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White House expands reach of sanctions on Syria, Iran

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WASHINGTON -- The Obama administration on Tuesday granted the Treasury Department authority to blacklist foreign nationals and companies that help Iran and Syria evade U.S. and international sanctions.

President Barack Obama signed an executive order and notified congressional leaders that he had given Treasury expanded powers to thwart the evasion of U.S. sanctions. These powers give the accused little chance of seeing the evidence against them, but they don't run afoul of constitutional due-process rights since they apply to foreign entities.

"I have determined that efforts by foreign persons to engage in activities intended to evade U.S. economic and financial sanctions with respect to Iran and Syria undermine our efforts," the president said in a letter to House Speaker John Boehner, R-Ohio, and Senate Majority Leader Harry Reid, D-Nev.

The administration hopes that the ever-tightening financial sanctions will force Iran to abandon its nuclear ambitions and the Syrian government to end its oppression of rebels who seek to oust it.

The new executive order allows Treasury to prohibit accused foreign nationals or companies from traveling to the United States and permits the agency to forbid U.S. companies to deal with them.

Treasury and its Office of Foreign Assets Control already have similar powers to lock companies or individuals out of the U.S. banking system, thus effectively shutting them out of the global system. Tuesday's action was aimed at smaller companies that are helping Iran and Syria skirt the sanctions.

"Both countries are seeking to use non-bank financial institutions," said a senior Treasury official, who briefed reporters on the condition of anonymity in order to speak freely. The official cited currency exchange houses or trading firms that don't have a U.S. presence and fly under the radar in assisting Iran and Syria.

The agency didn't sanction anyone with the announcement Tuesday.

"That will come in due course," the official said. He added that foreign companies that are abetting Syria and Iran are "put on clear notice that the United States government has a new tool at its disposal to disrupt that activity."

The official described the new measure as "more nimble and agile." He said it targeted entities that were "in the cracks out there, where they are not engaged in behavior that would rise to the level of a (prior) designation, but are not readily susceptible to an enforcement action ... because they have no U.S. presence."

Tuesday's announcement followed months of increasing financial pressure on Iran, including a move in March by the European Union to prevent dozens of Iranian banks from accessing the international system through which banks transfer money electronically. Treasury also has sanctioned most of the leaders of the Iranian banking, shipping and military sectors, as well as most of the family members of Syrian dictator Bashar Assad and his political allies.

For those accused under the new executive order, there won't be the sorts of due process protections that U.S. citizens or companies are afforded. Treasury officials will share only unclassified information with the accused, meaning they will often be unable to see the information that's leading to their accusation.

As with the financial provisions of the controversial Patriot Act, the accused can challenge under the Administrative Procedure Act, which covers not the content of the allegation but rather the process. A federal judge, however, would have access to the classified portions of the case should the accused seek legal redress.

"There is certainly a lot of room for abuse," said Ilya Shapiro, a senior fellow in constitutional studies at the Cato Institute, a libertarian research center in Washington.

Foreign entities, he said, have fewer rights under the U.S. Constitution, and there's little chance that the accused will sway courts to force the U.S. government to share details.

"The way the modern courts interpret administration law, they give a wide berth to government agencies. ... This seems to be more an issue of policy than constitutional," Shapiro said.