never discouraged by discrimination, which they faced in housing, in other ways. And they always taught us that our destiny was in our hands, and the fact that we lived in the United States was the greatest blessing that could be bestowed on us, and frankly, especially through my mother, a deep recognition and an understanding that the world is better off with a strong



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and powerful America than the other way around, and that there are nefarious actors and forces out there trying to undermine U.S. interests. And so I grew up with that as a fundamental premise of our world view. I remember grade school, studying Cuban expansion and revolutionary efforts in Angola, and Ethiopia, Central America.

DUBOWITZ: I remember them too because I was living in South Africa as the Cubans were in Angola.

ZARATE: Yes. And in fact, I remember one of my social studies papers in the fifth grade or something, or sixth grade, was about the Civil War in Namibia, and the alignment of forces and what was happening from a revolutionary standpoint. So I grew up in a home that not only appreciated the United States, but drove us to want to serve, drove us to want to learn. We had multiple newspapers in the home all the time, magazines. We were always talking about what was happening around the world. I remember talking to my mom about Reagan bombing Libya in the wake of the terrorist attacks in Germany, and her calming voice around not just faith in Reagan, but faith in American power and what would happen, and there was nothing to worry about, these kinds of things. So I was blessed with remarkable parents, courageous, but parents that fundamentally believed in the American dream, and frankly lived it. And I'm blessed to have been a product of my parents.

DUBOWITZ: So you grew up in California.

ZARATE: Southern California.

DUBOWITZ: Southern California. Where exactly?

ZARATE: Orange County.

DUBOWITZ: Orange County.

ZARATE: Which sits between LA and San Diego.

DUBOWITZ: Right.

ZARATE: So near Disneyland –

DUBOWITZ: So you came by –

ZARATE: – which makes us Disney fans.

DUBOWITZ: Yeah. And you came by your free market principles, honestly, in that bastion of otherwise far-left liberal California, right?

ZARATE: Yeah. California – Orange County was always red, to use current coloring of the map. It's changed a bit demographically, but we grew up in the shadow of Nixon's birthplace. We actually spent summers in San Clemente, which was the western White House for Nixon. And it was a very conservative mindset in Orange County. But it wasn't – at the time, growing up in the 70s, it wasn't as if we thought of ourselves as wholly divorced from the rest of California. It was clear that we were more conservative than other parts of LA County, and obviously the Bay Area, but it was just the way Orange County lived. It was a capitalist, American-strength kind of bastion of politics in California.

DUBOWITZ: Now, I think I remember, tell me if I'm wrong, but speaking of sort of American and apple pie, not only were you incredibly gifted student, ended up at Harvard College and Harvard Law School, but you're quite a baseball player, weren't you in your day?

ZARATE: No, that's all mythology. All mythology. It reminds me of the Bruce Springsteen "Glory Days" song. No, but I played baseball. I loved it. In that regard, I was kind of an all-American kid. I grew up playing baseball, football, basketball.



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I was skateboarding. I was boogie boarding. I was very much a Southern California kid and felt myself that way. I also appreciated my heritage.

In our home, we loved our culture. We loved our history. I would go back to Mexico to see relatives just about every summer growing up. We spoke Spanish in the home. So there was no shame in any of that, but there was a very clear sense that we were Americans first with a great deal of heritage and lineage to be proud of. But yeah, I played baseball. But I love that honor, to have been – at Harvard, to be able to study, obviously, write a thesis that became my first book, to be able to play baseball at a high level, and to play with great friends like Chip Poncy, who is a close friend of ours and –

DUBOWITZ: Absolutely.

ZARATE: – part of the treasury–

DUBOWITZ: – better baseball player than you, as I recall.

ZARATE: Maybe. Maybe.

DUBOWITZ: Right. According to mythology.

ZARATE: Mythology has it.

(LAUGHTER)

DUBOWITZ: Chip's mythology. So you went Harvard College, went to Harvard Law School. Unlike, I think a lot of your classmates who then maybe went into corporate law, went to Wall Street, if I remember correctly, you became an assistant U.S. Attorney; is that correct?

ZARATE: Yeah, so I clerked. A lot of law students clerked for federal judges, so I did that. I wanted to go back home, so I did that in San Diego for the chief judge of the Southern District. And so I did that for a year. It was arduous, great work. And I think, just for those who are interested in law school, it's sort of the perfect fourth year because it's like the perfect apprenticeship, right? Because you're just intensely involved.

DUBOWITZ: I went to law school, but no judge would take me.

(LAUGHTER)

ZARATE: Well, so you know it. So anyways, I did that, and then I got into the honor program at the Department of Justice, which is their way, like other departments and agencies, to recruit newly graduated students or nearly graduated students. So I was accepted into the criminal division where I wanted to go. I wanted to be a prosecutor. And the one section that I was most attracted to was the terrorism and violent crime section. And part of that was I was fundamentally interested in international legal issues. I was interested in how national security, foreign policy played into the law, and frankly, how prosecutors could play into it. And frankly, it was the closest thing I could come to that DOJ was doing that met those interests. And so fortunately, they wanted me. I wanted to go there. And that was in the late nineties when everyone was waking up to the problem of al-Qaeda, the challenges of global terrorism. And Mark, I'm not sure you know this, some of my first cases that I was assigned to were Hamas cases, where Hamas had killed American citizens, often dual citizens. And so those were early cases.

DUBOWITZ: And by the way, me and you live parallel lives. I was living in Israel at the time, late-1990s when Hamas was waging a suicide bombing campaign.

ZARATE: Yes.



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DUBOWITZ: In fact, the first victim of Hamas terrorism was a young girl from my high school. So thank you, by the way, in the 1990s for going after Hamas.

ZARATE: Well, all the great work was being done by the Bureau and the seasoned prosecutors. I was just learning at their feet, but it was an honor. And then we were able to deal with the families. And so it was my first experience dealing with the humanity and horror of terrorism through the lens of the victims. And it frankly just animated me. I was also put on, eventually, the embassy bombings case, the two American embassies attacked by al-Qaeda in 1998. Later, the USS Cole case.

DUBOWITZ: The embassies in Africa.

ZARATE: The embassies in Africa, Dar es Salaam and Nairobi. And I was also on other cases, including, people forget this, the killing of three U.S. citizens by the FARC [Revolutionary Armed Forces of Colombia], who were down there to work with the indigenous communities and had been kidnapped and killed. And so we were working on those prosecutions. And again, this is all pre-9/11, and so the counter-terrorism world was very focused tactically. So we were working on cases, building cases. The intelligence community was trying to track what [Osama] bin Laden was doing in Sudan and what was happening with the jihadi diaspora—

DUBOWITZ: But the sort of financial warfare tools that you later helped develop and implement hadn't been honed in those days?

