Taylor & Francis
Online

The Washington Quarterly ›
Volume 43, 2020 - Issue 1

892 Views | 10 CrossRef citations to date | 5 Altmetric

Provocations

Enforcing US Economic Sanctions: Why Whale Hunting Works

Bryan R. Early & Keith A. Preble

Pages 159-175 | Published online: 19 Mar 2020

Cite this article https://doi.org/10.1080/0163660X.2020.1736881

Check for updates

Sample our Politics & International Relations Journals
>> Sign in here to start your access to the latest two volumes for 14 days

Full Article | Figures & data | Citations | Metrics | Reprints & Permissions

Read this article | Share

Click to increase image size



Bryan R. Early and Keith A. Preble

Enforcing US Economic Sanctions: Why Whale Hunting Works

No country in the world employs economic sanctions more than the United States. The way the US government enforces these sanctions can have billion-dollar ramifications for companies, alter global markets, and cause or help resolve foreign policy crises. Sanctions enforcement actions taken during the Obama administration against major European banks—including Credit Suisse, ING Bank, and BNP Paribas—resulted in billions of dollars of fines and fundamentally altered the way the global financial industry assesses the risks of doing business with sanctioned states. The US enforcement action taken recently against Chinese tech giant ZTE for violating US sanctions and strategic trade controls has also emerged as a contentious focal point in US-China relations during the Trump administration.

Outside these high-profile cases, surprisingly little is known about the strategies used to enforce US sanctions. The US Department of Treasury's Office of Foreign Asset Control (OFAC) is the agency primarily responsible. For the breadth of its mandate, the agency has remained relatively small and underfunded.[1] Since the early 2000s, however, OFAC—despite significant resource limitations—has evolved into an extraordinarily powerful enforcement agency with a global reach.

Bryan R. Early is the Associate Dean for Research at Rockefeller College; the Director for the Project on International Commerce, Security, and Economic Statecraft; and an Associate Professor for the Political Science Department at the University at Albany, SUNY's Rockefeller College of Public Affairs and Policy. He can be reached at bearly@albany.edu. Keith A. Preble is a PhD Candidate in the Political Science Department at the University at Albany, SUNY's Rockefeller College of Public Affairs and Policy. The authors would like to thank and acknowledge American University's Bridging the Gap Project, the Center for New American Security, and the Frankel Family Foundation for supporting this research project.
http://orcid.org/0000-0001-5649-6410

© 2020 The Elliott School of International Affairs
The Washington Quarterly • 43:1 pp. 159–175
https://doi.org/10.1080/0163660X.2020.1736881

Notes

1 Andrew Desiderio, "Trump Administration's 'Nerve Center' for Sanctions Policy Is 'Depleted' at the Worst Possible Time," Daily Beast, May 8, 2018, https://www.thedailybeast.com/trump-administrations-nerve-center-for-sanctions-policy-is-depleted-at-the-worst-possible-time; Henry Rome, "Assessing the Iran Policy Oversight Act of 2015 (Cardin Bill)," Iran Matters (blog) Belfer Center, September 29,

2015, https://www.belfercenter.org/publication/assessing-iran-policy-oversight-act-2015-cardin-bill; Jeffrey S. Smith, Charles O. Collins, and Jenny Pettit, "Research in Cuba: Navigating Logistical Barriers," Geographical Review 102, no. 3 (2012): 382–89, https://doi.org/10.1111/j.1931-0846.2012.00159.x.

2 Bryan R. Early and Keith A. Preble, “OFAC Civil Penalties and Enforcement Actions (2003–2019),” Harvard Database, February 15, 2020, https://doi.org/10.7910/DVN/UD3FFR; Anna Sayre, “OFAC Enforcement Actions by the Numbers: What Makes a Penalty?” SanctionsAlert.com, November 7, 2017, https://sanctionsalert.com/ofac-enforcement-actions-by-the-numbers-what-makes-a-penalty/.

3 Early and Preble, “OFAC Civil Penalties.”

4 Bryan R. Early and Keith A. Preble, “Going Fishing Versus Hunting Whales: Explaining Changes in How the U.S. Enforces Economic Sanctions,” Security Studies (2020), https://doi.org/10.1080/09636412.2020.1722850.

5 Bryan R. Early, “Deterrence and Disclosure: The Dual Logics Promoting U.S. Sanctions Compliance,” Center for New American Security, June 10, 2019, https://www.cnas.org/publications/commentary/deterrence-and-disclosure-the-dual-logics-promoting-u-s-sanctions-compliance; Office of Foreign Assets Control, A Framework for OFAC Compliance Commitments (Washington, DC: Department of the Treasury, 2019), https://www.treasury.gov/resource-center/sanctions/Documents/framework_ofac_cc.pdf.

