

Union Calendar No. 420

113TH CONGRESS
2D SESSION

H. R. 1771

[Report No. 113–560, Part I]

To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2013

Mr. ROYCE (for himself, Mr. ENGEL, Mr. CHABOT, Ms. ROS-LEHTINEN, Mr. ROHRBACHER, Mr. POE of Texas, Mr. SHERMAN, and Mr. SALMON) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

JULY 28, 2014

Additional sponsors: Mr. RADEL, Mr. MEADOWS, Mr. COTTON, Mr. WEBER of Texas, Mr. STOCKMAN, Mr. MESSER, Mr. WOLF, Mr. KINZINGER of Illinois, Mr. MCCAUL, Mr. HOLDING, Ms. GABBARD, Mr. SCHNEIDER, Mr. COOK, Mr. ROSKAM, Mr. CONNOLLY, Ms. MENG, Mr. LOWENTHAL, Mr. PERRY, Mr. BROOKS of Alabama, Ms. BORDALLO, Mr. HIGGINS, Mr. SENSENBRENNER, Mr. SIRES, Mr. KLINE, Mr. BISHOP of Utah, Mr. COLLINS of Georgia, Ms. BASS, Mr. SCHOCK, Mr. SAM JOHNSON of Texas, Mr. BERA of California, Mr. CONAWAY, Mr. MEEHAN, Mr. PEARCE, Mr. WESTMORELAND, Mr. VARGAS, Mr. SMITH of New Jersey, Mr. MICA, Mr. GOHMERT, Mr. DEUTCH, Mr. PETERSON, Mr. FORBES, Mr. WILSON of South Carolina, Mr. BRIDENSTINE, Mr. UPTON, Mr. BONNER, Mr. CICILLINE, Mr. RYAN of Ohio, Mr. FINCHER, Mr. BILLIRAKIS, Mr. SMITH of Missouri, Mr. YOUNG of Indiana, Mr. LUETKEMEYER, Mr. NUNNELEE, Mr. DESANTIS, Mr. BROUN of Georgia, Mr. COFFMAN, Mr. MORAN, Mr. LAMALFA, Ms. JENKINS, Mr. CARSON of Indiana, Mr. SHIMKUS, Mr. DESJARLAIS, Mr. MILLER of Florida, Mr. JOHNSON of Ohio, Mr. SABLAN, Mr. GENE GREEN of Texas, Mr. MULVANEY, Mr. STEWART, Mr. BENISHEK, Mrs. NOEM, Mr. RAHALL,

Mr. HARPER, Mrs. WAGNER, Mr. STIVERS, Mr. NEUGEBAUER, Mrs. BLACK, Mr. MCHENRY, Mr. PETERS of California, Ms. WILSON of Florida, Mr. MICHAUD, Mr. KINGSTON, Mr. OWENS, Mr. KING of New York, Mr. ENYART, Mr. WALBERG, Mrs. BLACKBURN, Mr. KENNEDY, Mr. YOUNG of Alaska, Mr. BENTIVOLIO, Mr. LANCE, Mr. GRIFFIN of Arkansas, Mr. COLLINS of New York, Mr. THORNBERRY, Ms. LINDA T. SÁNCHEZ of California, Mr. OLSON, Mr. HANNA, Mr. VEASEY, Mr. ISRAEL, Mr. PITTENGER, Mr. LATTA, Mr. AUSTIN SCOTT of Georgia, Mr. WOODALL, Mr. PITTS, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mrs. NAPOLITANO, Mr. CARTWRIGHT, Mr. WOMACK, Mr. HUIZENGA of Michigan, Mr. GRAVES of Missouri, Mr. COBLE, Mr. SIMPSON, Mr. PETERS of Michigan, Mr. HECK of Nevada, Mr. WENSTRUP, Ms. SHEAPORTER, Mr. FORTENBERRY, Mr. ROTHFUS, Mr. GARRETT, Mr. GOWDY, Mr. YODER, Ms. HANABUSA, Mr. SESSIONS, Mr. MCDERMOTT, Mr. SMITH of Washington, Mr. DUNCAN of South Carolina, Mr. REICHERT, Ms. LORETTA SANCHEZ of California, Mr. HASTINGS of Florida, Mrs. BACHMANN, Mr. KING of Iowa, Mr. LATHAM, Mr. COLE, Mr. CRAMER, Mr. MULLIN, Mr. DELANEY, Mr. RUSH, Mr. PAULSEN, Mr. DUFFY, Ms. KAPTUR, and Mr. FATTAH

