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Follow Iran's Money



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U.S. Secretary of State John Kerry (Nicholas Kamm, Pool via AP)

Throughout the two-year negotiation with Iran that produced the Joint Comprehensive Plan of Action (JCPOA) agreed in July 2015 between Iran and the P5+1, the Obama Administration kept Congress in the dark about the substantive package of mutual undertakings being negotiated at the talks. Members' resentment at being excluded was evident during the hearings to review the JCPOA, and even many Democrats who ultimately backed the Administration criticized the overall bargain of nuclear restraints obtained and concessions granted to Iran by the U.S. and its negotiating partners.

Perhaps no element of the JCPOA, other than the nuclear provisions themselves, has generated more concern and political commentary than the unfreezing of Iranian financial assets, variously valued at between \$100-150 billion. With Iran's Revolutionary Guards (IRGC) and elite Qods Force targeting the Syrian resistance, arming Lebanon's Hezbollah and Yemen's Houthi fighters, and directing Iraqi Shi'ite militia attacks against Sunni cities and towns in Iraq, the release of financial assets is widely expected to abet these and other destabilizing activities, including terrorism, by the fundamentalist regime in Tehran.

An opening for Congress to exercise useful oversight

Secretary of State John Kerry spoke to this concern in Davos last month. While some released financial assets would inevitably reach the IRGC or "other entities, some of which are labeled terrorists to some degree," he said, "we are not seeing" funds going to these bad actors at this time. Here lies an opening for Congress to exercise useful oversight. Congress should require the Administration to report periodically on what it is "seeing" with respect to where the released Iranian assets are being allocated, including payment on existing international obligations but also underwriting the regime's subversion of American interests, policies, friends and allies across the region and beyond. Congress could establish a review panel of experts to provide unclassified independent analysis to accompany assessments by the intelligence community.

But it should not stop there. By following the money, not only can Congress help the American public understand whether indeed the tens of billions of unfrozen assets are fueling destructive Iranian meddling in neighboring countries, it can help lay the foundation for a consensus Iran policy post-agreement that better serves American interests.



The Iranian Supreme Leader, Ayatollah Ali Khamenei in October of last year. (Office of the Iranian Supreme Leader via AP)

How? By also directing the Administration to clarify which companies and commercial entities within the Iranian economy are tied to the regime in Tehran. There are allegedly many; one powerful entity called Setad, controlled exclusively by Supreme Leader Ali Khamenei, holds stakes in seized properties and a wide range of companies in Iran, a portfolio estimated by Reuters in 2013 to be worth \$95 billion. American companies interested in pursuing business in Iran face stern warnings from the Treasury Department that they risk criminal penalties for any dealings with sanctioned entities. Sanctions experts describe opaque linkages making it all but impossible for the American private sector to be confident an Iranian company is not connected to the Revolutionary Guards, the Central Bank or the Supreme Leader's commercial empire.

The winners and losers

Consider who wins and loses here. For President Barack Obama and Secretary Kerry, in their quest for broader reconciliation between Washington and Tehran after 36 years of hostile estrangement, the lifting of sanctions ought to spur commerce and partnership between the citizens of both countries. And for many others who do not believe Iran's clerical dictators will ever willingly cease their brutal suppression of popular aspirations for political, economic and social reform, they too should welcome the widening of trade and interaction between Americans and ordinary Iranian citizens and companies not fronting for the regime.

Already since the JCPOA entered into force, Iran has been lining up major commercial contracts with Europe and Japan. Chances are, virtually all are with major Iranian enterprises controlled by the clerical rulers in Tehran. American companies, with few exceptions, are sidelined, deterred by the fear of facing incriminating evidence regarding their Iranian counterparties after the fact from the Justice Department that the Treasury Department had not shared with them beforehand. In foreign policy as well as commercial terms, it is the worst of all worlds for the United States.

Iran continues to wall off its people from American influence

So long as our government acknowledges suspicions but makes no effort to clarify where unfrozen funds are going and which Iranian entities are front companies profiting the regime, American private sector engagement with Iran cannot reach a scale that would either advance détente or promote change from within. The only winner is the regime: Having won legal status for its nuclear program and the unfreezing of its funds, it continues to wall off its people from American influence.

Whichever direction our policy takes, Congress can strengthen the U.S. hand by following the money and making clear – to American and Iranian citizens alike – where the windfall is going and who benefits from Tehran's commercial diplomacy.