

FDD's Center on Sanctions and Illicit Finance
Securing American Interests: A New Era of Economic Power
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Introduction by Mark Dubowitz and Daniel Glaser in conversation with Juan Zarate

DANIEL GLASER, Former Assistant Treasury Secretary for Terrorist Financing

JUAN ZARATE, Former Assistant Treasury Secretary for Terrorist Financing and Financial Crimes; Chairman and Senior Counselor, Center on Sanctions and Illicit Finance, Foundation for Defense of Democracies

MARK DUBOWITZ, CEO, Foundation for Defense of Democracies

MARK DUBOWITZ: So good morning. So my name is Tom Brady.

(LAUGHTER)

Yeah, I wish -- I wish I was Tom Brady.

So my name's Mark Dubowitz. And on behalf of the Foundation for Defense of Democracies and its Center on Sanctions and Illicit Finance, I'd like to welcome everybody here this morning.

Very brief remarks. I just wanna recognize very quickly my friend and colleague Juan Zarate, who's our chairman and senior counselor. Everybody knows Juan. He's a leading light in this world. He's a great mentor to us and he's an exceptional human being.

And speaking of exceptional human beings, Chip Poncy -- Chip, please stand. Chip's A CSIF's senior adviser, and if you want to understand the world of AML, there's no better or certainly, no one nicer than -- than Chip.

We're also blessed to have a tremendous team.

Jonathan Schanzer's our vice president of research. He's a former terrorism finance analyst at Treasury.

Yaya Fanusie, who's CSIF's director of analysis and a former CIA analyst.

Eric Lorber, who is a CSIF adviser and former Treasury official. And Eric was the lead author on the -- of the report that I hope everybody picks up today. It's a tremendous report and Eric really did a tremendous job.

Other members of the team.

Samantha Ravich is here. She leads our project on Cyber-Enabled Economic Warfare.

Anthony Ruggiero, who specializes in the really hard targets of North Korea and Iran, former Treasury and State and -- and Senate staffer.

Orde Kittrie is an expert on nonproliferation law in Iran sanctions and has written really the definitive book on lawfare, including economic warfare.

And David Weinberg, who's a senior fellow focused on Gulf issues and has written two reports on -- on Qatar and terror finance, which I highly recommend you read.

And then the real backbone of CSIF is our great team of research fellows and research analysts who look at Hezbollah and Iran, Turkey, Russia, cyber issues, Latin America and other critical issues. And they -- they really provide us with tremendous support and research skills.

And finally, we have a tremendous group of -- of advisers, of -- a bipartisan group, a nonpartisan group from various administrations, former government officials and -- and private sector experts, with hundreds of years of combined experience in this field.

And it's to that board that we are so pleased to welcome our good friend Danny Glaser, who is somebody with tremendous experience and creativity and decency, and has a two-decade track record of public service -- for really exemplary public service.

So, Danny, thank you for joining.

So let me just conclude by saying it couldn't be a more critical time to discuss the future of U.S. national and economic security. We have a new administration, we have a new Congress and they're hitting the ground running using all familiar instruments of American power, some unfamiliar instruments.

But certainly, the -- our enemies, our adversaries and frenemies are already challenging our system and adapting quickly to our tools. And we're gonna talk about that today.

So, great program for you today with officials from the Trump administration, former officials from the Obama and Bush administrations and some of the best experts in the field.

And I'm gonna turn it over to Juan and jump right in.

Thanks, Juan.

JUAN ZARATE: Thank you, Mark.

Welcome, everybody. Good morning.

Mark, thank you very much for the kind introduction.

Let me start by thanking the entire team at the Foundation for the Defense of Democracies for hosting today. Allie, Annie, Joe, the whole team who put this together. We hope you feel welcome. This is a packed room and we're honored that you've joined us.

Mark, I wanna thank you and Cliff May for your leadership, for your vision.

Two years ago, we started a venture called the Center on Sanctions and Illicit Finance. Some of you may have been with us; we were at the Willard Hotel to launch the start of the center.