JULY 28, 2014

Reported from the Committee on Foreign Affairs with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

JULY 28, 2014

The Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on April 26, 2013]

A BILL

To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
 5 *“North Korea Sanctions Enforcement Act of 2014”.*

6 (b) *TABLE OF CONTENTS.*—*The table of contents for*
 7 *this Act is as follows:*

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

TITLE I—INVESTIGATIONS, PROHIBITED CONDUCT, AND PENALTIES

Sec. 101. Statement of policy.

Sec. 102. Investigations.

Sec. 103. Briefing to Congress.

Sec. 104. Prohibited conduct and mandatory and discretionary designation and sanctions authorities.

Sec. 105. Forfeiture of property.

TITLE II—SANCTIONS AGAINST NORTH KOREAN PROLIFERATION, HUMAN RIGHTS ABUSES, AND ILLICIT ACTIVITIES

Sec. 201. Determinations with respect to North Korea as a jurisdiction of primary money laundering concern.

Sec. 202. Ensuring the consistent enforcement of United Nations Security Council resolutions and financial restrictions on North Korea.

Sec. 203. Proliferation prevention sanctions.

Sec. 204. Procurement sanctions.

Sec. 205. Enhanced inspections authorities.

Sec. 206. Travel sanctions.

Sec. 207. Exemptions, waivers, and removals of designation.

Sec. 208. Sense of Congress on enforcement of sanctions on North Korea.

TITLE III—PROMOTION OF HUMAN RIGHTS

Sec. 301. Information technology.

Sec. 302. Report on North Korean prison camps.

Sec. 303. Report on persons who are responsible for serious human rights abuses or censorship in North Korea.

TITLE IV—GENERAL AUTHORITIES

Sec. 401. Suspension of sanctions and other measures.

Sec. 402. Termination of sanctions and other measures.

Sec. 403. Regulations.

Sec. 404. Effective date.

1 **SEC. 2. FINDINGS.**

2 *Congress finds the following:*

3 *(1) The Government of North Korea has repeat-*
4 *edly violated its commitments to the complete,*
5 *verifiable, irreversible dismantlement of its nuclear*
6 *weapons programs, and has willfully violated mul-*
7 *tiiple United Nations Security Council resolutions*
8 *calling for it to cease its development, testing, and*
9 *production of weapons of mass destruction.*

10 *(2) North Korea poses a grave risk for the pro-*
11 *liferation of nuclear weapons and other weapons of*
12 *mass destruction.*

13 *(3) The Government of North Korea has been im-*
14 *plicated repeatedly in money laundering and illicit*
15 *activities, including prohibited arms sales, narcotics*
16 *trafficking, the counterfeiting of United States cur-*
17 *rency, and the counterfeiting of intellectual property*
18 *of United States persons.*

19 *(4) The Government of North Korea has, both*
20 *historically and recently, repeatedly sponsored acts of*
21 *international terrorism, including attempts to assas-*
22 *inate defectors and human rights activists, repeated*
23 *threats of violence against foreign persons, leaders,*
24 *newspapers, and cities, and the shipment of weapons*
25 *to terrorists.*

1 (5) *North Korea has unilaterally withdrawn*
2 *from the 1953 Armistice Agreement that ended the*
3 *Korean War, and committed provocations against*
4 *South Korea in 2010 by sinking the warship Cheonan*
5 *and killing 46 of her crew, and by shelling*
6 *Yeonpyeong Island, killing four South Koreans.*

