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Examining US Sanctions Policy, Implementation, and Enforcement (03/29/2023)



Good afternoon, Chairman Mast, Ranking Member Crow, and distinguished members of this Subcommittee. It is a special honor and privilege for me to be testifying before you today. I would like to thank the chairman and ranking member for their incredible and inspiring military service and for that of several other members of this Subcommittee and of the full Committee as well. You are heroes in my eyes for your brave, unrelenting, and valorous service to our country continuing into your time here in the great halls of the US Congress.

I testify today in a personal capacity as an experienced practitioner of economic and financial warfare for over three decades to centrally highlight the failure of the American government to develop and deploy a cohesive sanctions strategy to combat our main foreign adversary – the People’s Republic of China. The US lacks a unified approach to disrupting the PRC’s military, nuclear, biological, space, missile, cyber, and other asymmetrical threat programs aimed against our very existence, including —especially — with sanctions (which, I must add are almost nonexistent against China WMD threats).

Let’s face it: we haven’t even imposed sanctions against China over its likely willful creation and undercover export of COVID 19, something that the investigation I led for the Secretary of State, Mike Pompeo, concluded nearly 2 ½ years was the result of a massive lab accident combined with an even more massive coverup. At this stage, can we at least sanction the infamous Wuhan Institute of Virology (WIV), its parent organizations, partners in the Chinese military, corporate subsidiaries, and key personnel? I’ll drop a bombshell in this regard: my friend and noted bio-medical researcher and intrepid COVID investigator, Dr. Steven Quay, has recently discovered that the Wuhan Institute – in the fall of 2020 – well after the pandemic it likely helped accidentally create, conducted much more dangerous research with two of the most lethal viruses on earth: MERs (30%+) and NIPAH (60%+). Furthermore, it apparently conducted this research in the same BSL 2-3 lab security setting where the work on COVID 19 was performed and, many of us believe based on evidence, was leaked. This is an epochal, world changing, and possibly world ending accident waiting to happen. The WIV was even working to make the MERs virus much more transmissible from human to human so it could literally spread like the plague. What could go wrong with that line of gain of function research if there is an accident? Kill off 30% of the globe? This could happen tomorrow. We must sanction and make all efforts to stop China’s hyper dangerous dual use pathogen research. And, of course, the US government must stop funding any and all aspects of this potentially self-destructive research and development.

In addition, we lack a focused sanctions strategy against the Chinese fentanyl narcotics trafficking and money laundering networks that are critical partners, suppliers, enablers, financiers, and bankers for the Sinaloa and New Jalisco Cartels which are murdering nearly a hundred thousand young Americans per year. Incredibly we haven't sanctioned the Mexican banks who we know house the leadership finances and logistical supply master accounts for these murderous cartels. I humbly ask you, what is wrong with our government on this matter of life and death?

Additionally, I'd like to highlight glaring holes in our current sanctions strategy against Putin and his support network, including his personal piggy bank and vanguard financial institution, Bank Rossiya, as well as multiple related front companies operating in complicit sanctuaries like Cyprus. Also, somewhat amazingly, Bank Rossiya seems to continue operating somehow in NATO allies like the Netherlands. I outed this fact in the *Financial Times* a year ago but there has been no derivative action by either the US or European authorities that I am aware of. I ask that my article, "the US needs to aim its financial punishment at Putin himself," be submitted for the record. I can supply supporting documentary evidence at your service if asked.

I also request that five slides be submitted for the record and that you allow me to use them to cogently respond to any questions you may have on China, Russia, and Venezuela sanctions regimes. If there is member interest during Q&A I would like to very briefly illustrate how Bank Rossiya's sanctions evading network operates. After that with equal brevity I can illustrate the problems of inadequate sanctions enforcement against the Maduro regime, which is the embodiment of a criminal state. Please let me underline the inadequacy of strategic law enforcement efforts to employ organization busting and mass asset forfeiture tools associated with the imposition of RICO (the Racketeer Influenced Corrupt Organizations statute) law. I then could show you a couple of slides on the holes in Communist China sanctions, including our total failure to sanction its nuclear weapons program and separately, show the stunning and simply ridiculous cost that the Communists have imposed on us and the world through COVID.

Finally, I want to stress the core lesson that my over three decades of experience in financial intelligence, law enforcement, the State Department, and DOD leading national level counter threat finance (CTF) strategies and operations has taught me. A whole of government CTF strategy is absolutely necessary and should be conducted from the top down in the same fashion that we wage actual wars, a topic which you veterans don't need me to amplify. However, please allow me to emphasize to this committee the need for constant verification and compliance of current and future sanctions, knowing that our sanctioned adversaries change names like we change clothes. I encourage you all to appreciate the absolute necessity of high-quality financial intelligence in the deep fight but let me amplify that a huge amount of the sanctions compliance challenge can now be met with widely available commercial data, not requiring a high level security clearance.

I'm certain that we can win in our financial warfare in the coming years against the cartels, Triads, and their partners in China, Russia, Iran and North Korea by applying commercial big data along with sharing more sensitive intelligence with our financial institutions the way we routinely share classified derived data with our airlines, airports, shipping companies and ports, and transport providers. CBP's National Targeting Center is the model of what FINCEN should become — a true national financial targeting center to proactively inform financial institutions of suspect transactions, accounts, individuals, entities, and networks. The Bank Secrecy Act was not designed to stop the sharing of financial secrets with banks in order to protect America's national security. We need to share the data with our financial institutions to stop the bad people from terrorizing our great nation. Thank you.