



Snapback to Reality: Using the Almighty Dollar to Force a Regime Reckoning

September 27, 2025
Featuring Miad Maleki
Hosted by Mark Dubowitz

MALEKI: Every sector that have some kind of revenue, that can generate revenue that could be profitable, that they have invested in. And what they've done because of the level of corruption in these enterprises, the amount of commission that they pay, political rent that they pay, they have turned these sectors into absolutely non-profitable. They keep pulling loans out of banks to pay for their operational costs, and then they have to rely on donations that they collected from ordinary Iranians to help the poor in the country, as opposed to generating revenue from... Well you weren't supposed to take over the economy. Well, you did... At least take that revenue and profit and invest and help the economy.

DUBOWITZ: I'm Mark Dubowitz, and this is "The Iran Breakdown." The Islamic Republic wants the world to believe it's a normal state with a normal economy – but it isn't. For decades, Tehran's rulers have built a mafia-like system where the IRGC [Islamic Revolutionary Guard Corps], Basij, and the Supreme Leader's vast economic empire control everything from petrochemicals, oil and banking, to tech startups and even humanitarian aid. Billions meant for ordinary Iranians end up funding terror groups, missile programs, nuclear weapons programs, and repression at home. To understand how the system works and how America's economic power can still bring it to its knees, I'm joined by FDD's Miad Maleki, an Iranian-born, former senior Treasury official who helped design and implement the maximum pressure campaign. Together, we pull back the curtain on the regime's financial networks, debunk myths about moderation through wealth, and chart the path forward for U.S. sanctions strategy.

Miad, welcome to "The Iran Breakdown."

MALEKI: Thanks. Thanks for having me, Mark.

DUBOWITZ: Yeah, well first of all, it's wonderful to have you on the podcast, but even more importantly, it's wonderful to have you as a colleague now at FDD, after all these years of working together, when you were in the U.S. government, and obviously I've admired you professionally and personally. So, it's really great to have you.

MALEKI: No, of course. I got to tell you, for years – you're a very technical person, you do work on the policy realm, but for years I followed your work very closely, and FDD as a whole, and it's really just, it's an honor to now be a part of this team.

DUBOWITZ: It's wonderful, Miad. And I always start these recordings with your personal story, I want to hear about you, your family, your connection to Iran, and then we can move to the professional realm, and how you got into the national security field.

MALEKI: So, I was born in Tehran, in Iran, in a neighborhood called Evin, in north of Tehran. It's very close to where Evin Prison is.

DUBOWITZ: Wow.

MALEKI: It's only a few blocks away from the prison. As a matter of fact, a few years ago, I remember these very loud sounds, around 5:00 or 6:00 AM, very early in the morning when it was still dark, as a little boy, waking up to the really loud sounds. And it came back to me, and I asked my dad, I'm like, "I have these vague memories of being up very early in the mornings," and he said, "Those were sounds of, they were doing executions, fire squads in the morning." Anyway, I was born in Evin, beautiful mountain neighborhood in Tehran, we had different, we're part of religious minorities, we had Baha'is and Jewish in the family, and things were just not as easy for us. So, my family, we all moved to the US.

DUBOWITZ: You're Baha'is?

MALEKI: We're Baha'i, we have Jewish, so my mom's side, we have Jewish, my dad's side and mom's side, we have Baha'i.



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DUBOWITZ: Wow. So, that's really difficult to be Baha'i and Jewish.

MALEKI: It's difficult, we got both. We got both.

DUBOWITZ: Wow.

MALEKI: Yeah.

DUBOWITZ: In Iran. Wow.

MALEKI: In Iran.

DUBOWITZ: Wow.

MALEKI: And life wasn't really easy for my parents, they were accountants, they were very educated, but they didn't belong to the elites, and they didn't have all the opportunities that you think people that are very well-educated should have. So, we moved, my family, we all part of this United Nations programs for resettlement of religious minority groups, we moved from Iran to Texas.

DUBOWITZ: What year was that?

MALEKI: It was early 2000s.

DUBOWITZ: Early 2000s. Wow.

MALEKI: Right.

DUBOWITZ: So, how old were you at the time?

MALEKI: I was 19, 18, 19.

DUBOWITZ: Oh wow.

MALEKI: Yeah, yeah.

DUBOWITZ: So, you lived in Iran through formative years then?

MALEKI: Oh, yeah, yeah, I've seen the whole thing. Yeah.

DUBOWITZ: Wow. And clearly you've lived, experienced, and suffered under the repression of the regime, so –

MALEKI: Oh, absolutely.

DUBOWITZ: – for you, this is not just professional, it's personal?

MALEKI: Oh, it is for sure. I saw this struggle for ordinary Iranians being in a family that, we were not wealthy, we didn't have connections, we were just one of the 80% of the population that are not connected to the regime, and it was a struggle. And –

DUBOWITZ: Was your family political at all, or kept their head down?



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MALEKI: Here's one thing. Iranians are probably the most political people you can find, and it's fascinating. You talk to anyone and they have so much of political knowledge that you would think they're political scientists. They understand the government well, they understand – and it has to do with the fact they went through a revolution, and political change, and they saw the outcome, which really was not in favor of the majority of the population, and they had to follow politics very closely because it affected them so directly and so harshly. And again, it's very fascinating, you talk to the Iranians – I'm sure you have the same experience. And you realize, they know about politics. And Iranians in Iran, that's what I'm referring to, they're just extremely knowledgeable about politics. So, yeah, my family were not politicians or involved in politics but we've always had very robust political discussions in the house.