7 (6) *North Korea maintains a system of brutal*
8 *political prison camps that contain as many as*
9 *200,000 men, women, and children, who live in atro-*
10 *cious living conditions with insufficient food, cloth-*
11 *ing, and medical care, and under constant fear of tor-*
12 *ture or arbitrary execution.*

13 (7) *The Congress reaffirms the purposes of the*
14 *North Korean Human Rights Act of 2004 contained*
15 *in section 4 of such Act (22 U.S.C. 7802).*

16 (8) *North Korea has prioritized weapons pro-*
17 *grams and the procurement of luxury goods, in defi-*
18 *ance of United Nations Security Council resolutions,*
19 *and in gross disregard of the needs of its people.*

20 (9) *Persons, including financial institutions,*
21 *who engage in transactions with, or provide financial*
22 *services to, the Government of North Korea and its fi-*
23 *nancial institutions without establishing sufficient fi-*
24 *nancial safeguards against North Korea's use of these*
25 *transactions to promote proliferation, weapons traf-*

1 *ficking, human rights violations, illicit activity, and*
2 *the purchase of luxury goods, aid and abet North Ko-*
3 *rea’s misuse of the international financial system,*
4 *and also violate the intent of relevant United Nations*
5 *Security Council resolutions.*

6 *(10) The Government of North Korea’s conduct*
7 *poses an imminent threat to the security of the*
8 *United States and its allies, to the global economy, to*
9 *the safety of members of the United States armed*
10 *forces, to the integrity of the global financial system,*
11 *to the integrity of global nonproliferation programs,*
12 *and to the people of North Korea.*

13 *(11) The Congress seeks, through this legislation,*
14 *to use nonmilitary means to address this crisis, to*
15 *provide diplomatic leverage to negotiate necessary*
16 *changes in North Korea’s conduct, and to ease the suf-*
17 *fering of the people of North Korea.*

18 **SEC. 3. DEFINITIONS.**

19 *In this Act:*

20 *(1) APPLICABLE EXECUTIVE ORDER.—The term*
21 *“applicable Executive order” means—*

22 *(A) Executive Order 13382 (2005), 13466*
23 *(2008), 13551 (2010), or 13570 (2011), to the ex-*
24 *tent that such Executive order authorizes the im-*
25 *position of sanctions on persons for conduct, or*

1 *prohibits transactions or activities, involving the*
2 *Government of North Korea; or*

3 *(B) any Executive order adopted on or after*
4 *the date of the enactment of this Act, to the ex-*
5 *tent that such Executive order authorizes the im-*
6 *position of sanctions on persons for conduct, or*
7 *prohibits transactions or activities, involving the*
8 *Government of North Korea.*

9 (2) *APPLICABLE UNITED NATIONS SECURITY*
10 *COUNCIL RESOLUTION.—The term “applicable United*
11 *Nations Security Council resolution” means—*

12 *(A) United Nations Security Council Reso-*
13 *lution 1695 (2006), 1718 (2006), 1874 (2009),*
14 *2087 (2013), or 2094 (2013); or*

15 *(B) any United Nations Security Council*
16 *resolution adopted on or after the date of the en-*
17 *actment of this Act, to the extent that such reso-*
18 *lution authorizes the imposition of sanctions on*
19 *persons for conduct, or prohibits transactions or*
20 *activities, involving the Government of North*
21 *Korea.*

22 (3) *APPROPRIATE CONGRESSIONAL COMMIT-*
23 *TEES.—The term “appropriate congressional commit-*
24 *tees” means—*

1 (A) *the Committee on Foreign Affairs and*
2 *the Committee on Financial Services of the*
3 *House of Representatives; and*

4 (B) *the Committee on Foreign Relations*
5 *and the Committee on Banking, Housing, and*
6 *Urban Affairs of the Senate.*

7 (4) *DESIGNATED PERSON.*—*The term “des-*
8 *ignated person” means a person designated under*
9 *subsection (a) or (b) of section 104 for purposes of ap-*
10 *plying one or more of the sanctions described in title*
11 *I or II of this Act with respect to the person.*

