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White House Memorandum Directs ‘Maximum Pressure’ Campaign Against Iran

Stepped-Up Enforcement Measures Could Impose New Compliance Obligations and Concerns on Businesses and Financial Institutions

SUMMARY

On February 4, 2025, President Donald J. Trump issued a National Security Presidential Memorandum (the “Memorandum”) directing U.S. agencies to tighten enforcement of existing U.S. economic sanctions against the Islamic Republic of Iran and to impose new sanctions and other measures against the country. The Memorandum directs the Secretary of the Treasury to impose a “robust and continual sanctions enforcement campaign,” to “issue updated guidance to all relevant business sectors,” and to consider requiring financial institutions to conduct additional due diligence on Iran-related transactions. It further directs the Secretary of State to implement measures with the goal of driving Iranian oil exports to zero, and to consider modifying or rescinding any licenses or waivers that give Iran “any degree of economic or financial relief.” The Memorandum also orders the Attorney General to use all legal avenues “to investigate, disrupt, and prosecute financial and logistical networks, operatives, or front groups inside the United States that are sponsored by Iran or an Iranian terror proxy.”

BACKGROUND

President Trump has repeatedly stressed that Iran poses a major national security threat to the United States and its allies. During his first term, President Trump’s administration took a number of actions to put pressure on the Iranian regime, including by withdrawing from the Joint Comprehensive Plan of Action (commonly referred to as the “JCPOA” or the “Iran Nuclear Deal”) and re-imposing secondary economic sanctions.[1] Under his first administration, the U.S. military also carried out the January 2020 killing of

Qasem Soleimani, the then-commander of the country's Islamic Revolutionary Guard Corps Quds Force ("IRGC-QF"), and the State Department designated the IRGC as a Foreign Terrorist Organization. In response to Soleimani's killing, Iranian government agents reportedly have been attempting to carry out assassination plots against President Trump and other former U.S. government officials.

The Memorandum states that the goal of the administration's policy is to "impose maximum pressure on the Iranian regime to end its nuclear threat, curtail its ballistic missile program, and stop its support for terrorist groups."

THE MEMORANDUM

The Memorandum instructs federal departments to take a number of steps to curb Iran's influence.

Specifically, it directs the Secretary of the Treasury to:

- immediately impose sanctions or appropriate enforcement measures on "all persons for which the [Treasury Department] has evidence of activity in violation of one or more Iran-related sanctions";
- implement a robust and continuous sanctions enforcement campaign;
- consider modifying or rescinding any Office of Foreign Assets Control ("OFAC") general license, waiver, or guidance that provides Iran or its proxies with "any degree of economic or financial relief";
- issue updated guidance to all relevant business sectors, "including shipping, insurance, and port operators," about the risks of knowingly violating Iran-related sanctions;
- pursue countermeasures against Iran through the Financial Action Task Force ("FATF"), an international policy-making organization in which the United States and other countries participate;
- evaluate regulatory beneficial ownership thresholds to ensure that sanctions deny Iran all possible illicit revenue; and
- evaluate whether financial institutions should be required to adopt a "Know Your *Customer's Customer*" due diligence standard for any Iran-related transactions, which would go above and beyond existing "Know Your Customer" requirements. (emphasis added).

It directs the Secretary of State to:

- modify or rescind existing OFAC sanctions waivers, including those related to Iran's Chabahar port project, an infrastructure initiative in southeastern Iran developed to improve trade connectivity between India, Iran, and Afghanistan;
- coordinate with the Secretary of the Treasury to implement a robust and continual campaign to drive Iran's oil exports to zero;
- lead a diplomatic campaign to isolate Iran; and
- coordinate with the Secretary of the Treasury and other U.S. agencies to ensure that the Iraqi financial system is not utilized to evade sanctions.

It directs the Secretary of Commerce to:

- conduct a robust and continuous export control enforcement campaign to restrict the flow of technology and components used by the regime for military purposes.

It directs the Attorney General to:

- investigate, disrupt, and prosecute financial and logistical networks, operatives, and front groups inside the United States;
- impound illicit Iranian oil cargo;
- identify Iranian governmental assets in the United States and overseas;
- indict and prosecute leaders and members of Iranian-funded terrorist groups and proxies; and
- investigate, prosecute, and disrupt efforts by the Iranian government to conduct espionage, compromise infrastructure, evade sanctions and export controls, obtain support for terrorism, and exert malign influence.