And the theory behind the center was that we needed to form a place, a think tank that was a center of gravity when looking at issues of economic, financial power and national security; all with the theory that economic statecraft was going to become more and more important in the 21st century and that the U.S. government had to not only think more aggressively and creatively about its strategies, not just strategies of sanctions and financial exclusion, but also how we thought about the international system, theories of strategy and norms-based and rules-based cooperation; also how other actors in that system were thinking about the use of those very same tools, both in the context of the financial system and even in the cyber domain.

And so two years -- two years ago, we set out to create CSIF, as a center of excellence. And I think we've begun to do that.

We've done that through enormous talent and leadership, again Cliff and Mark and the entire team at FDD, Jonathan Schanzer.

The world's best board of key experts, not just people with great titles -- and they've had great titles -- but people who are real practitioners and real technicians. And I invite you all to look at the board assembled.

And we're honored that Danny Glaser, a legend of the Treasury world, has accepted the invitation to join that board.

We've done that with our analysis, led by Yaya Fanusie, the lead analyst. Key reports, not just on issues that were traditional to FDD, but beginning to expand the scope of our -- of our work, looking at trends analysis, key actors in the space, and then beginning to shape the doctrinal and strategic thinking in this space.

If you'll recall two years ago, we talked about this space not just being about the -- the tools that are used in terms of U.S. economic and financial power and suasion, but also the need for defensive economic strategies, the need for strategies of positive

economic power, and also the need to keep squarely in mind the systemic and rules-based elements of the system that are critical to the effectiveness of this very domain.

That's what animated not just CSIF, but also this report which Eric Lorber masterfully put together along with the help of -- of many in this room and the board, including Amit Sharma, Adnan Kifayat, Chip Poncey, Jonathan Schanzer and others.

The report is called, "Securing America's Interests: A New Era of Economic Power." And the takeaway of this report, if you don't read it -- I hope you do -- but the takeaway is that we are really in a new era of economic statecraft and we need to think aggressively and creatively about how we think about this space. And we have to begin to form, not just new strategies and alliances, but also perhaps even some structures to put this into place.

So let's -- that as a baseline, let's start with the main attraction, the conversation with Danny Glaser, somebody who just retired from the Treasury Department, two decades of service, has seen the evolution of the illicit finance space.

Danny, let's start first with, kind of, your reflections on where we've come and where we're going, in terms of illicit finance and the strategies of -- of national security in this space.

DANIEL GLASER: Sure. Thanks, Juan.

And thanks -- thanks, Mark. I don't see where Mark went. Thank you, Mark, for inviting me. Juan, for inviting me.

Thanks for -- to everybody for coming. This is the first time I'm in front of a crowd since I left the government, so I could say -- I could say anything.

(LAUGHTER)

ZARATE: But I think that's why we have so many cameras.

GLASER: That's why there's so many cameras.

But I do have to say, one of reasons why I think I was good in the government was I normally even there said what I meant, so I don't know if it's gonna be all -- all -- all that different and I still -- I still have it built in me to -- to -- to hold back a little bit.

I think when you look at the evolution of the illicit finance field over the course of the past two decades, if you want to put it in that -- in that sort of framework. Well, the interesting thing about it is the word -- the term illicit finance didn't exist two -- two decades ago. It's -- it's an entirely new field, as Juan and I were chatting before, just -- just -- just a few minutes ago.

And there's -- you know, for the past several thousand years, it's been the case that -- that countries have used their economic strength in order to advance their interests, not just to advance their economies. There's nothing particularly new about embargoes, there's nothing particularly new about putting economic pressure on a particular group or a particular target or a particular country. Nothing's really new about that, that's gone on -- that's always going on, that continues to go on today.

What is really new and innovative about the way we, in this country, have approached the -- the field of economic statecraft -- and I'm really glad Juan used the term economic statecraft. Too often -- too often people use the term economic warfare, and I do think that there are times where we wage economic warfare. Against ISIL, we're -- we're waging economic warfare.

But what's new about our approach to economic statecraft over the -- over the past two decades is that we've thought about it strategically in a way that's never been thought about it before. We have thought about how do we take all the tools, how do we take all the authorities, how do we take all the connections, how do we take all the influence, both sort of formal and informal, how do we take this all and create strategies that advance our national interests and that advance international security interests.

And we started off, you know, not really all that sophisticated about it. When you look at some of the press releases that the Treasury Department put out right after 9/11, I almost -- I almost cringe, you know, at the -- at -- at how -- how we were expressing ourselves back then.

But we were -- even back then, we were onto something, we were onto the notion that we can take these authorities that we have and really degrade a target and really advance our interests. And we've just gotten better and better and better at it and more and more sophisticated about it, until you, you know, look at the very, very complicated strategy we employed with respect to Iran, or you look at the different ways that we've approached ISIL as a target or Hezbollah as a target and the way we brought that all together and continue to bring it all together.

I still say we when I talk about the U.S. government.

(CROSSTALK)

ZARATE: It'll take some time.

GLASER: It'll pass. The -- and -- and -- and I think that's what's exciting. And I think that's why groups -- meetings like this and centers like this are -- are so important because frankly, the academic world is taking a little bit of time to catch up with what the practitioners have been doing.

So I'm -- I'm really glad there's a group of people who are focused on it the way -- the way you guys have been.

ZARATE: Thank you, Danny.

We've got limited time and we want to open up questions to the audience. So let me -- let me take two kind of categories of questions next, before we open it up.

One is kind of the specific campaigns that -- that you've been at the center of, Danny. You know, you came out, your last job, as assistant secretary for terrorist finance and financial crimes. You were right, you were the spearhead of the ISIS campaign, you were in the middle of the Iran sanctions evolution from the Bush administration through -- to the end of the Obama administration. And also, you were right in the middle of the North Korea negotiations.

Can you reflect a little bit on how, not only your role but those tools, have worked, and again, reflect on that evolution and -- and how the strategy has worked or not?

GLASER: Well, sure.

What really started it all was -- was -- was North Korea, was the Section 311 Action we took on Bank of Delta Asia back in 2005. And even people like myself, who were true believers at -- at that time, were taken by surprise at how effective that tool turned out to be, that we took a targeted action against a relatively small target -- target that no one ever heard of in a jurisdiction few people that ever heard of.

And really within, you know, within -- within two or three months -- within three or four months, we had more or less pushed North Korea out of the international financial system. That was shocking to North Korea, it was also a little bit surprising to us as well. We were -- we were expecting big things, but we weren't expecting that.

And we can get into a whole, you know, we could spend whole day on -- on Bank of Delta Asia and the implications of Bank of Delta Asia, but what it showed us what -- it was a proof of concept. Fundamentally, for us at the Treasury Department, it was a proof of concept.

And we sat down and really it was Secretary Paulson, you know, that summer -- the summer of -- of 2006 said can we take these lessons, can we -- can we take what we've learned about how we've worked with the private sector, about how we've worked with partners around the world, about how we're deploying intelligence and targeted sanctions and anti-money laundering authorities, and can we do that with the case -- with respect to Iran?

And we started off really slowly. We understood that Iran and North Korea are very very different targets and we had to take a different approach with the same fundamental concept in mind. And you know, as I've said many times before, for seven years, I heard people say -- explain to me why sanctions against Iran can never work.

And now, the only thing everybody agrees about with respect to the -- the Iran deal, the only -- including the Iranians themselves -- is that what brought them to the

table was sanctions, was a search for sanctions relief. It's the only thing we all agree on with respect to Iran.

And so, you know, that was a -- if -- if BDA was the proof of concept, then, you know, the Iran -- the Iran campaign, another thing that we could talk about all day, was -- was -- was the sort of culmination of that. And then you see it applied in different ways with respect -- with respect to whether it's Hezbollah or whether it's with respect to ISIS.

What's really cool about ISIS -- and let me say that I can't forget everything I knew when I was in government -- I think there's big stuff coming up, I think there's this big stuff ahead on ISIS. I think that the work that they're doing at the Treasury Department in conjunction with the folks in the intelligence community and the Defense Department is really, really exciting and really sophisticated.

And again, talking about surprising expectations, it was said that there's nothing you can do about a group like ISIS that derives all of its -- or virtually all of its revenue internally and I think that we're showing that we did.