12 (5) *GOVERNMENT OF NORTH KOREA.*—*The term*
13 *“Government of North Korea” means—*

14 (A) *the Government of the Democratic Peo-*
15 *ple’s Republic of Korea or any political subdivi-*
16 *sion, agency, or instrumentality thereof; and*

17 (B) *any person owned or controlled by, or*
18 *acting for or on behalf of, the Government of the*
19 *Democratic People’s Republic of Korea.*

20 (6) *INTERNATIONAL TERRORISM.*—*The term*
21 *“international terrorism” has the meaning given such*
22 *term in section 140(d) of the Foreign Relations Au-*
23 *thorization Act, Fiscal Years 1988 and 1989 (22*
24 *U.S.C. 2656f(d)).*

1 (7) *LUXURY GOODS.*—*The term “luxury goods”*
2 *has the meaning given such term in subpart 746.4 of*
3 *title 15, Code of Federal Regulations, and includes the*
4 *items listed in Supplement No. 1 to such regulation,*
5 *and any similar items.*

6 (8) *MONETARY INSTRUMENT.*—*The term “mone-*
7 *tary instrument” has the meaning given such term*
8 *under section 5312 of title 31, United States Code.*

9 (9) *NORTH KOREAN FINANCIAL INSTITUTION.*—
10 *The term “North Korean financial institution”*
11 *means—*

12 (A) *a financial institution organized under*
13 *the laws of North Korea or any jurisdiction*
14 *within North Korea (including a foreign branch*
15 *of such institution);*

16 (B) *any financial institution located in*
17 *North Korea, except as may be excluded from*
18 *such definition by the President in accordance*
19 *with section 207(d);*

20 (C) *any financial institution, wherever lo-*
21 *cated, owned or controlled by the Government of*
22 *North Korea; and*

23 (D) *any financial institution, wherever lo-*
24 *cated, owned or controlled by a financial institu-*
25 *tion described in subparagraph (A), (B), or (C).*

1 (10) *OTHER STORES OF VALUE.*—*The term*
2 “*other stores of value*” *means—*

3 (A) *prepaid access devices, tangible or in-*
4 *tangible prepaid access devices, or other instru-*
5 *ments or devices for the storage or transmission*
6 *of value, as defined in part 1010 of title 31, Code*
7 *of Federal Regulations; and*

8 (B) *any covered goods, as defined in section*
9 *1027.100 of title 31, Code of Federal Regula-*
10 *tions, and any instrument or tangible or intan-*
11 *gible access device used for the storage and trans-*
12 *mission of a representation of covered goods.*

13 (11) *PERSON.*—*The term “person” has the mean-*
14 *ing given that term in section 510.306 of title 31,*
15 *Code of Federal Regulations.*

16 ***TITLE I—INVESTIGATIONS, PRO-***
17 ***HIBITED CONDUCT, AND PEN-***
18 ***ALTIES***

19 ***SEC. 101. STATEMENT OF POLICY.***

20 *In order to achieve the peaceful disarmament of North*
21 *Korea, Congress finds that it is necessary—*

22 (1) *to encourage all states to fully and promptly*
23 *implement United Nations Security Council Resolu-*
24 *tion 2094 (2013);*

1 (2) to sanction the persons, including financial
2 institutions, that facilitate proliferation, illicit activi-
3 ties, arms trafficking, imports of luxury goods, serious
4 human rights abuses, cash smuggling, and censorship
5 by the Government of North Korea;

6 (3) to authorize the President to sanction persons
7 who fail to exercise due diligence to ensure that such
8 financial institutions and jurisdictions do not facili-
9 tate proliferation, arms trafficking, kleptocracy, and
10 imports of luxury goods by the Government of North
11 Korea;

12 (4) to deny the Government of North Korea ac-
13 cess to the funds it uses to obtain nuclear weapons,
14 ballistic missiles, and luxury goods instead of pro-
15 viding for the needs of its people; and

16 (5) to enforce sanctions in a manner that avoids
17 any adverse humanitarian impact on the people of
18 North Korea.