DUBOWITZ: Do you have a sense of how many generations your family had been in Iran on both sides?

MALEKI: I don't.

DUBOWITZ: This goes back multiple generations.

MALEKI: Yeah. For sure.

DUBOWITZ: Living as Baha'is and as Jews in Iran, and then inside the Islamic Republic.

MALEKI: Correct.

DUBOWITZ: And did you ever speak to your folks about why they stayed after '79?

MALEKI: Well, I think a lot of Iranians couldn't just leave, didn't have the financial – they weren't able to leave. They couldn't fund travel, they couldn't get visas, they were just stuck. You had Iranians who had, minority groups that had the financial backbone to get tickets, and luggage, and get out, and you had folks that just stayed behind and suffered. Some of them left, and some of them are still there. Whether they're Jewish and Baha'i, there's a pretty large Baha'i community in Iran still. And they're still there, they're suffering, they're still putting up with the pressure, and they have to practice in hiding, so.

DUBOWITZ: So, the family left in early – or in 2000 actually.

MALEKI: Right.

DUBOWITZ: And you went to Texas. Tell us a little bit about that. Where did you go?

MALEKI: San Antonio.

DUBOWITZ: San Antonio. Okay.

MALEKI: San Antonio. And it was a great place to land. Hospitality and how friendly the Texans are, and we were very fortunate to be there.

DUBOWITZ: I'm actually wearing cowboy boots right now in honor–

MALEKI: Oh, I love it.

DUBOWITZ: – of the great reception that you got in Texas.

MALEKI: And some of my best friends are still in Texas, I made friends in Texas that, they're lifetime friends.

DUBOWITZ: But you had already finished high school, right? So, you were now going to college.



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MALEKI: Right. College. And I got a job at San Antonio Zoo because I love animals, I was a zookeeper. I don't know if I ever told you about that part.

DUBOWITZ: I did not know about your zoo keeping career.

MALEKI: Yeah, I was a zookeeper for a bit. And that gave me—

DUBOWITZ: That gave you a lot of experience in dealing with the interagency and U.S. government, right? I imagine.

(LAUGHTER)

MALEKI: For sure. And I was able to continue my education, and being a zookeeper, it's just amazing. It's probably one of the best jobs that I've had, the best things, and I'm pretty sure when I retire, that's what I want to do.

DUBOWITZ: Amazing.

MALEKI: So, I continued my education, and I joined the Air Force. And being in Texas, being in San Antonio, it's there. We have several Air Force bases around, and I had friends who said, "You're a national security person, maybe that's where you should start." And yeah, I joined the Air Force, and active duty. My mom thought that I was a pilot, I wasn't a pilot, but that was my transition to the government. I did active duty reserves, went to US CENTCOM, worked there on Iran and Middle East issues, and then ended up in Treasury Department.

DUBOWITZ: You went to CENTCOM in Tampa?

MALEKI: In Tampa, yeah.

DUBOWITZ: Amazing, okay. So, from the Air Force, and you also did a college degree.

MALEKI: Right.

DUBOWITZ: At a similar time. And then, you went to the Treasury. So tell us, how do you go from the Air Force to the Treasury, and why the Treasury? Now, we had Juan Zarate on the show a couple of weeks ago, and we really dove deeply into his experience with Treasury post-911, and how Treasury took on these new powers, these new national security powers. So, I'm assuming that you come into the Treasury Department, what year? Sometime —

MALEKI: 2017. Early 2017.

DUBOWITZ: 2017. Right.

MALEKI: Yeah.

DUBOWITZ: And so, Treasury is now really exercising these powers of economic and financial coercion, and so there's an opportunity for someone like you, with your background in Iran, you speak Persian, and obviously a lot of work is being done by Treasury and by Congress, and the administration in general, on the Iran issues. So, tell us a bit about that experience, and I guess you were Treasury for how many years?

MALEKI: I just left, so that makes it eight, nine — nine years, eight —

DUBOWITZ: Nine years, wow.



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MALEKI: Yeah, around that. Yeah. I haven't done the math. But no, Juan Zarate, who I've had the privilege to meet, Stuart Levey, who I've been so honored to get to meet him and call him a friend, and many. And Danny Glaser, and folks who really set the backbone of the sanctions regimes that I came in to start leveraging for the maximum pressure campaign. Well, obviously I had the experience on Iran and Iran-related issues, and counter-terrorism from my time at CENTCOM, and I also have this personal obsession with politics, and where economy and politics overlap, and national security, and sanctions being really the center of where the soft power, soft power of U.S. foreign policy.

And really, when I started at Treasury, I spent a great deal of time, great amount of time just reading about the work that Juan had done, and some of the work that, the material that Stuart Levey had left behind in the building. And that was just stepping into that role, I spent a lot of time trying to learn what was done previously, and what didn't work and what worked.

DUBOWITZ: Right. And just as a reminder, Juan Zarate had come in after 9/11, helped set up the Office of Terrorism and Financial Intelligence as the first, I think, Assistant Secretary of the Treasury, and then brought on Stuart Levey, who was the first Under Secretary of Terrorism and Financial Intelligence, and really started to spearhead this financial warfare campaign against America's enemies post-9/11. Al-Qaeda, obviously, Islamic Republic of Iran, Hezbollah, Hamas, and beyond. And that certainly it's become, if anything, Treasury is now in some respects our favorite non-combatant command, really a tool of financial warfare to, as you say, complement what Department of Defense, or I guess now the Department of War as it's called –

MALEKI: War, right, right.