6 Bryan R. Early, Busted Sanctions: Explaining Why Economic Sanctions Fail (Stanford: Stanford University Press, 2015).

7 Ivan N. Timofeev, “Rethinking Sanctions Efficiency: Evidence from 205 Cases of the U.S. Government Enforcement Actions against Business,” Russia in Global Affairs, October 8, 2019, https://eng.globalaffairs.ru/number/Rethinking-Sanctions-Efficiency-20213.

8 Bryan R. Early, “Confronting the Implementation and Enforcement Challenges Involved in Imposing Economic Sanctions,” in Coercive Diplomacy, Sanctions and International Law, ed. Natalino Ronzitti (Boston: Brill Nijhoff, 2016), 43–69.

9 Early, “Confronting the Implementation,” 51.

10 Early, Busted Sanctions.

11 Economic Sanctions Enforcement Guidelines, 31 CFR Part 501 (2009), 57602–04, https://www.treasury.gov/resource-center/sanctions/Documents/fr74_57593.pdf; Early and Preble, “Going Fishing Versus Hunting Whales.”

12 Early, “Deterrence and Disclosure.”

13 Early, “Confronting the Implementation.”

14 Early and Preble, “Going Fishing Versus Hunting Whales.”

15 International Emergency Economic Powers Enhancement Act, Pub. L. No. 110–96 (2007), https://www.govinfo.gov/content/pkg/STATUTE-121/html/STATUTE-121-Pg1011.htm; Economic Sanctions Enforcement Guidelines, Appendix A to Part 501, 57601–07.

16 Early and Preble, “OFAC Civil Penalties.”

17 Early and Preble, “OFAC Civil Penalties and Enforcement Actions.”

18 Early and Preble, “Going Fishing Versus Hunting Whales.”

19 Economic Sanctions Enforcement Guidelines, 57602–04.

20 Robin Wright, “Stuart Levey’s War: The Sanctions That Could Coax Iran,” New York Times, October 31, 2008, https://www.nytimes.com/2008/11/02/magazine/02IRAN-t.html.

21 Early and Preble, “Going Fishing Versus Hunting Whales.”

22 Timofeev, “Rethinking Sanctions Efficiency”; David Restrepo-Amariles and Matteo Winkler, “U.S. Economic Sanctions and the Corporate Compliance of Foreign Banks.” International Lawyer 51, no. 3 (2018), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3320477.

23 Amos Tversky and Daniel Kahneman, “Judgment under Uncertainty: Heuristics and Biases,” Science 185, no. 4157 (September 27, 1974): 1124–31, https://doi.org/10.1126/science.185.4157.1124.

24 Cass R. Sunstein, “Probability Neglect: Emotions, Worst Cases, and Law,” Yale Law Journal 112, no. 1 (2002), https://digitalcommons.law.yale.edu/ylj/vol112/iss1/2/; Cass

Sunstein and Richard Zeckhauser, “Dreadful Possibilities, Neglected Probabilities,” in The Irrational Economist: Making Dangerous Decisions in a Dangerous World, ed. Erwann Michel-Kerjan and Paul Slovic (New York: Public Affairs Books, 2010), 116–23.

25 Sunstein, “Probability Neglect,” 64; Daniel Kahneman and Amos Tversky, Judgment under Uncertainty. Heuristics and Biases (New York: Cambridge University Press, 1982).

26 Minimizing Potential Threats from Iran: Assessing the Effectiveness of Current U.S. Sanctions on Iran: Hearing before the Senate Committee on Banking, Housing, and Urban Affairs, 110th Cong. 13 (March 21, 2017) (statement of Mark Foulon, acting Under Secretary for the Bureau of Industry and Security, Department of Commerce), https://www.govinfo.gov/content/pkg/CHRG-110shrg50311/pdf/CHRG-110shrg50311.pdf.

27 Early and Preble, “Going Fishing Versus Hunting Whales.”

28 Facing the Sanctions Challenge in Financial Services: A Global Sanctions Compliance Study (Deloitte, 2009), 5, https://www2.deloitte.com/content/dam/Deloitte/ru/Documents/financial-services/Facing%20the%20sanctions%20challenge%20in%20financial%20services.pdf.

29 Burt Braverman, “OFAC Warns Financial and International Trade Sectors on Evasion of Crimean Sanctions,” Davis Wright Tremaine LLP, August 5, 2015, https://www.dwt.com/insights/2015/08/ofac-warns-financial-and-international-trade-secto.

30 Stacey English and Susannah Hammon, Cost of Compliance 2018 (Washington, DC: Thomson Reuters, 2018), 5, https://legal.thomsonreuters.com/content/dam/ewp-m/documents/legal/en/pdf/reports/cost-of-compliance-special-report-2018.pdf.