ZARATE: No, not at all. Very immature. And in fact, before 9/11, bin Laden had been designated, pursuant to the executive order which allows the freezing of assets and is, in some ways, the cornerstone of some of the post-9/11 financial campaigns against al-Qaeda. He had been designated, but he'd been designated under an executive order tied to the disruption of the Middle East peace process. So there wasn't a regime looking at al-Qaeda as a global terrorist threat or the financial networks that were facilitating that threat. It was much more so just targeting an individual, identifying bin Laden as a problem. He was obviously a financier of sorts. He came from a very wealthy family, the bin Ladens, but it wasn't part of an actual campaign or strategy to go after the financial networks as a tool of not just statecraft, but attacking a vulnerability that these networks had.

DUBOWITZ: It's late 1990s, and I guess under the Clinton administration, Clinton administration had begun to look at Iran as a problematic actor, right?

ZARATE: Yeah.

DUBOWITZ: So there were some initial executive orders going after the Iranian energy industry, as I recall, state sponsor of terrorism, but you started to see at least the beginning of some kind of use of financial and economic warfare against the Islamic Republic of Iran. At the same time, on the sort of "Sunni side of the street" that's not that sunny, going after al-Qaeda and going after the Sunni Jihadists.

ZARATE: Yeah. So I think what was happening in the late-1990s period in the counterterrorism world was really kind of three layers of the counterterrorism cake. One was what had been a focus for some time since the late-1970s, which was sort of the nationalist movements that had jihadi tendencies or elements to them. So all of the Palestinian groups, PFLP [Popular Front for the Liberation of Palestine] and PIJ [Palestinian Islamic Jihad].

DUBOWITZ: Right.

ZARATE: Exactly. And so there was a focus on those groups, Hamas, obviously, but not a clear sense of how they fit into a broader global movement necessarily. There was the state sponsorship question, which is where Iran came clearly into



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play. So what states? Libya, of course. What countries are actually fomenting and facilitating. In some ways, that was viewed very much as a state issue, state actor issue. And so if Libya was attacking the discotheque in Berlin or a bombing Pan Am 103, we were going to go after the state. We weren't going to hunt and peck for the proxies. We were going after the state. And that was very much what Reagan did with Libya.

DUBOWITZ: Right. Iran, Libya, Syria.

ZARATE: Exactly.

DUBOWITZ: Right. Those state sponsors.

ZARATE: Those are the state sponsors. And then later on, even Iraq in that sense, right? And then the third part, which was part of the awakening of 9/11, was a global jihadi movement that had the Wahhabi violent extremist DNA attached to it that wasn't necessarily tied to one particular state actor, wasn't tied to one nationalist movement, was very much global in its aspect, and saw the United States as the far enemy and the head of the snake, so to speak. All three of which sort of converge in different ways, both ideologically and tactically, but were different types of problems. And I think the US was recognizing these different layers of the cake differently at different times. And certainly, 9/11 forced us to focus fundamentally on that global movement, given what al-Qaeda had done.

DUBOWITZ: And so after 9/11, in terms of your own trajectory, own personal trajectory, it starts to really intersect with America's trajectory, right? So you go from DOJ to the Treasury Department?

ZARATE: Yes. This was three weeks before 9/11.

DUBOWITZ: That was three weeks before 9/11. Wow.

ZARATE: Yeah. So the—

DUBOWITZ: You know the FDD was conceived of three weeks before 9/11 —

ZARATE: Really?

DUBOWITZ: — by the late great Jean Kirkpatrick, who, three weeks before 9/11, said, “The terrorism being directed against America by al-Qaeda,” including the cases that you worked on, “the terrorism being directed against Israel,” that wave of suicide bombings that you alluded to, “is one day going to come to America's shores, and we are not doing enough to understand the nature gravity of the threat, the network nature of these terrorist organizations, the state sponsors of terrorism. And not enough is being done in the intelligence community, government, academia, policy community. We need a new organization focused on that because it's coming.” And sure enough, three weeks later, it came on 9/11. And shortly after that, we opened our doors.

ZARATE: I was aware of the origin story, Jean Kirkpatrick, who's a hero of mine, part of that Reagan era of wise foreign policy leaders who understood the realities of the world, as you've just described, but I didn't realize it was three weeks prior. And so yeah, I moved three weeks prior from the Department of Justice to Treasury. And just to delve on the personal for a second, that was a hard decision for me because I had gone through law school thinking I was going to be a prosecutor. I had gone to Department of Justice. I was arguing appellate cases, I had grand juries. I was working on these important counterterrorism cases, generally speaking. And I was advised by some people not to transfer to the Treasury Department.

DUBOWITZ: Were you in New York at the time or in San Diego?

ZARATE: No, no, I was in Washington.



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DUBOWITZ: Oh, you were in Washington.

ZARATE: So I'd come to main justice to work at the terrorism violent crime section, and then to do my rotations as an honor program attorney. And I got to learn at the feet of some of the great prosecutors at the time. It was just a remarkable period. But in any event, with the Bush administration coming in, I've never worked on a political campaign. I didn't work on the Bush campaign. But one of my colleagues at the Department of Justice was being recruited over to the Treasury Department to work for the Office of Enforcement. Which, as you know, Mark, was the office that was overseeing sanctions, the anti-money laundering regime, the asset forfeiture office. But at the time, this is all prior to the Department of Homeland Security and prior to 9/11, the Secret Service, the Customs Service, the IRS criminal investigators, the Federal Law Enforcement Training Center, the ATF [Bureau of Alcohol, Tobacco, Firearms and Explosives], all treasury agencies. 40% of federal law enforcement sat at Treasury.

He had gone over, he recruited me over, and the job that was offered to me was to come over and be the senior advisor to the Under Secretary for enforcement, so the highest level official of the Treasury dealing with these issues, to handle the international remit. And honestly, Mark, when I was first approached, I didn't really know what the Treasury did in this space. Like most people. I didn't even know how to get into the Treasury. I remember going over the first time, I go in the side entrance. But anyway, when I went there, I did my research, I learned more. I thought, wow, what a fascinating place. What a fascinating mission. What an interesting role.