DUBOWITZ: – is doing on the military side. But it had a real impact as we talked about, with Juan. And so you come in and you're sort of standing on the shoulders of greatness with Juan, and Stuart, and Danny, and others who've really built up this architecture, but you're coming in with a real special background given your experience inside Iran, your language skills, and your understanding of the regime and its economic networks and infrastructure.

MALEKI: Right. And I started, and Under Secretary Mandelker had a very clear plan from –

DUBOWITZ: This is Sigal Mandelker?

MALEKI: Sigal Mandelker.

DUBOWITZ: Right, who took over as Under Secretary Treasury during the first Trump administration.

MALEKI: Right. So, 2017. I went in and we had a very clear policy objectives, and we started working on creating this maximum pressure campaign targeting Iran, its proxy groups, Hezbollah, Hamas, Iraqi Shiite militia groups, identify that the most impactful set of targets, whether it was within Iran's economic sectors, or banks across the globe, or financial institutions that continue to enable Iran's reach into the global financial system, and that was what I started on. Obviously, we were still in the JCPOA [Joint Comprehensive Plan of Action], we were working towards getting out of the JCPOA, which had its own complications. There were other members of JCPOA, Europeans who understood that we were getting out of the JCPOA, but I guess they wanted to stay in, and that created some complications. There were some debates whether we needed our partners to have an effective pressure campaign to go after Iran, or we can just go alone. And maybe I'm jumping ahead, but we went alone, and it was successful.



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DUBOWITZ: Well, I want to ask you about that, Miad, because obviously we got to know you, those years, when you came into Treasury, and have obviously worked closely with you, but for many years at FDD now, probably over 20 – 22 years to be exact. We've been working on sanctions issues, and illicit finance, and tracking bad money, bad people, bad activities. Making the case that it's the power of U.S. unilateral sanctions that ultimately moves the needle. If you can multilateralize, if you can get support from your allies around the world, that's great. That makes it maybe easier, more effective. But you can actually do a lot with the U.S. power, the U.S. dollar, U.S. networks. Talk a little bit about that, because it was a big subject of debate in Washington, particularly through the years of the Obama nuclear deal. That we just couldn't do this on our own. You demonstrated at Treasury that you indeed can.

MALEKI: Right. That's a really good point. And we had a, yeah, we were debating that for years. And the petroleum sanctions, those were great examples you can go back. And arguments were made that you can't have effective petroleum sanctions without the Chinese and Russians. This goes back to 2017, 2018 timeframe that you can't have effective sanctions on the petroleum front without having the Chinese fully on board. You can't have effective sanctions without having Europeans also joining you for those actions. Emiratis have to be fully on board. And you having left the JCPOA and leaving everyone else behind, it's going to interfere. It's going to derail any plans that you might have to have an effective petroleum sanctions regime.

DUBOWITZ: Right. So that was the argument from the critics?

MALEKI: That was the argument –

DUBOWITZ: Right.

MALEKI: – that I'm sure you were hearing.

DUBOWITZ: That was the argument we were hearing, the argument we were trying to refute. That, again, making the case that because United States has a huge economy, a liquid economy, and that the U.S. dollar is the central pillar of the global economy. And then the connectivity between global banks and the U.S. financial system is so intimate that indeed we could go it alone if we were prepared to actually use all elements of American financial and economic power to encourage, persuade, deter, and selectively punish those who are violating our sanctions. That was the argument we made. And I remember it, it was a very lively argument at the time. And it was particularly against those who wanted to stay in the JCPOA in the 2015 Obama nuclear deal and those who wanted to try to encourage the Islamic Republic of Iran to join the global financial system. Because if we made them rich, we would make them moderate or so the argument went from Secretary Kerry and others who were promoting this line of thinking.

MALEKI: Right. We can talk about that point. That's one of my favorite things to discuss. We can maybe circle back to that. The whole argument of you make it more wealthy, you open up the market for them, that'll change behavior.

DUBOWITZ: Let's stick on that point because I actually think this is – I think in my 22 years in this town, I think that this discussion, this debate recurs all the time, not just about Iran, but about countries around the world. There's one school of thought that says we can moderate the hard men of Tehran, Beijing, Moscow, Pyongyang, Caracas, you name your authoritarian regime by making them rich. If we make them rich and we integrate them into the global community, we'll moderate their point of view. And by making them rich, i.e., lifting sanctions on them, encouraging business with their regimes, we can then marry that with smart diplomacy in order to get them to compromise on their malign activities. Whether it's support for terror or pursuit of nuclear weapons, or dangerous ballistic missiles, drug trafficking, whatever it is, we can moderate them and get them to step down from these malign activities.



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And the other school of thought says, that's nonsense. These are hard men with hard ideas and they're deeply ideological. They'll take our money, they'll become rich, and become more powerful, and they'll become more dangerous. And I think those two schools of thought have been battling this out, not just during the two decades I've been in this town, but I think for the whole post-World War II period, these two schools of thoughts. So let me ask you now the question, which camp are you in and how do you apply this to your analysis of the regime in Iran?

MALEKI: Well, I'm somewhere in middle, but closer to the latter as opposed to the former. And let me add something very quickly. I guess, there's kind of a nuanced aspect of the arguments that were made at the time as far as open their market and then you're going to moderate them. I think one aspect of that argument was open up their banking system, let them sell oil. They get money, their business market is going to open up, and then it's going to improve the economy for the ordinary Iranians. Therefore, they're going to be more empowered to demand change and reform. That was the argument.