31 Tim Yost, “Money-Laundering and Sanctions Risks Not Being Adequately Prepared for by Financial-Services Institutions, According to Alix Partners Executive and Board Survey,” Global News Wire, December 20, 2017, https://www.globenewswire.com/news-release/2017/12/20/1267027/0/en/Money-Laundering-and-Sanctions-Risks-Not-Being-Adequately-Prepared-for-by-Financial-Services-Institutions-According-to-AlixPartners-Executive-and-Board-Survey.html.

32 Early, Busted Sanctions.

33 OFAC, A Framework for OFAC Compliance Commitments.

34 Early, “Deterrence and Disclosure”; Economic Sanctions Enforcement Guidelines, 57605–06.

35 Early and Preble, “OFAC Civil Penalties.”

36 We have sought this information via multiple Freedom of Information Act requests and received blanket denials. See Matt Bell and Mike Casey, “Voluntary Self-Disclosure of Sanctions Violations: How It Works in the U.S. (Part 2)” Kirkland & Ellis, January 19, 2018, https://www.kirkland.com/publications/article/2018/01/voluntary-selfdisclosure-of-sanctions-violations-h.

37 Better Safe than Sorry: The Case for Building a Robust Sanctions Compliance Program (Regulation Asia and LexisNexis, 2018); Mengqi Sun. 2019. “U.S. Sanctions Compliance Fines Hit Decade High.” Wall Street Journal, July 25.

38 Early and Preble, “Going Fishing Versus Hunting Whales.”

39 Office of Foreign Assets Control, “Civil Penalties and Enforcement Information: 2019 Civil Penalties Information Chart,” US Department of the Treasury, 2019, https://www.treasury.gov/resource-center/sanctions/CivPen/Pages/2019.aspx.

40 Early and Preble, "OFAC Civil Penalties."

41 OFAC, “Civil Penalties and Enforcement Information.”

42 Elizabeth Rosenberg and Jordan Tama, “Strengthening the Economic Arsenal: Bolstering the Deterrent and Signaling Effects of Sanctions,” Center for New American Security, December 16, 2019, https://www.cnas.org/publications/reports/strengthening-the-economic-arsenal

43 Benjamin Weiser, “Turkish Banker in Iran Sanctions-Busting Case Sentenced to 32 Months,” New York Times, May 18, 2017, https://www.nytimes.com/2018/05/16/world/turkish-iran-sanctions-trial.html; Eric Lipton and Alan Rappeport, “Bolton Book Puts New Focus on Trump’s Actions in Turkey and China Cases,” New York Times, January 28, 2020, https://www.nytimes.com/2020/01/28/us/politics/bolton-book-trump-china-turkey.html.

44 Tom Sims and John O’Donnell, “German Banks Maneuver in Washington to Temper Russia Sanction Risk,” Reuters, February 8, 2019, https://www.reuters.com/article/us-usa-russia- sanctions-germany-idUSKCN1PX1QY.

45 Desiderio, “Trump Administration’s ‘Nerve Center.’”

46 Saleha Mohsin, “Trump’s Sanctions Staff Defects as U.S. Expands Economic War,” Bloomberg, March 22, 2019, https://www.bloomberg.com/news/articles/2019-03-22/trump-sanctions-staff-defects-even-as-u-s-expands-economic-war.

47 Aaron Arnold, “The True Costs of Financial Sanctions,” Survival 58, no. 3 (2016): 77–100, https://doi.org/10.1080/00396338.2016.1186981.

48 Henry Farrell and Abraham Newman, “The Twilight of America’s Financial Empire: Washington’s Economic Bullying Will Erode Its Power,” Foreign Affairs, January 24, 2020, https://www.foreignaffairs.com/articles/2020-01-24/twilight-americas-financial-empire.

Log in via your institution

Access through your institution

Log in to Taylor & Francis Online

Log in

Restore content access

Restore content access for purchases made as guest

Purchase options *

Save for later

Article Purchase

- 48 hours access to article PDF & online version
- Article PDF can be downloaded
- Article PDF can be printed

EUR 39.00

Add to cart

Issue Purchase

- 30 days online access to complete issue
- Article PDFs can be downloaded
- Article PDFs can be printed

EUR 217.00

Add to cart

* Local tax will be added as applicable

Related Research

People also read | Recommended articles | Cited by 10

Going Fishing versus Hunting Whales: Explaining Changes in How the US Enforces Economic Sanctions

Bryan R. Early et al.
Security Studies
Published online: 7 Feb 2020

When Do Imposed Economic Sanctions Work? A Critical Review of the Sanctions Effectiveness Literature

Dursun Peksen
Defence and Peace Economics
Published online: 31 May 2019

Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2026 Informa UK Limited Privacy policy

Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG