

account to euros through the U.S. financial system.”

That is from the State Department at the time.

Members of the Obama administration clearly understood that something was wrong here; this was not part of the Iran deal. A senior State Department official wrote at the time in 2016 that the transaction was “prohibited by U.S. sanctions that are still in place and which we were clear we would not be removing as part of the JCPOA.” That same official wrote that granting the transaction “exceeded” the JCPOA commitments because it authorized the use of the U.S. financial system.

Let me repeat that so it is crystal clear. The Obama administration State Department completely understood this concession—that giving Iran access to the U.S. financial system was “prohibited by U.S. sanctions” that “we were clear we would not be removing.”

Those aren’t my words. They aren’t the words of the subcommittee. Those are the words of the senior State Department official at the time. There was no confusion about this as far as we can tell.

Shortly after issuing the specific license to use the U.S. financial system to convert the rials, a Treasury official wrote in an email on the matter: “I think we earned the right to never discuss this matter ever again.”

I disagree. I think we have to talk about this and to talk about how before, during, and after the Treasury Department and the State Department officials testified in front of Congress that Iran would not have access to the U.S. financial system, they worked behind the scenes to allow exactly that. We have to talk about this to be sure it doesn’t happen again.

Following the issuance of the specific license, OFAC contacted these two U.S. banks urging them to convert Iran’s rials to U.S. dollars. It appears the administration was becoming desperate. Iran was making both public and private claims that they were not getting the benefit of the deal they expected and asserting that the deal could fall apart. You all may remember that time period, when there were threats by Iran to pull out of the deal.

We discovered an email where a State Department official even suggested that the Secretary of State or the Secretary of the Treasury should contact these U.S. banks themselves and encourage them to facilitate this conversion. By the way, we have no evidence that those calls were made, and I am not suggesting that.

Both U.S. banks declined to complete the transaction. According to the

banks, they refused to do so due to compliance, reputational, and legal risks associated with doing business with Iran. They did the right thing.

Because U.S. banks were unwilling to convert the funds despite requests from the Obama administration, ultimately, Bank Muscat was unable to effectuate the conversion using the U.S. dollar. The State Department has now told us that Iran, over time, converted the funds into euros in small increments using European banks.

The only reason the transaction wasn’t executed through the U.S. financial system was that these two U.S. banks refused, despite pressure, even though the administration asked them to help convert the money.

After the Iran deal was implemented—and after the Treasury Department had issued a specific license—the Obama administration continued to maintain the false notion that it had not provided Iran access to the U.S. financial system.

On April 5, 2016, Ambassador Thomas Shannon said: “There is no exchange of dollars inside the U.S. financial system, and we have not allowed an access to our larger financial system.”

On May 25, 2016, the Acting Under Secretary of Treasury for Terrorism and Financial Intelligence said: “But Secretary Lew has said exactly what I have said here today, and I know he was looking forward to me being here to be able to relay his views on this. Iran will not have access to our financial system.”

On June 7, 2016, Treasury wrote a letter to Senators Kirk and RUBIO saying: “The administration has not been and is not planning to grant Iran access to the U.S. financial system.”

Time after time—before, during, and after the Iran deal—the Obama administration misled the American people and misled Congress on this point. I believe it was because the administration was so eager to make sure this deal was going to work. They wanted to keep Iran in the deal.

Our report also shows that the State Department and Treasury Department held at least 200 meetings, or “road shows,” around the world to encourage other countries to do business with Iran. In the road shows, Treasury Department officials also downplayed any potential future penalties or fines that might result from sanctions.

During one road show, the head of OFAC reportedly told the audience that “95 percent of the time OFAC sees an apparent violation it results in a simple warning letter or no enforcement action.”

So this is the head of the agency at Treasury responsible for enforcing

sanctions saying that 95 percent of the time it results in a simple warning letter or no enforcement action. We shouldn’t be telling anyone that we enforce sanctions—one of our most important foreign policy tools—only 5 percent of the time.

One European regulator who attended an OFAC road show commented that foreign financial institutions felt, in his words, “political pressure” to conduct business with Iran and Iranian companies. Sanctions are a vital foreign policy tool, yet, in this case, the Obama administration seemed to be sending the wrong message about their enforcement and effectiveness.

The PSI report released today outlines key transparency recommendations to ensure that undisclosed side deals like this never happen again, including requiring the current administration to keep congressional committees of jurisdiction up to date on the status of any future negotiations with Iran, disclosing to Congress any specific licenses that are proposed, and putting in place stronger enforcement of U.S. sanctions. Going forward, this report also underscores how important the U.S. financial system is to global finance markets, and it gives us a substantial amount of leverage in negotiations. We should choose to use it.

We now have an opportunity to fix the fundamental flaws in the Iran deal and put in place a stronger agreement that truly protects America’s national security interests and the interests of our allies in the region. Recall that the Iran deal was opposed again by a bipartisan majority of this body.

I support our efforts to work with our European allies to put in place a better deal that truly represents our own national security interests and those of our allies in the region. I hope this report helps us to avoid the kinds of problems that occurred last time the next time around.

Mr. President, I yield the floor.

ADJOURNMENT UNTIL 10 A.M.
TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands adjourned until 10 a.m. tomorrow.

Thereupon, the Senate, at 6:32 p.m., adjourned until Thursday, June 7, 2018, at 10 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate June 6, 2018:

THE JUDICIARY

ANNEMARIE CARNEY AXON, OF ALABAMA, TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF ALABAMA.