DUBOWITZ: Right. That's definitely a more nuanced version of the argument.

MALEKI: That was a more nuanced. Right. And that all of his arguments, Mark, they come from the absence of understanding of how this regime is structured and how Iran's economy is really as far as whether there is a private sector or not in Iran's economy. So first of all –

DUBOWITZ: Say a few more words about that because when you were at Treasury and when you were at OFAC, where you rose to a senior position in the Office of Foreign Assets Control, which really implements these designations and the sanctions on behalf of the Treasury Department, on behalf of the U.S. government. You went after the key pillars, and entities, and instrumentalities, and individuals of the Islamic Republic. This is what you devoted eight years and you have a very, very good understanding of how this economy is structured. Why is that approach destined to fail?

MALEKI: So I think there is an assumption or there's kind of a – I don't think you can work on Iran for more than a month and not come to this conclusion that there's no real private sector in Iran. You can't be an ordinary Iranian getting out of university, setting up a company, picking up petrochemical products, and you start selling and become a millionaire or billionaire. There are startups in Iran that you look into and you'll get the funding and you see the funding is coming from the government or they're being tied to the government. Even the ones –

DUBOWITZ: Even these tech startups? Because I mean, Iranians are very well-educated. You've heard me say this many times, the only place where they don't succeed is inside the Islamic Republic of Iran. You've seen that there were in this sort of post-JCPOA period, some tech startups that arose. And then you saw these stories about the IRGC moving in and taking control of these tech startups as soon as they became successful.

MALEKI: Exactly.

DUBOWITZ: Whether it was through their control of the board directors, or through the financing, or through even just operational control, or maybe even in some cases expropriating these companies and taking them away from their original founders and owners.

MALEKI: Absolutely. There are two ways that I came to this realization that the private sector in Iran is not a real thing. There's no real powerful, strong private sector, independent, even political institutions or private sector companies that can really be that balancing voice in Iran if they're empowered. And one was when we were trying to understand the reach of the IRGC, Supreme Leader's Office economic enterprises, Supreme Leader inner circle individuals. We were trying to understand what part of Iran's economy is the most impactful to go after to pressure the regime directly.

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I had this one action that, I think it was 2018, started in 2017 when I started looking into this is *Basij-e Mostaz'afin*, the Basij organization in Iran. And I invite anyone who wants to understand what Iran's economy is really, how it's been structured currently is to find that press release and look at Basij Economic Foundation designation action that we published in 2018. And look at this network of companies. Basij is known to be so-called charity type organization, humanitarian effort set up to help the poorest of the poorest in Iran. And it turned into a militia obviously now. And we started looking into –

DUBOWITZ: With millions of members, right? I mean, the Basij –

MALEKI: Millions of members.

DUBOWITZ: – has millions of members and these are really the thugs that take to the streets –

MALEKI: Absolutely.

DUBOWITZ: – on behalf of the regime to beat up Iranians, right?

MALEKI: And they claim to be coming from villages and small towns. And the Basij idea was for the regime to reach into the most vulnerable, the most economically isolated part of the country. And you take this Basij Foundation and then you look at the amount of the billion dollars investments that they've made in steel, precious metals, zinc. You just look at this action, auto manufacturing type companies, banks, agricultural type. It is basically Iran's huge economic enterprise with reach all over Iran's economy. And that's just Basij. You look at that, you look at the IRGC. So as I was doing those kind of investigations, I come across companies that I always thought, these are little tiny metal private sector type companies that are selling zinc to Gulf countries or to Europeans. And then I see 50%, 60%, 70% of Basij ownership through layers and layers of investment firms.

So that's one angle that really helped me understand what really the private sector looks in Iran. And then the other aspect of it was this argument over humanitarian type efforts and companies that are involved in agricultural commodities. And there's sometimes that I would come across these names and they sound like pharmaceutical companies, they sound like agricultural type companies. But you really look into who really owns them and what they really do. And they all come back again to the IRGC, to Basij, and regime, and it's extremely unfortunate.

You look at this action we took, I don't remember the exact year it was, I think it was 2019 maybe. It's Hezbollah money transfer network. And the heart of that action, of Iran's IRGC moving funds for Hezbollah, was a Tadbir Kish pharmaceutical company. I'm actually surprised I remember this so well. But it was a pharmaceutical company in a center of this network that the IRGC and Hezbollah, the Iranian regime was using to move funds, to fund Hezbollah. And now you take this and then it gives you a counter argument, the argument that is made that give them funds, give them money, open up the business, you can moderate them. Well –

DUBOWITZ: That money's not going to go to the average Iranian.

MALEKI: It's not going to go average Iranian.

DUBOWITZ: It's going to go to Basij, it's going to go to the IRGC. It's also going to go – I mean, talk a little bit about EIKO [Execution of Imam Khomeini's Order] as well.



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MALEKI: Absolutely. Look at it this way, Mark. They're under sanctions. They have pharmaceutical companies. We have carve-outs. They're exemptions for humanitarian trade. They are exemptions for pharmaceutical, whatever the Iranian needs, humanitarian trade, that's always been in place. The regime, the IRGC is tapping into that. The only avenue that is left for Iranians that governments around the globe, Europeans and the U.S. government here are leaving wide open for the Iranians to continue to get their essential goods and humanitarian needs. Regime is tapping into that to fund Hezbollah and its activities.

DUBOWITZ: So they're subverting the humanitarian channel in order to create these cutouts and front companies and networks in order, again, to move money to the worst actors inside the regime.

MALEKI: Right. So I don't know who can come out with confidence and say, open up the door and you're going to see some real economic opening for the Iranian people. You're going to see these guys slowly become more moderate because they have more money now and it's going to change their – I mean, you see the sons and daughters of regime officials right now who obviously do not agree with ideological aspects of what this regime stands for. They're all over the globe helping the regime bypass sanctions living their lives in the West.

DUBOWITZ: Yeah, including in the city I grew up in Toronto or affectionately known as *Tehranto*, because of lax immigration policies and lax enforcement by the Canadian government, the IRGC has been able to move their families and their money to Toronto, to Canada. Huge investments in the property market, and infrastructure, and banking and have really been using Canada and a number of other countries as ways to circumvent these sanctions. So yeah, I saw it up close growing up in Toronto, which is by the way, great Iranian community, vast majority of them amazing immigrants. But unfortunately, in that community. And Iranians know that, they know who's who and have been very frustrated. In some cases, very, very intimidated and scared by the fact that you've got regime officials and their families operating and surveilling Iranian dissidents. So it has become, in some respects, a dangerous place for the average Iranian to live.

MALEKI: So you take a definition of a gang and you put that right next to this regime. They check all the boxes there. So I don't know if you can make the argument that, let's take these narcotic traffickers, let's take these gangs and let them just go sell narcotics. They get rich, and then they put aside narcotics trafficking and then get into other businesses.

DUBOWITZ: In fact, if we don't sanction them and we don't take away their money, in fact we just give them billions of dollars more money, then these narco traffickers will give up the trafficking of narcotics and get into legitimate business, then ultimately become moderate and law-abiding members of the community. I mean, we know that doesn't work in our societies. Why do we think it would work inside the Islamic Republic, which is even more draconian and even more authoritarian?

But before I move on to something I want to talk to you about, which is the risks of doing business with these counter-parties in Iran, I've always been fascinated by EIKO, which is controlled by the Supreme Leader.

So this is not just the Basij controlling a massive conglomerate, but the Supreme Leader controlling tens of billions of dollars of companies, right, inside Iran and globally. Say a little bit about EIKO. You certainly moved against EIKO at Treasury.

MALEKI: Of course. Let me kind of share with you my perspective on the Supreme Leader's office and his economic enterprises. That's kind of a personal. You ask Iranians who lived in Iran about these donation boxes that are all over the country.

I mean, you go to little tiny villages, they're going to have a couple of these boxes. If I remember correctly, they're yellow and green, or yellow and blue color boxes, and they belong to Imam Khomeini Relief Committee.



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These are donation boxes that the Islamic Republic install. Probably spend millions of dollars to installing all over the country. And growing up in Iran, not really knowing much about this very secretive – and you can't go around and ask questions about these bonyads or foundations, you have this perspective that they're involved in charity type work.

They were founded based on this principle that we're going to take the wealth of the Pahlavi family and we are going to spread it within the poorest portion of the population, and we're going to fight poverty. And they're collecting donations to help that effort. And I started, you know, crossing over to the U.S. government, I've become interested in these enterprises to see, what do they do? First of all, they're post-retirement employment opportunity for the IRGC. So folks retiring from the IRGC, that's where they go, or from other parts of the government.

DUBOWITZ: Basically in the business.

MALEKI: In the business. That's what it is.

DUBOWITZ: Right.

MALEKI: And these are multi-billion dollar enterprises, whether it's EIKO, Setad, Mostazafan Foundation. There are many of them. I wish I had a list with me. It's a long list that all these foundations that they created, and they have investments in petrochemicals, in metal sector, in petroleum sector, in construction. Every sector –

DUBOWITZ: All the sectors.

MALEKI: – of Iran's economy that have some kind of revenue, they generate revenue that could be profitable that they have invested in. And what they've done, because of the level of corruption in these enterprises, the amount of commission that they pay, political rent that they pay, they have turned these sectors into absolutely non-profitable.

They invest in petrochemical companies and they keep pulling loans out of banks to continue pay for their operational costs. So it's waste more than anything else. And then they have to rely on donations that they collected from ordinary Iranians to help the poor in a country as opposed to generating revenue from, well, you weren't supposed to take over the economy. Well, you did at least take that revenue and profit and invest and help the economy when in fact they've turned into organizations that hire within their – it's like a business type opportunity. Provide business opportunities.

DUBOWITZ: It's a mafia.

MALEKI: Yeah, it's a mafia.

DUBOWITZ: It's a Mafia, right? That's what the mafia does. That's exactly the model.

MALEKI: And what I've noticed is for years we were thinking that these are very – they're really just focused in the domestic economy, and they're not a whole lot they're doing outside Iran. So sanctions wouldn't be really that effective going after them. But as you see the investments in sectors that have to really rely on export and banking, then you see the reach outside Iran into some major markets outside the country.

So the Supreme Leader executive order was signed by President Trump. I got the pen that he signed it, and that gave us the authority to start going after some of these foundations. And I hope that Treasury Department continue to do that work. It was a very impactful set of actions that we took.

Some part of the Supreme Leader economic enterprises were previously sanctioned as a part of the government, but it was legally kind of tricky to make that argument because the Supreme Leader claims to be not part of the government, and a discussion we had about the legal aspects of work that then goes into these packages. But anyways, there are a world of opportunities there to go after these huge economic enterprises.



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DUBOWITZ: So it's interesting because as you described, Miad, the way which this criminal mafia operates and has really subverted and dominated the Iranian economy, I remember, now, this is going back 10 years to 2015, the nuclear deal is reached. Great fanfare by the Obama administration.