And again, I was going to go over and focus a bit more on terrorist financing, that was something that I clearly had in mind. But it was also about the international anti-money laundering regime. It was about how we're using sanctions. The Under Secretary was asking me to take that on. And the second week I was there, I took a trip to FATF, the Financial Action Task Force, which is the international body that sets standards for anti-money laundering. And that was my first introduction to FATF. And so I was in the steering committee meetings and I was, some ways, the most senior guy there for the Treasury learning all about this stuff, and found that fascinating. Came back, and 9/11 happened.

DUBOWITZ: And didn't a lot of these authorities actually go away? They moved away from Treasury, right? They went to this newly created department of Homeland Security.

ZARATE: Yeah.

DUBOWITZ: But the interesting thing is it really opened up an opportunity for you personally, and for Treasury as an agency, to get really deep on the issue of terrorism and financial intelligence. Tell us a little bit about, again, the personal story, the policy evolution. And of course, throughout this podcast, it's interesting, we haven't really talked about Iran in any detail. And I want to bring the conversation to Iran. Because I think Iran is, in many respects, an interesting case study. And how the US, after 9/11, began to take its authorities and its powers and its global reach, and the fact that the U.S. dollar was the currency of trade and the reserve currency of choice for the international financial community, and really weaponized that in a way that was really profound. And it had a serious impact on the Islamic Republic of Iran.

ZARATE: Yeah. So what happened post 9/11 was the President directed the entire government, in essence, to enter the War on Terror. We were going to use all elements of national power. And at the Treasury Department, that meant we're going to use all our authorities, we're going to use our information, we're going to use our suasion, we're going to use our regulation, we're going to use all of it in relationships around the world to figure out how to disrupt and dismantle terrorist financing networks. Ultimately, what we did, Mark, and you know this better than anybody, we devised strategies that said we are going to make it harder, costlier, and riskier for America's enemies to raise and move money around the world. And we are going to figure out ways of using, to your point, our dramatic asymmetric power in the economic and financial domain, the power of the dollar as the chief trading and reserve currency around the world, the attractiveness of our



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capital markets. The ability of the Treasury Department to, in many ways, drive international standards and norms to decide who's in and who's out.

To threaten trade. You've seen this in the tariff debates currently. All of our energy post 9/11 was then in this idea of, how do we use our authorities and powers? Now, to your point, it was really interesting. Treasury had a big role to play, but it was also in the law enforcement context. Customs had to worry about the borders. We were having to worry about the ports. The ATF was having to worry about the sniper problem. We were looking at the anthrax problem. In many ways, Treasury was being called on in many ways to defend the country.

What happened with the creation of the Department of Homeland Security, and in essence, the movement of the federal law enforcement, either to Department of Homeland Security or to Department of Justice, was in some ways the destruction of what had been built at Treasury. And many, if not most of the pieces, and people went away. I was asked to stay behind to pick up the pieces and figure out, okay, what comes next? Because Treasury still a role, but at that point it wasn't clear at all what it would be. In fact, most people were saying it doesn't have a role. We just created this new department – like on Capitol Hill, I would go up for briefings, or at the White House. We just built this department of Homeland Security, we're spending a lot of money and energy and strategic exercise around, why are you even here?

DUBOWITZ: Right. Treasury is Treasury, it's classic function—

ZARATE: Yeah, so go back to doing what Treasury does, don't come to these meetings anymore.

DUBOWITZ: What are you doing in an interagency meeting on national security?

ZARATE: And I anticipated, I told the colleagues at the time, I said, "We're going to go to the White House saying we're going to be told, what are you doing here?" And sure enough, one of the first meetings at the White House, post the creation of Homeland Security, where I was representing the Treasury, the first question up was, "Why is Treasury here? What are they contributing to this?" I had to answer that question for myself personally. Because I was being advised, leave Treasury. "You've done a great job for two, three years. Nicely done. Thank you." Some people are saying the rest is going to be a mess. It's going to be a lost cause, and you're going to be fighting bureaucratic battles, and you have six people. What are you doing?

And it was at that moment, it was a moment of realization to say, it's actually an opportunity to do what Treasury frankly does best in this context. Which is to think about how to use its financial and economic power fundamentally to deal with illicit finance, to isolate rogue actors. To actually become more relevant in national security than when we had all the guns and badges that were the reason we were at the table before. I took that mindset, and I was fortunate that I was asked to stay behind and pick up the pieces. The idea then was, let's recreate this function to make it more relevant to national security. And so what does that mean? Well, we are going to create an intelligence function within Treasury that looks at all the financial information that's relevant to how we see our vulnerabilities and how we see our adversaries vulnerabilities.

DUBOWITZ: It became the Office of Intelligence and Analysis.

ZARATE: At Treasury. Right.

DUBOWITZ: At Treasury, right.

ZARATE: We're going to beef up our policy office, but in a way that is strategically looking at the vulnerabilities of our enemies in the financial domain globally. We're going to be Treasury, but we're going to be Treasury in the 21st century. Meaning, we're going to look at how our enemies are trying to raise and move money, and we're going to do everything



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possible to try to bankrupt them and make it difficult. And we're going to do that not just with respect to al-Qaeda, or Hezbollah, or Hamas, which we were doing, but we're going to start to do this in ways that are systemically relevant by looking at state actors. How's North Korea actually making money and surviving and paying for its nuclear program? How can we attack Iran when everyone's telling us, Iran's been sanctioned for decades now, there's nothing more to be done? And they've got oil, so don't worry about it.

We took on the task of saying, "Okay, let's figure out what the right strategies are. Let's use our information, let's use our capabilities. And let's make Treasury more relevant than ever before." And that, to your point, led fundamentally to, how do we use these powers to isolate the most virulent and problematic of our enemies to include the Iranian regime and their proxies? And that's what led to the constriction campaign against Iran, the expansion of these powers. And frankly, an understanding in Washington that we hadn't out-sanctioned ourselves, we just hadn't been creative enough as to think about how we isolated these actors in a 21st century financial and commercial system.

DUBOWITZ: I show up in Washington 2003, don't know anything about anything. Don't have a green card.

ZARATE: I don't buy that. I don't buy that.