And the fact that, you know, in my final year at the Treasury Department, I was spending so much time talking to military targeters and generals, it's not sort of the usual traditional work you do at the Treasury Department, but that's how broad this has become. That we're sitting there with -- with -- with Air Force targeters and talking about how do you use Treasury tools in conjunction with actual kinetic and military strikes. And that's how sophisticated the whole thing's become now.

So it's been really -- it was fun, it was a lot of fun. I hope I have as much fun in the private sector.

(LAUGHTER)

ZARATE: We'll -- we'll -- we'll see to that, Danny.

GLASER: OK.

ZARATE: And that really is sort of the definition of modern economic warfare, what you just described as sort of Treasury tools, Treasury expertise blended with the kinetics and the lethal capabilities, which is fascinating.

Danny, you did a lot of work though in the international domain to build cooperation. The report talks a lot about defensive economic warfare and strategies in part because of what China and Russia may be doing to displace the dollar and U.S. interests.

But you also had a strategy of inclusion, not just financial inclusion, but diplomatic inclusion, to make China and Russia a part of the system. Can you talk about

the importance of the work you did at the FATF, the Financial Action Task Force, and that kind of cooperation to the international system?

GLASER: Thank you very much for that question, Juan.

And I read -- I had a chance to read the report over the weekend. Eric, I think you did a great job on it and everybody who contributed to it. It's -- obviously a lot of work went into it, and I think it's -- really moves the ball forward.

One thing, though, that I do think is important to contextualize with respect to this report and with respect to any discussion about this field, and this is why I made the point before, that we're not talking about economic warfare. Economic warfare is a sub category of what we're talking about. We're talking about economic statecraft. And I think it's important to put that into its proper context.

The -- the United States benefits, the United States benefits frankly more than anybody, from an integrated international financial system where trade is flowing, where finances are flowing, where people are investing, where people are investing in the United States, where people in the United States are investing abroad. There's nothing inherently insidious about that. Frankly, that's what leads to our prosperity. And that's something that needs to be preserved and it needs to be always kept in mind as you're devising your strategies.

Likewise, the reason why our -- the reason why our strategies work is because they are -- they are executed in the context of an international financial system that is a rules-based system. Globally, FATF sets those rules in the context of anti-money laundering counter-terrorist financing. Then, there's other organizations that set other rules with respect to the international financial system, and of course, within this country, it's Congress and the regulators that set up the rules of -- you know, for the way our financial system works.

But if you conceptualize the international financial system as nothing but a battlefield in which adversarial parties are meeting each other, then you're going to miss it. You're going to miss why it works. China might be an adversary in some contexts, but they're also a partner in many other contexts.

We do need to be cautious about some aspects of Chinese investment in the United States, but the fact is that China invests in the United States because this is a good place to invest. And that's in our advantage and that's in China's advantage and we're interconnected with China.

So as we confront China in certain ways, we also need to figure out to do it in a way that preserves our prosperity, that preserves the flow of funds across borders and that fundamentally preserves the rules-based nature of the international financial system.

So again, these are all -- I don't know how to give short answers to these questions.

(LAUGHTER)

These are all issues that could go on -- that I could go on at length about. But I do think -- I hope that as we -- as you all have this conference today that you keep in mind that this is all happening against a backdrop of an international financial system that works for the United States and it works because it's rules-based. And we follow the rules. We follow the rules, too. And it's not just about economic warfare, it's about economic statecraft.

ZARATE: And I think the report does try to provide a bit of that balance in the chapter on positive economic power and some of the systemic and strategic issues at play.

One last question before we open it up. A lot is changing in this space, you've got cyber economic threats, Sam Ravich has worked a lot on these issues, you've got new technologies, you've got Bitcoin, you've got others perhaps applying sanctions.

Where do you see the field going, Danny? And what would your advice be to the new team coming in? There's going to be a new leadership team at the Office of Terrorism and Financial Intelligence at Treasury. Where do you see the field going? And what's your kind of central advice to the new team?