And Secretary John Kerry, who was the lead negotiator for that deal, is now calling on businesses and banks around the world to invest in Iran. And he goes to London, I recall this, and he pulls together a meeting of all the top bankers in the UK to encourage them now to start doing business with their counterparts inside the Islamic Republic.

And we mentioned Stuart Levy, our friend, who was formerly the Undersecretary of Treasury for financial intelligence under both Presidents Bush and Obama. And at the time he was, I believe, chief legal officer for HSBC, the huge international bank. And he was based in London.

And he wrote an op-ed in the *Wall Street Journal* 2015, something to the effect of, "Dear, Secretary Kerry. Pleased to hear you're coming to London. Just want to make it clear to you as the chief legal officer of HSBC, I'm not here to advance your political objectives. I'm here to advance my bank's financial and legal requirements, and we will not be doing business with the Islamic Republic of Iran despite the fact that you are talking about lifting sanctions. Because I know as former Undersecretary of Treasury and as chief legal officer of this bank, that our counterparties on any transaction inside the Islamic Republic of will be with IRGC or Ministry of Intelligence or Supreme Leader-controlled banks and institutions."

So otherwise, the counterparty risk was so significant that Stewart said, "I don't care if there's a JCPOA, we're not going to be engaging with an economy that is controlled by these malign actors."

And I remember that it was a very important op-ed because it was in the *Wall Street Journal*. It was a very important message to the global financial system that you cannot flood this regime with hundreds of billions of dollars because the risk would be so significant to any counterparties.

Plus, by the way, John Kerry would leave, he'd no longer be Secretary of State. Barack Obama would be no longer the president, and there'd be a new president maybe with a very different idea. As it turned out, there was. His name was Donald Trump.

MALEKI: Right, right. Yeah. I mean, the part of that that really was disappointing to me at the time, it's an Iranian regime approach or perspective that you own everything. It's a dictatorship. I own the private sector. I tell them what to do.

And I remember reading public material that Javad Zarif and others were angry and saying Obama administration and the West and Europeans are not doing enough to push their companies and business owners to come invest in Iran or participate in the economic aspects of the JCPOA.

And at the time, I was kind of laughing at it. I'm like, "You really think that everywhere's in Iran, that you own the private sector, you tell them what to do, where to go and where to invest"?

DUBOWITZ: Tell the west that the United States owns the Western private sector.

MALEKI: Right. We can tell our banks and our companies what to do.

DUBOWITZ: What to do.

MALEKI: And they had that expectation.

DUBOWITZ: Sure.

MALEKI: I mean, they really thought –



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DUBOWITZ: Because their experience, that's what they do.

MALEKI: Yeah. They really thought Secretary Kerry or President Obama or someone in that administration can go to a major oil company and say, "Hey, go ahead and invest in Iran quickly."

And I actually saw some folks in those administrations that administration actually giving it a shot, giving it a push. And that was discouraging to me at the time. But if we saw the result, companies made their own risk assessment.

They don't want to get into jurisdictions or type of businesses that come with long-term risk, especially when you talk about petroleum petrochemical. These are long-term investments. You're not just looking for the next two years. You're looking for the next 10 to 15 years of investments returns.

And that was an issue with the JCPOA, one of the problems with the JCPOA in addition to the national security risks of the JCPOA. And that was one of the reasons that I think coming out of the JCPOA opened our hands to go after the wide range of bad activities that Iran was able to really invest in even more.

But no, I couldn't agree more. That was one of the very odd aspects of JCPOA implementation, that you actually saw some European government officials pushing for investments in Iran when in fact you got to let them – you gave them relief. Now, you got to see how things going to work out.

DUBOWITZ: Well, I mean, at the same time that John Kerry and others were pushing for the private sector to engage with Iran, they sold the JCPOA on the basis that, "Yeah, well, we've taken care of the nuclear issue," which of course there was a big debate that they did or did not. And we've had that discussion on this podcast about the JCPOA, so I won't revisit the nuclear side of it.

But what they did say was Iran is still engaged in malign conduct. They're still get engaged in terror financing and proliferation sensitive financing and missiles and drone development, terror and terrorism. And by the way, internal repression.

We have all these tools available to us, and what they meant were sanctions tools that we will still feel free to use in order to counter that malign conduct outside of the nuclear realm. But of course, that was exactly the point, that was the regime was engaged in that malign conduct.

The more it was engaged in that malign conduct, the greater the risk there would be for Western companies and financial institutions to engage with their counterparties engaged in that malign conduct. The more the restrictions were on that conduct, the more the Iranian entities would then engage in sanctions evasion and money laundering, which would only compound the risk for the private sector. So the regime got caught up in the web of its own making.

MALEKI: Right. And that footnote 16 of the JCPOA makes a big hole in that argument that JCPOA was designed to check the box on the nuclear front and then we could address other issues.

DUBOWITZ: Okay, so let's talk about footnote 16 for those of our listeners who haven't read the JCPOA with the same level of meticulous consideration as you have. What was footnote 16?

MALEKI: I mean, you know well, Mark, so correct me if I'm not getting it right. But really, footnote 16 in the JCPOA, it's really, takes away a part of the routine or common compliance practice in banks in any industry when it comes to sanctions.



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If you are a financial institution and you have clients coming out of high-risk jurisdictions, you do enhance due diligence. You do due diligence. You ask that client, "Well, you operating in a high risk jurisdiction. Who are your customers? Who do you work with? Who is your owner? Who is your main investor?" Footnote 16 of the JCPOA, basically instructed foreign financial institutions to not be too worried about the –

DUBOWITZ: The counterparties.