DUBOWITZ: Well, that hasn't changed. And I don't have a green card, don't have U.S. citizenship. Tried to join the U.S. military. By the way, they wouldn't let me in because I have a green card. Couldn't join you at Treasury because I wasn't a citizen. Wouldn't get clearance. But I become a Treasury groupie, and I'm watching what you're doing. And Stuart Levey and Danny Glaser and Chip Poncy, and many of our good friends who either working with you or followed you. Adam Szubin, others. Really, people who have done extraordinary work. And I recognize that there's actually not just a role for Treasury, but there's actually a role for Congress. There's a role for Congress to get in on this and start pushing administrations to go after the Islamic Republic, but not just conduct-based sanctions, not just narrow designations. But you guys have built the architecture that now allows Congress to start passing legislation that goes after the central pillars of the Islamic Republic's economy. It's oil sector, it's central bank, it's entire banking network, it's petrochemical sector, it's auto sector.

ZARATE: Exactly.

DUBOWITZ: And because of the conduct-based designations that you've done, particularly the most important is going after the IRGC [Islamic Revolutionary Guard Corps]. Right? Because the IRGC, as our listeners know only too well, doesn't play just a military role or a role of internal repression, but increasingly it has control over key sectors in the economy.

ZARATE: A key economic actor.

DUBOWITZ: Right. As a key economic actor, you guys, the Treasury, have designated them. Now that you've designated them, you can use that designation to actually develop a whole set of sanctions through Congress and through the executive branch that really turn designated sanctions into true financial warfare. Now, when we talk about warfare, I've been remiss throughout this entire conversation not to mention your wonderful book, "Treasury's War."

ZARATE: I'm sorry, I don't have a copy to flash it around, Mark.

DUBOWITZ: Yeah. Well, I recommend our readers go back and read it. It's kind of my Bible.

ZARATE: Thanks.

DUBOWITZ: And was my Bible after you wrote it. But certainly, all of the ideas and thinking and insights that are in the book were many things that you had developed when you were at Treasury. And then you went to the White House and



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you became Deputy National Security Advisor for Counterterrorism, and serving in the George W. Bush White House. Now, you're at the White House working with your Treasury colleagues as this entire financial warfare campaign expands against al-Qaeda and against the Sunni jihadist organizations, but against these state actors, North Korea, Libya, Syria, and of course Iran.

Let's dive into, not just "Treasury's War," but the Iran War. We had Jay Solomon on a previous episode, who wrote book called, "Iran Wars," which featured you, and featured me, and featured a number of us who were engaged in the economic and financial warfare campaign. Let me ask you just a basic question. How do you think it's gone? How do you think it's gone against the Islamic Republic? This 20 year or even longer financial warfare campaign against Khamenei and the regime?

ZARATE: It's a great question, because in some ways it implicates this broader question of, do sanctions work? Does financial warfare actually change behavior, or change the course of security threats, or regimes themselves? And I would say they have worked in really fundamental ways that have harmed the regime's ability to give full life to their policies and their imaginings. And ultimately, that's what we always said we wanted these strategies to do. Which is, we want to...

You can't stop every last dollar going to a bad actor, you're not going to stop every last front company, et cetera. But what you can do is to make it strategically very difficult for the targets to operate. And forcing them in some ways to make strategic decisions based on limitations of their access to capital and goods. Right? With al-Qaeda, we said we want it to be a hard choice as to what they pay for, families of suicide bombers or bribes to Pakistani nuclear scientists. Same thing with Iran. They're going to have revenue coming from their oil, and they're going to smuggle it, they're going to find other ways to profit, to scheme, to corrupt, take advantage of their population and their economy. The IRGC controlling 40 plus percent of the core part of the economy. That's going to happen, but you need to try to constrict it, and you need to do that in a way that then constricts their ability to be fully operational.

DUBOWITZ: And by the way, this classic guns versus butter decision that any state has to make.

ZARATE: Exactly.

DUBOWITZ: When you give them all this cash, they can have guns and butter.

ZARATE: Exactly right.

DUBOWITZ: When you force them to a decision, now it's either guns for Hezbollah or butter for our people.

ZARATE: Exactly.

DUBOWITZ: And this regime has tended to choose guns, which has infuriated the people.

ZARATE: That's exactly.

DUBOWITZ: And the reason we've seen Iranians on the streets since 2009, millions of them yelling "death to the dictator," is not just because they've been denied their rights, which certainly is true, but also because they've been denied their paychecks. And many blue collar workers have been on the streets, not just the sort of North Tehran elite.

ZARATE: And the revolutionary adventurism of all those expenditures and their support to proxies like the Houthis and Hamas and others, which meaningless to those on the street that are struggling to pay their bills or to buy food for their families. You're absolutely right. I think what we did really well with Iran, and you described it, Mark, is to apply a constriction campaign which was intentionally episodic sector by sector. And it was meant to then run in parallel with the



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diplomacy that would get Iran to the table. It was about going after the banking sector. It was about, to your point, the petrochemical sector. It was going after key elements of the bizarre exports. It was going after—

DUBOWITZ: And going after oil.

ZARATE: Ultimately—

DUBOWITZ: The lifeblood of the regime.

ZARATE: — oil, going after Bonyads as well. Ultimately, the central bank. And by the way, you were the absolute catalyst for Congress to get more aggressive in this domain, and especially with Iran. Because in that post 9/11 period, Congress didn't have to cajole or nudge the Bush administration to be aggressive with the use of authorities. In fact, some would argue Congress should have been check-graining the Bush administration. But in this space, certainly we were being highly aggressive with how we thought about the use of financial measures. There came a period with respect to Iran where it wasn't so clear, especially with the Obama administration, how hard they were willing to push. And you did need Congress to be part of that debate, to be part of the strategic push to isolate the Iranians.

I think, in general, it's worked well. And in particular, for raising the risk of doing business with and through Iran. And by that I mean, and I think your listeners will appreciate, part of what we did post 9/11 was not just to use sanctions more aggressively, expand them on conduct, threaten banks, expand the anti-money laundering system, share more financial intelligence. All that was happening. What we did fundamentally was to decide we are going to affect the risk calculus of the private sector where the rubber meets the road. Who banks decide to do business with, what transactions they facilitate, what shipping companies decide to ship where. All of that, that's where the sanctions matter. That's where the rubber meets the road.

The strategy was, fundamentally — and this was back in that 2002, 2003 period. We said, we may not have guns and badges, but we have the ability to affect the risk calculus based on our regulatory authority, our suasion, our information, et cetera. And so, we are going to inform the international community as to what those risks are. We're going to inform it via sanctions. We're going to inform it via anti-money laundering measures. We're going to inform it with actual dossiers of information about what the IRGC is doing within the Western banking sector. All of that played out in a way that began to condition the environment around doing business in and around Iran. And the best example of that, Mark, and this is ode to a lot of your work.