GLASER: Well, you know, it's interesting, obviously cyber security is sort of the huge hot issue and it's the hot issue now for a -- for a reason, because it's a real threat and it's something that has taken the U.S. government and governments around the world and companies around the world a long time to think about appropriately and adjust to and that adjustment period is still going on.

So -- so obviously, the cyber issues associated with all of this are huge, they are urgent and they are something that is going to need to be focused on by the -- by the -- by the new administration. Beyond that, it's -- what's so cool about the area of illicit finance is you -- you -- you really never know.

I -- you know, Juan and I were having a very nerdy conversation before and I can sort of go into some of the things that I think are the trends with respect to the application of sanctions. I personally see us moving a little bit away from conduct-based measures and more towards status-based measures, although still targeted. That's maybe a little bit different from what the report suggests, but I think there's good reasons for it.

But in the end, it's really going to be having a good team at Treasury and a good team within the NSC working closely with colleagues at the State Department and the Defense Department and the rest of the U.S. government to adjust creatively to the ever-changing threats that are going to be presented in this country. And you can't predict

what that is going to be. If -- at the beginning of 2000 -- what was it -- 2014, I never would have predicted I would be spending so much time on -- on Russia sanctions and ISIL sanctions. It was -- by the end of that year, it was -- those were two all-consuming issues for me.

So, you -- you -- you never know what the issues are going to be, but it's a matter of understanding what your tools are, being creative, being flexible and understanding that we have a huge, huge asset in the United States, and that's the attractiveness of our economy and the attractiveness of our currency and our ability to use those to reach out and impact bad actors in ways that they never imaged that we could and people continue to not really understand how we can.

So, it's really exciting, it's a great field. I always said never want to work anywhere in the U.S. government other than the Treasury Department. And -- and I really do mean that. So, anyway, that's my shtick.

ZARATE: All right. Let's open it up to questions, I think we'll have questions for about three questions or so. A mic will come, please identify yourself and ask a sharp, crisp question.

Jim right here in the middle. Jim, if you can wait for the mic and identify yourself, please.

QUESTION: I'm Jim Rickards on the CSIF Board of Advisers.

Dan, my question is, with the Bank of Delta Asia sanctions, we had North Korea on the ropes. With the Iranian sanctions, we were destabilizing Iran. In both cases, we backed off. Isn't the message to enemies and adversaries that you don't have to worry about sanctions because if you wait long enough, the U.S. will back off?

GLASER: No, I don't think that's the message.

(LAUGHTER)

The -- so you impose sanctions -- this actually gets into the distinction between conduct-based measures and status-based measures, kind of -- which I'm not going to do.

(LAUGHTER)

But the -- look, you -- you -- you impose a program of economic pressure on a particular target in order to trade it away. The purpose is not the program of economic pressure, the purpose is the result. And so -- which is why -- which is why I always used to say sanctions can't be -- sanctions can't be the policy. If sanctions are the policy, there is no policy. Sanctions serve --, are serving a policy and financial pressure is serving a policy.

And so then, there's -- there becomes a strategic or tactical question as to when and how do you relax those. In the case of North Korea, you know, I think it's been demonstrated that we relaxed that too early. I can finally say it, I can finally say it.

(LAUGHTER)

ZARATE: I said it. You can say it, it's OK.

GLASER: I think -- I think it's been -- I think it's been demonstrated that -- that we -- that we relaxed that too early. I don't think that that's the only message -- I hope that's not the only message that our adversaries take from that.

I think the other message is that they really need to fear this stuff. And with respect -- with respect with -- with the Iran sanctions, I think it's -- I think it's a little early to say on that.

The fact of the matter is that Iran has not been able to get back into the international financial system the way they were -- the way they were hoping to. And I do think there's an open question as to whether or not -- as to whether -- as to whether or not they're going to be able to get into the financial system the way they were -- the way they were hoping to.

So I -- I don't know that -- I mean I don't know if I were a U.S. adversary, that I would be looking at all this and say that U.S. is just a paper tiger on this. I mean, I think that we've demonstrated that we're not. But it is also the case that the diplomacy is as hard or harder to get right as the financial components of it and it needs to be operating in lock -- in lock step. So I don't know. So that would be the message that I hope our adversaries take, is that we have these tools.