It directs the United States Permanent Representative to the United Nations to:

- work with key allies to sanction Iran;
- hold Iran accountable for its breach of the Nuclear Non-Proliferation Treaty; and
- regularly convene the United Nations Security Council to highlight threats by Iran.

OBSERVATIONS AND IMPLICATIONS

The Memorandum reflects the Trump administration's intentions to further isolate and pressure the Iranian regime. The administration's approach will likely have meaningful ramifications for the corporate compliance and enforcement climate.

First, the Memorandum makes clear that the Trump administration intends to take a whole-of-government approach to maximize economic, regulatory, law enforcement, diplomatic, and international pressure on Iran. Its directive to pursue measures with the goal of crippling Iranian oil exports is especially notable. By imposing such measures, the Trump administration will likely create enhanced compliance burdens on financial institutions, energy sector companies, and other businesses that have involvement in, or exposure to, Iranian oil interests through their own transactions or those of their clients, customers, or counterparties. The Memorandum's directive to issue updated guidance to all business sectors about the consequences of violating Iran-related sanctions—including specifically "shipping, insurance, and port operators"—suggests that the administration could step up enforcement against companies that provide services within Iran's global supply networks. The Memorandum's specific focus on shipping, insurance, and port operators suggests that enforcement efforts will—in keeping with the approach of prior administrations—continue to target not only the primary actors who carry out the Iranian regime's malign activities but also firms and individuals who play an indirect or facilitating role.

Second, the Memorandum's instruction that the Treasury Secretary consider imposing new and heightened "Know Your Customer's Customer" standards on financial institutions for Iran-related transactions—above and beyond existing "Know Your Customer" obligations—could have wide-reaching ramifications. The potential form of any such requirements is not yet clear. Western financial institutions generally already impose enhanced due diligence on transactions known to be "Iran-related." If the intent is to impose a "Know Your Customer's Customer" standard across the board, however, so as to detect *potential* Iran-related transactions, that likely would entail a massive new compliance and examination regime. Regardless, imposing second-degree KYC obligations that require banks to gather additional information about their *customers*' customers (presumably their transactions, ownership, structures, and/or supply chains) may run into practical and legal obstacles due to bank secrecy and cross-border information sharing limitations, and would markedly increase the costs and burdens of maintaining adequate BSA/AML and OFAC compliance programs.

Third, the practical import of the Memorandum's call to "immediately" impose sanctions or appropriate enforcement measures on "all persons for which the [Treasury Department] has evidence of activity in violation of one or more Iran-related sanctions," is unclear. Hundreds of companies and financial institutions, large and small, discover transactions with Iran-related entities every year. Typically, these transactions are accidental, discovered after the fact, and self-reported to OFAC. The "appropriate" enforcement action will depend on the nature of the activity, particularly whether it was intentional or if the institution was reckless or negligent in allowing it to occur. Ascertaining the appropriate enforcement result also requires investigation by government authorities, which could be in tension with the call for "immediate" action. It does seem clear, however, that Trump administration officials will be pressing responsible enforcement authorities–-especially the Department of Justice and OFAC—to bring more Iran-related enforcement cases and to pursue more aggressive resolutions.

Fourth, it is significant that President Trump directed the Treasury and State departments to conduct a careful review of existing licenses and waivers involving Iran with an eye towards narrowing or rescission. In addition to Iran's Chabahar port project, called out specifically, the major categories of existing Iran licenses are for activities in the following areas: humanitarian, educational, telecommunications, diplomatic, and civil aviation safety. Companies involved in those activities may see a narrowing or cancellation of the applicable general licenses when the two departments complete their reviews.

Fifth, the Memorandum's proposed measures come at a time of significant change in the international trade and foreign policy environment. Many financial institutions and other companies are already grappling with a series of new geopolitical and compliance-related challenges affecting global trade, including the United States' swift imposition of tariffs against China (and potentially Mexico and Canda); the President's initiation of a systematic review of U.S. trade measures; the possible designation of drug cartels as Foreign Terrorist Organizations; the European Union's pending efforts to impose Environmental and Social Governance (ESG) standards on companies and their supply chains through the Corporate Sustainability Due Diligence Directive (CSDDD); and terrorist attacks and other events that have disrupted critical global shipping routes. Companies should therefore closely monitor the ways in which any new measures resulting from the White House's Memorandum could expand or exacerbate these evolving geopolitical and compliance challenges.

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ENDNOTES

1 https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trump-ending-united-states-participation-unacceptable-iran-deal/

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