When Europe, in 2019, after President Trump in his first term, pulled out of the Joint Comprehensive Plan of Action, the Iran nuclear deal, the Europeans wanted to establish a payment mechanism to get money in and out of Iran for a variety of reasons. They called it INSTEX [The Instrument in Support of Trade Exchanges], pushed hard by the Europeans. The diplomats wanted it to happen. Everyone was mad at President Trump in the United States for backing out of the JCPOA [Joint Comprehensive Plan of Action]. Despite all of the best efforts to make INSTEX work, to have it be a payment mechanism, to have European banks participate. What happened? It fell away. It was demised. Why? Because nobody wanted to take the risk of doing business with Iran. Part of it was the threat of U.S. sanctions, but it was also the reality that no one could actually trust who they were doing business with—

DUBOWITZ: Well, the counterparty would likely be the IRGC.

ZARATE: Yeah.

DUBOWITZ: Right?

ZARATE: And the behavior—



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DUBOWITZ: Right.

ZARATE: – of the counterparties and the economy itself was getting worse and worse. And in fact, in 2025, it's even worse. So, not only did you have the history of state sponsorship of terrorism support to all these proxies, now, you have involvement in the Russian War with Iranian exports of drones. Post October 7th, you have Iranian support to Hamas continuing the Houthis shutting down the Red Sea maritime channels with the support of the Iranians. And so, who in the right mind, who's legitimate, at least, who's not trying to smuggle or help Russia evade sanctions, who is going to do business with Iran? European banks weren't.

DUBOWITZ: No.

ZARATE: European big conglomerates weren't really going to invest in Iran. Why? Because the risk was too high.

DUBOWITZ: Well, I want to actually segue to China. Because who will do business with Iran in this environment? The Chinese.

ZARATE: Yeah.

DUBOWITZ: And the Chinese buying Iranian oil–

ZARATE: Yes.

DUBOWITZ: –at 1.4, 1.5 million barrels a day. But before we get there, I want to talk a little bit about the first Trump administration where after Trump withdraws from the agreements in May 2018, and by 2019, starts to reimpose sanctions and put the maximum pressure economic campaign that's going full hilt. And our wonderful friend and colleague, Sigal Mandelker, is driving things as the Under Secretary at Treasury for Terrorism and Financial Intelligence. There is a comment that's made, and our colleague, Behnam Ben Taleblu, has mentioned this to me, that the Iranian president at the time and the oil minister, as the sanctions are starting to really bite, there's a public comment made by both that these sanctions are doing more damage to the economy of the Islamic Republic than the entire Iran-Iraq War. Now, the Iran-Iraq War in the eyes of Iranians is like World War I, World War II –

ZARATE: Utter devastation.

DUBOWITZ: – the Vietnam War, and the Iraq and Afghanistan Wars for Americans. Roll that all together and throw in Korea and you've got the Iran and Iraq War, right? Utter devastation, and yet, these financial sanctions have been so crippling that the regime is facing potentially imminent economic collapse, right? In fact, going back to Obama, is it Obama's adept diplomacy? Is it writing letters to the supreme leader? Is it John Kerry and his relationship with Zarif that actually enables the nuclear deal of 2015? No, it's–

ZARATE: Of course, yeah.

DUBOWITZ: – that the regime is facing severe pressure–

ZARATE: Absolutely.

DUBOWITZ: – that's been built under the Bush administration and the Obama administration –

ZARATE: And carried into the Obama administration, yeah.

DUBOWITZ: – by Treasury, by Congress.

ZARATE: And this was by design, by the way.



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DUBOWITZ: By design.

ZARATE: Again, we had built that economic constriction campaign –

DUBOWITZ: To arm the diplomacy.

ZARATE: – to arm the diplomacy.

DUBOWITZ: Right.

ZARATE: And so, before, when I was at The White House, Bill Burns was beginning to negotiate with the Iranians. So those discussions were already happening before the Bush administration had even left office because that was part of the strategy. We wanted to pressure them, and we understood. And I think there was a recognition post 2005, 2006, there was actually more post 2006, there was actually an ability to use these tools in a way that would actually cripple the Iranians. So I think that's absolutely right.

I think the challenge, and I testified before the Senate when the JCPOA was being negotiated that the real challenge was the offer by the US to reintegrate into the economic and financial system as a price for the nuclear concessions, or whatever those were billed as at the time by Iran. The problem with that, of course, was we had built a sanctions regime around the totality of risk for Iran. So it wasn't just about the nuclear program, which it was a huge part of it, and certainly part of chapter seven obligations of numerous Security Council resolutions that, by the way, did not allow for Iran to enrich uranium, which was given away in the JCPOA.

DUBOWITZ: Which got ignored and lifted.

ZARATE: Yeah.

DUBOWITZ: Yeah.

ZARATE: Which is the fundamental and original sin of the JCPOA, not to mention the legitimization of an Iranian nuclear program to begin with. And there's all sorts of other problems that we could spend another five hours on if we wanted to, but in any event, the problem was the tableau of sanctions that we had placed from Congress, from the administration on Iran. It had to do with all of their nefarious behavior, all of the things that made doing business with Iran risky, all of the things that made any financial activity with Iranian actors or the Iranian economy suspect. So, all of those things weren't resolved in the JCPOA, intentionally. We weren't going to deal with support to Hamas and these other things.

DUBOWITZ: Right, the missiles.

ZARATE: We're going to treat nuclear–

DUBOWITZ: Right.

ZARATE: – separate from all these other things. Unfortunately, the missile proliferation Security Council resolution got thrown into the mix at the tail end with the JCPOA, and we see the folly of that now, of course, given the threat of not only missile production in Iran, but supplies and exports to others like Russia and other bad actors around the world.

So, in any event, what was never fully appreciated, including by the diplomats, I think, as part of the reason I wrote "Treasury's War," was we had changed the way that these sanctions were being used, not because we just piled them on top of each other and then you could layer them off if you wanted to. We had actually used sanctions and a whole bunch of other tools and mechanisms to build layers and recognition of risk tied to Iran. And so, that wasn't going to go away with the JCPOA, and this is why when Secretary Kerry at the time did a roadshow in Europe with OFAC [Office of Foreign



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Assets Control] and Treasury officials, which I was very critical of at the time, to try to convince European banks and companies to do business in Iran, despite the fact that we'd been saying for 15, 20 years, "Don't do business with Iran," despite the fact that those risks still existed, despite the fact that Iran wasn't fulfilling their obligations. That was a lack of recognition—

DUBOWITZ: And by the way, I remember—

ZARATE: — of the nature of this.