We use these tools, we've gotten really good at using these tools. And they're pretty devastating, I mean look, even North Korea. North Korea's -- the reason why North Korea's such a hard target now, is because we still live in a post Bank of Delta Asia world.

They -- they never regained the access that they had prior to -- prior to 2005, which makes it then harder for us to -- to continue to ratchet that pressure up because we already got that big bang in 2000 -- 2005, 2006, 2007. Again, North Korea only needs very little and -- and the little that they need they -- you know, they -- they -- they're able to get.

But I don't -- I don't think the message is just wait out to U.S. because I don't think that Iran has successfully waited out the U.S. and I don't even think North Korea has successfully waited out the U.S.

ZARATE: Just note that the -- in the panel -- that the panel that's to come on offensive power and influence, there's gonna be some discussion as there is in the report

on targeted unwinding and there's some really good and helpful ideas as to how to think about targeted unwinding as opposed to kind of an all-or-nothing approach.

How we think strategically about that and perhaps, we haven't done enough thinking and that's the suggestion of the report.

Let's go with that lady in the back?

QUESTION: Hi, Kasia Klimasinska from *Bloomberg News*. I think some people are entranced in Russia and Russian sanctions. So my question is actually three questions in one.

ZARATE: Quick, please. Quick, sharp questions.

QUESTION: Do you think Russian sanctions were more successful as a legal or as an economic tool? And if you think rolling them back is possible at that point, then how would you do that? Thank you.

GLASER: Yeah, I mean you can define -- you can define success in such a way that you could say almost anything's successful. The -- I think -- I think that the Russian sanctions, if -- if the goal was -- again, this gets -- this gets to the interaction between diplomacy and sanctions.

If we're gonna define the success of our -- our financial pressure campaign against Russia as Russia, you know, withdrawing entirely from Ukraine, withdrawing from Crimea, obviously that hasn't happened.

The fact of the matter is though I do think, the reason why it stopped where it stopped and why there were some uneasy equilibrium achieved, was because there was an understanding that there was increasing price to be paid. And I think that it was pretty innovative.

If you look at -- if you look at the set of measures that were imposed, it was the most sophisticated sanctions campaign, the Treasury Department has ever, ever created. It was far more sophisticated than anything that came before it.

And I think it's -- I think if people really wanna understand the potential of the Treasury Department in terms of designing financial pressure, look at what the Treasury Department did with respect to Russia. It's pretty -- it's pretty cool.

The -- and I also think that one of the things that was surprising to the world and -- and I think probably surprising to the Russians was the fact that we were able to keep the alliance together. I think that there was a lot of effort to try to separate the United States from the Europeans.

And that all those -- all those efforts have failed and they continue to fail and the United States and the Europeans continue to remain quite united on the financial

pressure campaign. So I do think -- I do think it's an important cornerstone to the policy of halting Russian expansionism in that -- in that region.

Now, the new administration's gonna have to decide what their policy is probably with respect to Russia and then how that financial pressure campaign fits -- fits in with that and I'm certainly the wrong person to ask about what their intentions are in that regard.

But whatever their intentions are, the sanctions are certainly structured in such a way that they can be ramped up or ramped down. And to get to Juan's point and this gets -- this is related to the previous question, if the goal at some point is to ramp them down, there's ways you could do that slowly and linked to certain milestones.

And there's ways you could do that quickly. So -- but I do think it's a really, really interesting pressure campaign.

ZARATE: This -- this lady here, on the corner, here.

QUESTION: Hi, Rachel Oswald with *Congressional Quarterly*. The sanctions announced on Friday by the Trump administration, I think give us our first flavor of how they're gonna approach sanctions.

What are your initial impressions on them both on the timing from the detection of the missile launch to the announcement of the sanctions, the scope of the sanctions and -- and any hints about what we might see going forward based on this initial usage of them?

GLASER: I don't know that that's necessarily a flavor of -- of what's -- of what's to come. You know, taking -- taking the politics out of it just -- just for a second, if -- if the desire is to ramp up meaningful, financial pressure on Iran, if that's what this new administration's desire is, putting aside whether that should be the desire, if that is in fact what the desire is, then I hope that that's not an example of things to come.