MALEKI: The counterparty.

DUBOWITZ: The counterparty risk.

MALEKI: Right.

DUBOWITZ: You don't need to do it. You don't need to do enhance due diligence anymore. Our goal is to flood as much money into the Islamic Republic as possible, and you no longer have to consider the risks for your clients.

MALEKI: I mean, a colleague of mine said, footnote 16 means what happens inside Iran happens inside Iran. You don't have to be worried about it. And that's what really footnote 16 is. And that was a major –

DUBOWITZ: You can call it the Las Vegas footnote. What happens inside Iran stays inside Iran. Right? But of course it doesn't. Right? Because–

MALEKI: That's where the financing of terrorism happens. That's where the funds are.

DUBOWITZ: But it spreads beyond Iran and it spreads into the region and it targets the global financial community, but it also involves financing the killing and naming of Americans. Right?

MALEKI: Absolutely. I mean, that's where you have the revenue repatriated to and that's, again, the whole argument that you have the nuclear issue, you have the terrorism, proliferation of missiles, human rights, well, if you are talking about a country where you have independent political institutions or real private sector, you might be able to have that argument.

But when it comes to very centralized government where all the decision-making goes down to the Pasteur Street, the Supreme Leader's office, then it doesn't matter where the funds go. It goes into one source, whether it's going to the National Development Fund, it's going to the Central Bank of Iran, where it goes to one of the Supreme Leader enterprises. It goes to the national Iranian oil company, it goes to the National Iranian Tankers company, it goes to Bank Sepah, Bank Mellat, whoever is on the receiving side of these repatriated revenues.

Then there's one decision-maker who would decide where this funding, who should be receiving what portion of these funds.

And if you don't care what happens inside Iran, then you can't make the argument that you can address these other issues separately. And the effective way to target Iran's support for terrorism was a campaign, the oil campaign that led to the point that Iranian proxy groups weren't getting their paychecks. Their public reporting on this, they were complaining that they weren't getting their paychecks, the salaries were cut to half. Hassan Nasrallah was running around begging for donations and you couldn't have no petroleum-type sanctions, no metals-type sanctions, no petrochemical-type sanctions approach to Iran trying to go after the support to terrorism. That policy just wouldn't get you anywhere.



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DUBOWITZ: Well, it's remarkable. Because that's certainly, I mean, what you guys did under the maximum pressure campaign under President Trump in his first term, but then you were still at the Treasury Department when President Biden came in and President Biden had a very different philosophy and a very different policy recommendation. And that was to get back into the JCPOA, to lift the sanctions, to incentivize the regime to return to the agreement. And I think it was yesterday I heard that Rob Malley, who was the former Iran envoy under President Biden, was complaining about President Biden. That President Biden was not seriously committed to getting back in the deal and was not willing to do enough to incentivize the regime. I mean, it reminds me Rob Malley also complained bitterly about Bill Clinton not doing enough to incentivize Yasser Arafat at Camp David in 2000 to make peace with Israel.

So Malley seems to have a record of blaming American presidents, Democratic presidents, and exculpating terrorist regimes and terror leaders. But it is an interesting perspective under Biden, and you saw this for four years. Is your conclusion that Biden did enough and that certainly Malley was committed to do enough to get Iran back in the deal, but that the regime was just so intransigent and so recalcitrant that it wasn't willing to actually take this gift horse that it was provided and go back in the deal, get billions of dollars of sanctions relief and move forward. Did the regime really miss a huge opportunity under Biden?

MALEKI: I would go with the latter, with the last kind of part of your question. There was, growing up in Iran, and I shared this with Rob Malley, growing up in Iran, doing our pre-*Nowruz* shopping before *Nowruz*, before the New Year's, we all go and buy brand new clothes and pair of jeans and brand new shoes. And remember how the shopping, how the negotiations kind of work in Iran. My dad would tell us, when you come into the store, don't show a whole lot of interest in anything. Just see what you want, wink, wink, tell me which one you want, and then just go outside and let me do the talk. And the moment that the shopkeeper saw that you are interested in something, you wouldn't have a deal.

DUBOWITZ: Or you'd be paying a lot more for it.

MALEKI: You paid a lot more. And we didn't have the money to pay a lot more, so we would just walk out. So that's actually what happened. Again, you've seen that publicly as well. Iranians knew, the Iranian regime negotiators knew very well that there was a level of commitment, or I don't want to say desperation, but maybe that's what it was to get a deal. And they just wanted to get more assurances that the president just wasn't able to give. And I agree, I mean, at the end of the day, they had the opportunity and they killed it.

DUBOWITZ: So there were people inside the administration, maybe some of the aforementioned who were willing to give everything, I mean, lift all the sanctions, flow in hundreds of billions of dollars into the regime, enrich this criminal mafia just for the commitment to go back into the deal. And your point is that the regime understood this level of obsession and desperation and therefore wasn't willing to compromise. Just wanted more and more and more to the point where they were asking for things that were actually really politically impossible for President Biden to do.

MALEKI: And I think President Biden, I can't get into internal debates and deliberations, but I think President Trump and some of his advisors, and they knew the risks of some of those relief and how it would be. President Biden really cared about obviously our national security and he understood the risks of, but again, at the end of the day, it was the negotiators, the Iranian regime's negotiators who just kept –

DUBOWITZ: Asking for more.

MALEKI: Asking for more.