DUBOWITZ: ... *The Wall Street Journal* op-ed that our friend, Stuart Levey, wrote.

ZARATE: Yes.

DUBOWITZ: Who was a former Under Secretary for Terrorism for Financial Intelligence, who really played a very prominent role in building the sanctions' architecture against Iran. Then, he was Chief Legal Officer of HSBC.

ZARATE: HSBC.

DUBOWITZ: He was based in London.

ZARATE: Yes.

DUBOWITZ: And Kerry was coming to London. And he wrote a piece on *The Wall Street Journal* saying, "Sorry, Secretary Kerry, but as Chief Legal Officer of my bank, there's no way I'm going to be advising my bank to take these kinds of risks with those kinds of bad actors."

ZARATE: That's exactly right. In fact, Senator Tom Cotton asked me about that op-ed because I was testifying about the JCPOA, and that's what I thought about it. I love Stuart Levey, of course, having worked with him. When he was at DOJ, I was at Treasury. He came over then as the Under Secretary for the Office of Terrorism and Financial Intelligence. It was a brilliant op-ed because it signaled what the market recognized, which is just it was not going to happen with respect to doing business with Iran. And it's that sense of risk in addition to the sanctions, in addition to the identification of targets of interest, interest from the IRGC that has allowed the isolation of Iran and the devastation to their economy.

Has it been foolproof? Of course not. They've got oil to sell. It's a major economy in many ways. There's a lot of smuggling. They've figured out how to barter, the bartering agreement with Turkey many years ago that FDD laid bare. They're going to find ways to move money and to make money, and there are those who are going to take advantage of it, like the Chinese, and the Russians, and others, for their own purposes.

DUBOWITZ: So here's something interesting, which I'm hesitating to talk about, but then I think maybe it's worth talking about because I don't think the current Trump administration negotiators understand, and I don't think the regime in Iran understands is that, during Trump one, Treasury, with an assist from Congress, actually took a number of the most powerful sanctions that had been layered on and had been predicated on nuclear issues and redesignated —

ZARATE: Exactly.

DUBOWITZ: — the Central Bank of Iran, key instrumentalities of the Iranian oil economy, shipping, petrochemical, et cetera, on the basis of terrorism.

ZARATE: Exactly, exactly.

DUBOWITZ: So, whatever nuclear deal is signed between the United States and Iran in Oman, if there is one, whatever sanctions leave for promise to the Iranians, the President of the United States, President Trump, is going to have to certify



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that Iran is no longer engaged in supporting terrorism in order to suspend or to lift those sanctions, both the executive branch and statutory sanctions.

ZARATE: Yes.

DUBOWITZ: So, there has literally been, I know President Trump loves this word, a wall. There's literally been a sanctions wall –

ZARATE: Yes.

DUBOWITZ: – that has actually been built and been predicated on Iran's malign activities outside of the nuclear realm that will either have to remain in place or he, with a straight face, is going to have to say and certify Iran is no longer engaged in terrorism.

ZARATE: Yeah.

DUBOWITZ: Which, of course, the Islamic Republic is engaged in widespread support for terrorism.

ZARATE: As a matter of open public policy on their part, absolutely right.

DUBOWITZ: And by the way, he can say that, he can say that, but chief legal officers, and major financial institutions, and major energy companies, and construction companies, and auto companies are going to have to say, "Oh, wow. Well, President Trump is certifying they're no longer engaged in terrorism? I know factually they're engaged in supporting all these terrorist organizations. Do I want to risk my career and risk my company on going back into Iran and doing business with counterparties that are involved in supporting terrorism?"

ZARATE: Absolutely right, Mark. And I do want to comment on this because you've been leading on this, and you led on this in that period in terms of laying out the ideas for it. You and I had said that an alternate strategy for President Trump at the time in the first administration was not to pull out of the JCPOA, but in essence, to do exactly what you described, which is Secretary Kerry, President Obama, everyone said when the JCPOA was signed, "This has nothing to do with the use of sanctions with respect to the other malicious activity and illicit activity that the Iranians are engaged in." So, okay, that's fine. The same sinews, the same mechanisms, the same platforms, frankly, the same organizations are a part of supporting terrorism, are a part of missile proliferation, are a part of money laundering. So all those things still exist. So, why not simply be aggressive about the application of sanctions?

So what you've described is exactly that, which is a recharacterization of why the sanctions are in place, but it's just as important to have them in place because it doesn't matter if the regime is using the proceeds to develop the next version of the centrifuges or sending the money to the Houthis or Hamas to arm themselves. We don't want any of that to happen, and that means it goes through their banks, it goes through IRGC front companies, it goes through shipping companies that are moving goods and arms.

DUBOWITZ: Right.

ZARATE: So, to your point, that's precisely why that approach is so important at the time. And again, I still argue, the president maybe didn't even have to withdraw from the JCPOA. You could have kept some of those restrictions and continued to pressure, and that might have achieved some other results. The other thing that's happening with Iran, and I mentioned it earlier, is the risks are higher today than ever before the Iran. So, not only is Iran still a state sponsor of terror, they're a state sponsor of terror post October 7th. They're a state sponsor of terror with the Houthis trying to shut down shipping, now the pirates of the Red Sea. These are all Iranian proxies, and Iran is now the chief supplier of the drones that are attacking civilian sites and killing women and children in Kyiv and all parts of Ukraine.



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DUBOWITZ: That's how we didn't warn they're Europeans all those years.

ZARATE: Yeah.

DUBOWITZ: Yeah.

ZARATE: And oh, by the way, and this is the world we operate in commercially, the standards, and norms, and the requirements for institutions, financial institutions, shipping companies, higher and higher to know your customer, understand ultimate beneficial ownership, understand originator, and beneficiary, and transactions, to understand transshipment points to make sure export controls are effectively monitored and enforced. So, the standards have actually gotten higher in the international financial and commercial world, while the risks have gotten higher with Iran. And so, it's even harder to imagine an Iran emerging in this environment where they get "olly olly oxen free" free pass back into the international financial system when, frankly, it's hard even for Mexican banks to get correspondent relationships in the US. We're now going to deal with Iranian banks?

DUBOWITZ: Right.

ZARATE: Are you kidding me?

DUBOWITZ: And also, let's bring the story to the beginning, which is you're a DOJ Assistant U.S. Attorney out of Washington, your colleagues at Southern District of New York, Manhattan, AUSAs [Assistant U.S. Attorneys] who've been actually going after some of those banks, who've prosecuted some of those banks for violations of Iran sanctions. Those banks have paid multi-million, in some cases, billion-dollar fines, deferred criminal prosecution agreements.

ZARATE: Exactly.

DUBOWITZ: "Get your house in order, or we're going to prosecute the bank." And in fact, there was a Turkish bank, Halkbank, that was engaged in a \$20 billion Turkish-Iranian sanctions busting scheme.

ZARATE: Yeah. That's exactly what I was talking about with the FDD research that helped reveal that.

DUBOWITZ: Yeah, we exposed that. I testified in the case in Southern District, but the interesting thing was that the deputy CEO of that bank, a Turkish gentleman who was engaged in the sanctions scheme with Iran, went to jail, and that bank is now facing criminal prosecution that is ongoing.

ZARATE: Yeah.

DUBOWITZ: So, it's a warning shot to the financial institutions around the world, by the way, including Chinese banks.

ZARATE: Yeah.

DUBOWITZ: Chinese banks need to trade in the dollar. They need to be part of the global financial system.

ZARATE: Yeah.

DUBOWITZ: It's one of the reasons that the Chinese actually, under both Obama and Trump one, stopped buying most of Iran's oil. Their shipments to China dropped significantly because the Chinese banks – and by the way, the refineries, in many cases, global and globally architected, didn't want to lose access to these global markets. So, when people say you can't go after China in this context, it's becoming more difficult than maybe it was 5, 10, 15 years ago, but it's still possible.

ZARATE: Absolutely. And one of the realizations in that post 9/11 period for everybody that was witnessing what we were doing for the Treasury was there are actors, whether it's in China or in other parts of the world, that not only fundamentally



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care about their legitimacy, that are heavily dependent on their connectivity, connectivity to the Western banking system, to forms of capital, and they don't want to jeopardize that. And so, when, for example, in 2006, the Treasury Department used Section 311 of the PATRIOT Act to identify Banco Delta Asia, small private bank in Macau, as a primary money laundering concern that was engaged in money laundering, counterfeiting, proliferation finance for the North Korean regime, every Chinese bank that had any touchpoint with Banco Delta Asia backed away. They didn't want to have to deal with the reputational risk, or even being cut off from the United States because of that relationship.

And in fact, they didn't want to be touching North Korean interests. And so, the large Chinese banks made some hard choices at that point, and that's when I think the national security community recognized not only is this a powerful tool, because this wasn't even a classic sanction.

DUBOWITZ: Right.

ZARATE: This wasn't a UN resolution.

DUBOWITZ: It's just a warning.

ZARATE: This was a notice of proposed rulemaking for the U.S. banking community, but what it did was it shined a light, it shone a light, sorry, on this bank and its behavior and its connectivity to North Korean illicit activity. And it forced the market, including the Chinese market, including the Chinese Communist Party, to make a choice. And so, within the Chinese system, you saw a debate between the foreign ministry, and the finance ministry, and the central bank about what to do. And the reality there, Mark, was exactly what you described, which is, in all of these places around the world, especially where there's connectivity with the West, where they are heavily dependent, they will react to these market signals and they will be vulnerable to the kind of isolation we're talking about.

Fast-forward to today, in some ways, that's the principle that's being applied with these tariffs, the secondary tariffs on Venezuela. President Trump's saying if you buy Venezuelan oil, you're going to have 25% additional tariffs put on top. You look at the Lindsey Graham Russia sanctions bill being debated, 500% tariffs for anybody buying Russian energy products. It's this notion that you're going to be damaged economically and financially. You're going to be isolated. By the way, you're not going to be able to do business in the United States, whether it's in a direct way or in terms of secondary sanctions or secondary tariffs. I think it's wholly powerful, and frankly, it's become more a part of our national security doctrine.

DUBOWITZ: So Juan, you mentioned the use of tariffs, which is very interesting because it's a new innovation in the way that some of us understand financial and economic warfare and really a broader national economic security doctrine, and we certainly are now, I think unlike maybe 5, 10, 15 years ago, we're now seeing an actual axis emerging, an Axis of Aggressors, between Iran, China, Russia, and North Korea, all targets of sanctions over the years, but I think this axis has become much closer in the lines of cooperation between axis members, have become more profound on economics, diplomacy, military covert action, intel. I mean, they're starting to really cooperate and build their own networks, economic and otherwise. Say a little bit more about tariffs, this doctrine, the Axis of Aggressors, and specifically how does this apply to Iran as we think about the days, and weeks, and months forward as we deal with the regime, its nuclear program, and its other malign activities.

ZARATE: You've asked several really important questions. I think the first, and it's really important for the listeners who are interested in this space to understand, I think we've evolved into and we're starting to see the crystallization of an economic security framework, if not doctrine, for the United States. It's certainly what we've been working on here at FDD through the center, but it's this idea that there are a whole host of tools, and authorities, and ways that the United States can influence in the economic and financial domain beyond just sanctions. We clearly understand sanctions and those



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have evolved in very interesting, complicated ways. The use of anti-money laundering tools, anti-bribery corruption tools, anti-kleptocracy measures, export controls, investment security, inbound, outbound, even now, the use of positive economic power to influence, even to challenge, for example, the Chinese One Belt, One Road/BRI [Belt and Road Initiative] projects, et cetera.

I think what you see with the Trump administration is an acceleration of this doctrine in part because they've said very plainly, "Economic security is national security." And this is a president that clearly wants to make economic deals wherever possible. That has a lot of different dimensions to it, but it certainly accelerates what we've been seeing, and I think what has happened in addition to the use of tariffs is the administration is starting to realize we've got a lot of tools to use and to leverage, whether it's with respect to China or with respect to pressuring Iran or Venezuela. I think we're just starting to grapple with, okay, how do we use those tools in concert and as part of a strategy?

That then dovetails with your really important observation and work that FDD is doing on the convergence and the alliance of the Axis of Aggressors. In "Treasury's war," I called it "The likely emergence of the alliance of financial rogues." Anticipating that what you were going to have were those targeted actors and regimes trying to find ways to interact and support each other, to both evade sanctions but also to find the ways and means to move money, to barter, to exchange, to get access to goods that they wanted. That's what's happening. You see that with BRICS+. You see it certainly with the alliance between China and Russia, with Iran included, North Korea very much involved.