19 **SEC. 102. INVESTIGATIONS.**

20 The President shall initiate an investigation into the
21 possible designation of a person under section 104(a) upon
22 receipt by the President of credible information indicating
23 that such person has engaged in conduct described in section
24 104(a).

1 **SEC. 103. BRIEFING TO CONGRESS.**

2 *Not later than 180 days after the date of the enactment*
3 *of this Act, and periodically thereafter, the President shall*
4 *provide to the appropriate congressional committees a brief-*
5 *ing on efforts to implement this Act, to include the fol-*
6 *lowing, to the extent the information is available:*

7 (1) *The principal foreign assets and sources of*
8 *foreign income of the Government of North Korea.*

9 (2) *A list of the persons designated under sub-*
10 *sections (a) and (b) of section 104.*

11 (3) *A list of the persons with respect to which*
12 *sanctions were waived or removed under section 207.*

13 (4) *A summary of any diplomatic efforts made*
14 *in accordance with section 202(b) and of the progress*
15 *realized from such efforts, including efforts to encour-*
16 *age the European Union and other states and jurisdic-*
17 *tions to sanction and block the assets of the For-*
18 *oreign Trade Bank of North Korea and Daedong Credit*
19 *Bank.*

20 **SEC. 104. PROHIBITED CONDUCT AND MANDATORY AND**
21 **DISCRETIONARY DESIGNATION AND SANC-**
22 **TIONS AUTHORITIES.**

23 (a) **PROHIBITED CONDUCT AND MANDATORY DESIGNA-**
24 **TION AND SANCTIONS AUTHORITY.—**

25 (1) **CONDUCT DESCRIBED.—***Except as provided*
26 *in section 207, the President shall designate under*

1 *this subsection any person the President determines*
2 *to—*

3 *(A) have knowingly engaged in significant*
4 *activities or transactions with the Government of*
5 *North Korea that have materially contributed to*
6 *the proliferation of weapons of mass destruction*
7 *or their means of delivery (including missiles ca-*
8 *pable of delivering such weapons), including any*
9 *efforts to manufacture, acquire, possess, develop,*
10 *transport, transfer or use such items, by any*
11 *person or foreign country;*

12 *(B) have knowingly imported, exported, or*
13 *reexported to, into, or from North Korea any*
14 *arms or related materiel, whether directly or in-*
15 *directly;*

16 *(C) have knowingly provided significant*
17 *training, advice, or other services or assistance,*
18 *or engaged in transactions, related to the manu-*
19 *facture, maintenance, or use of any arms or re-*
20 *lated materiel to be imported, exported, or reex-*
21 *ported to, into, or from North Korea, or fol-*
22 *lowing their importation, exportation, or re-*
23 *exportation to, into, or from North Korea, wheth-*
24 *er directly or indirectly;*

1 (D) have knowingly, directly or indirectly,
2 imported, exported, or reexported significant lux-
3 ury goods to or into North Korea;

4 (E) have knowingly engaged in or been re-
5 sponsible for censorship by the Government of
6 North Korea, including prohibiting, limiting, or
7 penalizing the exercise of freedom of expression
8 or assembly, limiting access to print or broad-
9 cast media, or the facilitation or support of in-
10 tentional frequency manipulation that would
11 jam or restrict an international signal;

12 (F) have knowingly engaged in or been re-
13 sponsible for serious human rights abuses by the
14 Government of North Korea, including torture or
15 cruel, inhuman, or degrading treatment or pun-
16 ishment, prolonged detention without charges
17 and trial, causing the disappearance of persons
18 by the abduction and clandestine detention of
19 those persons, and other denial of the right to
20 life, liberty, or the security of a person;

21 (G) have knowingly, directly or indirectly,
22 engaged in significant acts of money laundering,
23 the counterfeiting of goods or currency, bulk cash
24 smuggling, narcotics trafficking, or other illicit
25 activity that involves or supports the Govern-