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DUBOWITZ: They seem to have made the same mistake. And this is where I want to sort of wrap up with you, Miad, and that is that getting to the second Trump administration, President Trump makes it clear, "Look, I'm willing to negotiate. Let's meet in Oman." He appoints Steve Witkoff as his lead negotiator. Mr. Witkoff goes to Oman, meets with Foreign Minister Araghchi, the lead negotiator on the Iranian side. Actually offers enrichment the first time he meets him and then offers it subsequently publicly three times to Iran. "We'll give you enrichment, but let's negotiate." And throughout the entire process, Steve Witkoff is showing a certain degree of flexibility and Iran just keeps asking for more and more and more. Again, sensing that the other side wants a deal badly, so we're just going to keep asking for more and more and escalating these demands until finally they run into the wall of President Trump who says, "That's it. It's enough. No more negotiations. 60 days are over."

And the next day orders or at least green lights the Israeli Air Force and the Israeli military to strike Iran and destroy Iran's nuclear, and missile, and terrorist capabilities. It seems there'll be this recurring pattern in these negotiations that the regime thinks that as long as they keep squeezing an American president, they'll get more and more and more. And they did in 2015 under Obama. They didn't get as much as they wanted under Biden because he drew a line and they certainly didn't get what they wanted under President Trump because not only did he draw the line, but he ordered the U.S. military, the U.S. Air Force, some of your former colleagues in U.S. Air Force to drop massive oil penetrators on Iran's hardened nuclear facilities. Where do we go from here? I mean, do you see the regime finally understanding the mistakes they've made and willing to compromise or do you think Khamenei, the supreme leader, at his age and the IRGC given their disposition is just going to double down on intransigence and continue to threaten and defy the international community?

MALEKI: Well, I mean, let me just very quickly address one issue here and I think there's a good level of understanding. I hope there is one, and I think there is one, there is an understanding within the national security inner circle of folks in the administration, the current administration, that Iran is desperate for a deal. They need a deal. That didn't exist in the previous administration, I think, and I go back to my own experience or my kind of watching the whole events of when Soleimani was targeted, one of my first reactions was, "There's no way, these guys are not going to be able to negotiate with Americans for years. I mean, this is it. They're not going to want to get a deal with Iran, with the US, anymore." And a couple years later they were in Vienna talking to Rob Malley and some said it was a different president and that's why they're doing it.

President Trump came and yet they're still wanting to negotiate. So I guess that, folks, if you look the pattern, there are many examples that you can look at and you understand that these guys just need that little opening. They might not want a deal, but they want that opening of some kind of a relief. Whether it's through talks that would help them balance the domestic market, the dollar-rial market, give them some month long, couple weeks long kind of relief. It's really the game they've been playing to get these kind of short-lived type reliefs. And if you ask me where the head is right now as far as a deal or not, I think they understand they don't have the leverage they did. The nuclear blackmailing, they don't have it yet. I've heard they're talking about closing the Strait of Hormuz, what they used to do before they had a robust nuclear program to use as a leverage, they used to threaten closing the Strait of Hormuz or Bab el-Mandeb with the Houthis now.



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They're back to that old kind of trick so they understand they don't have the same level of leverage and Khamenei understands that. So he knows if there is another round of serious talks, he's going to have to give away a lot, and that's really going to really chip away that legitimacy of the regime. He's at a point that he's going to have to give so much that there's just nothing left for him to continue to feel his base supporters with that ideological messaging that he's been relying on for decades now. So I don't think he's going to rush to negotiate right now. He might look for windows of opening to balance the market domestically and these reports that folks are talking to each other or might talk to each other, but on the side of the UN and all these type of things would help him. But I don't think they're going to rush to negotiate right now, or at least I don't think they have a whole lot of leverage to.

DUBOWITZ: Yeah. Well, I mean, Khamenei has learned that he always thought that he had real capabilities. He watched the Israelis eviscerate them. As you say, his leverage has been significantly diminished. One would think that he's going to take the time to try to reconstitute them, but maybe still believes that he can run circles around American negotiators at the table where he has in the past. And now that he's demonstrated that he can't win on the battlefield, he may be thinking that he can win at the table. We're waiting anxiously for next 48 hours to see if snapback actually gets implemented and all these UN resolutions come back that established zero enrichment as the international standard that reimposed the arms and missile embargo they put in place I think some important economic requirements for actors like China and Russia. And that should even further ratchet up the pressure.

I just saw before the podcast started that the rial-dollar exchange rate, the rial is now over a million rials to the U.S. dollar. In 1979 on the eve of the Islamic Revolution, it was 70 to one, gone from 70 to a million, which just shows how this regime is an economic disaster, a political disaster, a social and humanitarian disaster. Miad, thank you so much for joining us. We're going to definitely have you back now that you're—

MALEKI: I'd love to.

DUBOWITZ: You can speak publicly and there's a lot more to talk about both what you've done for our country and what you've done for the free world. And I hope we can have a future podcast in a free Tehran.

MALEKI: I would love to. Thank you so much.

DUBOWITZ: Thanks Miad.

For all its bluster, the Islamic Republic remains deeply vulnerable – not just to military power, but to economic and financial pressure. It's a regime built on corruption, coercion, and control. And those foundations can crack when the United States and its allies are willing to use every tool at their disposal, including financial power. My thanks to Miad Maleki for joining us and for years for service defending America and the free world at the Treasury Department, U.S. CENTCOM, and the U.S. Air Force. And thanks to you for joining us on this episode of "The Iran Breakdown." I'm your host, Mark Dubowitz. Until next time, when we break it down all over again.