DUBOWITZ: Our British friends call that, I think, CRINK, China, Russia, Iran, North Korea, which is a very British acronym.

ZARATE: CRINK. Yeah, I like that. Yeah, so that's emerging. To your point, I think it's most evident and most accelerated in light of the Russian invasion of Ukraine, where you get North Korean troops in the European heartland fighting Ukraine. You have Iranian drones raining on Ukrainian cities. You've got Chinese supplies to the Russian military.

DUBOWITZ: And China helping Russia with massive sanctions evasion.

ZARATE: Exactly, and the purchase of Russian oil at a discount for China but in ways that are helping the Russian economy fuel the military. This is emerging not just opportunistically, but as a system and an order. You've heard, whether it's Putin or Lula da Silva from Brazil, talk about the desire to use these alliances and mechanisms to dethrone the dollar, to find alternates to U.S.-backed and Western-backed systems, and to find alternate ways of making payments cross-border commerce, and to engage systemically.

DUBOWITZ: An alternative to SWIFT [Society for Worldwide Interbank Financial Telecommunication].

ZARATE: Alternatives to SWIFT, but also alternatives to ways that financing is settled between countries and between parties in ways it doesn't require it to flow through New York or London, doesn't require dollar conversion, use maybe of crypto in that regard with the Chinese very much promoting the use of the digital yuan.

DUBOWITZ: They're essentially building an alternative architecture to the architecture that the United States built the post-World War II period, an architecture that you leveraged post-9/11 at Treasury.

ZARATE: Well, they're trying. They're trying, and I think they're going to have a hard time. Part of it is we should make it harder for them. We should continue to make the U.S. system attractive. We should continue to reinforce the dollar as the chief reserve currency and the most confident currency in the world in that regard. Here's where Iran and the risk of Iran and Russia becomes a real deficit, because in order for these platforms, payment systems, even these alliances, beyond the military support, the only way they emerge is if they're seen as legitimate and can go to scale. The problem with the alternates to SWIFT that China and Russia tried to establish in 2014, China, it's been somewhat in use, Russia, it's been



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a failure, honestly, because who's going to subscribe to that system, especially with the Russia that's further and further isolating itself?

The challenge for this collection of actors is Iran in particular presents huge risk. All the risk we were talking about now potentially gets imported into the platforms and systems. Now, that risk has to matter, it has to be understood, and there has to be attractiveness to alternate systems that can meet the needs of those actors that are on the margins. The Saudis, the Emiratis, the Brazilians, these are actors that you want to be acting legitimately, transparently. You don't want them enabling what the Iranians are trying to do, but that takes a strategy, and I think part of the strategy moving forward with the isolation of Iran is the isolation of the networks and nexus of these nefarious actors. How Iran is actually supplying the Russians, how Iran continues to move weapons to the Houthis, the way they continue to try to funnel money to Hezbollah and Hamas. There are mechanisms to get at the nodes, but then also to get at the center. In that context, we need to think aggressively about other tools, going after the regime's leadership assets.

The Trump administration has demised the KleptoCapture team out of the Department of Justice, which was established to go after Russian oligarch money. I've argued for a long time, Mark, you've heard me, that should be converted to look at Iranian leadership assets. Let's go KleptoCapture on Tehran and make that part of a strategy. Let's make sure we're looking at all of the diversion and use of shadow fleets for Iranian purposes. Let's figure out who's buying Iranian oil. Let's expose as FDD's doing through the great work of Elaine Dezenski at the center, let's look at the Chinese teapots, the infrastructure for the import and refinement of Iranian oil. Who's controlling that? The Chinese Communist Party is, Chinese entities. Let's expose it. Let's squeeze those nodes. There are ways to continue to pressure and to continue to make the alliances that these countries and these groups are trying to create a fundamental vulnerability. Again, that's just part of the strategy we built post-9/11. Make these financial systems, these networks, fundamentally vulnerabilities for our enemies as opposed to enabling features.

DUBOWITZ: Juan, when I created this podcast, I did it selfishly. I did it so that I could learn. I've been working on Iran for 22 years, and I have brought on guests who have educated me and enlightened me. I love these conversations because I learn so much. I thought when I was going to bring you on, I thought I know a lot about economic sanctions. I've worked on it for 22 years. I got sanctioned by Iran and called an "economic terrorist." This will be a good conversation, but how much am I really going to learn?

This has been fascinating. I walk away from this conversation having my mind kind of opened up to the next stage of financial and economic sanctions, as you've described it, and how America can retain its preeminent place as not only a great country and an important democracy but a country that uses the rules of the financial sector to go after illicit actors in order to squeeze regimes. The other thing that strikes me as I listen to you and having known you for all these years, and it's a theme of this podcast, is that I always say the only place that Iranians don't succeed is inside the Islamic Republic of Iran, because there's amazing Iranian diaspora communities in *Tehranto*, and *Tehrangelles*, and Great Neck in New York, and Europe.

ZARATE: On my street in Orange County growing up.

DUBOWITZ: Yeah, on your street in Orange County growing up.

ZARATE: Iranian families. Yeah.

DUBOWITZ: Amazing, right? Amazing immigrants, amazing success stories. You're an amazing success story, and I am sure your immigrant parents from Mexico and Cuba must be so proud of you and what you've done. We're certainly honored to be your friend, and to be your colleague, and have you part of FDD, and I really want to thank you for joining us.



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ZARATE: Thank you, Mark. Thank you for everything you've built. Thank you for your mentorship, for including me. I'm always learning from you and everybody here at FDD, so thank you.

DUBOWITZ: That was Juan Zarate, one of the sharpest minds behind America's economic pressure campaigns and someone who's been in the trenches when it comes to confronting regimes like Iran's. As we've discussed, financial warfare isn't just about freezing assets. It's about denying the Islamic Republic the resources it needs to fund its nuclear program, regional proxies, and domestic repression. Juan and I both have been sanctioned by the regime in Tehran. If they're calling us 'economic terrorists,' I think we're probably doing something right. You can follow Juan's work at FDD's Center on Economic and Financial Power and at K2 Integrity. And stay tuned, next time we'll be taking you inside the illicit financial networks that link Iran to China, Russia, and North Korea. I'm Mark Dubowitz. Thanks for listening to "The Iran Breakdown."