I saw that as more of a signaling of intention, a signaling of -- a signaling than I did a real effort to create real financial pressure on Iran. Again, what separates the United States application of sanctions, I think from just about anybody else's in the world, still -- still to this day, is that our application of sanctions are a lot more than just a glorified press release.

And our sanctions not only are enforced rigorously, but they occur within the context of a strategy to apply financial pressure. They're not simply to announce our displeasure.

They're not simply to quote/unquote, "name," or -- "name and shame," a term that I always hate when it would get applied to U.S. efforts because that's not what they are. They are about creating a dynamic within the financial system that tends to exclude and isolate a target.

And those -- those measures, you know, were intended to draw attention to a particular issue. They were intended to draw attention to particular targets and yes, to exclude them.

And meant to send a message that this is the direction we're heading in. But if the goal is to really apply financial pressure, that's going to require the administration to take a very sophisticated approach with diplomatically and financially and figure out -- figure out how to restart the dynamics that took us so long to create and which -- and which were slowed down considerably as a result of the nuclear deal.

And that's going to be -- that's going to be a very tricky thing; not impossible. It's not impossible. And if that's where the administration wants to go, they're going to have to work really, really hard to get there. But, you know, it's -- it's -- it's possible.

ZARATE: In the back?

QUESTION: Hi, David Weinberg, Foundation for Defense of Democracies. You and your team have spent a great deal of time on terror finance issues in the Gulf and -- and a lot of time talking to the leaders in Kuwait and in Qatar to sensitize them to U.S. concerns in this regard.

I was wondering -- especially since this is a topic of a monograph that we just released -- if you could tell us a little bit more about this particularly. If you can tell us the number of designated individuals in Kuwait and Qatar, who have been convicted thus far, locally -- of a crime related to terror finance?

And if you have any policies you might recommend to the next administration to address this -- this issue moving forward? Thank you.

GLASER: Sure, I mean, look, I don't know off the top of my head the number of convictions, partially because I don't think it's necessarily the right measure. I don't -- you know, getting terrorist finance convictions is -- is -- is pretty hard and we don't -- we don't have that many terrorist financing convictions in the United States.

That's one way to go at it, but what I think is the most important thing is that the activity stop. That's, to me, the most important thing is the activity stop. And that the way to stop it is through -- through criminal prosecutions and convictions, great, do it. And they have done it.

There have been -- there have been criminal -- successful criminal prosecutions both in Qatar and Kuwait with respect to terrorist financing and I think that they should be recognized and acknowledged for that. But, at the end of the day, what's going to -- what's going to address this problem is change -- is -- is -- is ensuring that those jurisdictions are not -- well, ensuring that those jurisdictions are in fact and perceived to be hostile environments.

And that gets into criminal prosecutions, but it also gets into financial measures. It gets into simple toleration. And that's something that's very, very hard for a variety of reasons. It's something that those countries are working on, and, you know, we can tick off -- tick off the positives and we can tick off the negatives.

And there are, I think, maybe more positives than they get credit for, but that doesn't change the fact that there continue to be designated terrorist financiers operating openly and notoriously in both of those countries. And that should be unacceptable to them.

And if those jurisdictions want to reach their potential, if Qatar, for example, wants to be what I want it to be, and I know what they want to be in terms of hosting World Cups and being the Singapore of the Gulf, then there are some very, very fundamental decisions that they're going to have to take.

And I think that they're in the process of taking those, but it's been painfully slow.

ZARATE: That's all we have time for unfortunately, join me in thanking Danny for his, not only participation, but years of service.

(APPLAUSE)

Give us just a moment. We're going to now shift to the next part of our program. We've got two panels set for you. One of offensive strategies and capabilities and systemic issues as well as then defensive economic postures. We have some of the best experts, not just in Washington, but around the world, set to discuss these issues.

So, stay with us. Thank you very much and there's certainly a few seats up here, for those standing in back if you want to come forward. Thank you again, we'll see you.