1 *ment of North Korea or any senior official there-*
2 *of, whether directly or indirectly; or*

3 *(H) have knowingly attempted to engage in*
4 *any of the conduct described in subparagraphs*
5 *(A) through (G) of this paragraph.*

6 (2) *EFFECT OF DESIGNATION.*—*With respect to*
7 *any person designated under this subsection, the*
8 *President—*

9 *(A) shall exercise the authorities of the*
10 *International Emergency Economic Powers Act*
11 *(50 U.S.C. 1705 et seq.) without regard to sec-*
12 *tion 202 of such Act to block all property and*
13 *interests in property of any person designated*
14 *under this subsection that are in the United*
15 *States, that hereafter come within the United*
16 *States, or that are or hereafter come within the*
17 *possession or control of any United States per-*
18 *son, including any overseas branch; and*

19 *(B) may apply any of the sanctions de-*
20 *scribed in section 204.*

21 (3) *PENALTIES.*—*The penalties provided for in*
22 *section 206 of the International Emergency Economic*
23 *Powers Act (50 U.S.C. 1705) shall apply to a person*
24 *who violates, attempts to violate, conspires to violate,*
25 *or causes a violation of any prohibition of this sub-*

1 *section, or of an order or regulation prescribed under*
2 *this Act, to the same extent that such penalties apply*
3 *to a person that commits an unlawful act described*
4 *in section 206(a) of that Act (50 U.S.C. 1705(a)).*

5 *(b) DISCRETIONARY DESIGNATION AND SANCTIONS*
6 *AUTHORITY.—*

7 *(1) CONDUCT DESCRIBED.—Except as provided*
8 *in section 207, the President may designate under*
9 *this subsection any person the President determines*
10 *to—*

11 *(A) have knowingly engaged in, contributed*
12 *to, assisted, sponsored, or provided financial,*
13 *material or technological support for, or goods*
14 *and services in support of, any violation of, or*
15 *evasion of, an applicable United Nations Secu-*
16 *rity Council resolution;*

17 *(B) have knowingly facilitated the transfer*
18 *of any funds, financial assets, or economic re-*
19 *sources of, or property or interests in property of*
20 *a person designated under an applicable Execu-*
21 *tive order, or by the United Nations Security*
22 *Council pursuant to an applicable United Na-*
23 *tions Security Council resolution;*

24 *(C) have knowingly facilitated the transfer*
25 *of any funds, financial assets, or economic re-*

1 *sources, or any property or interests in property*
2 *derived from, involved in, or that has materially*
3 *contributed to conduct prohibited by an applica-*
4 *ble United Nations Security Council resolution;*

5 *(D) have knowingly facilitated any trans-*
6 *action that contributes materially to a violation*
7 *of an applicable United Nations Security Coun-*
8 *cil resolution;*

9 *(E) have knowingly facilitated any trans-*
10 *actions in cash or monetary instruments or other*
11 *stores of value, including through cash couriers*
12 *transiting to or from North Korea, used to facili-*
13 *tate any conduct prohibited by an applicable*
14 *United Nations Security Council resolution;*

15 *(F) have knowingly contributed to the brib-*
16 *ery of an official of the Government of North*
17 *Korea, the misappropriation, theft, or embezzle-*
18 *ment of public funds by, or for the benefit of, an*
19 *official of the Government of North Korea, or the*
20 *use of any proceeds of any such conduct; or*

21 *(G) have knowingly and materially assisted,*
22 *sponsored, or provided financial, material, or*
23 *technological support for, or goods or services to*
24 *or in support of, the conduct described in sub-*
25 *paragraphs (A) through (F) of this paragraph or*

1 *the conduct described in subparagraphs (A)*
2 *through (G) of subsection (a)(1).*

3 (2) *EFFECT OF DESIGNATION.*—*With respect to*
4 *any person designated under this subsection, the*
5 *President—*

6 *(A) may apply the sanctions described in*
7 *section 204;*

8 *(B) may apply any of the special measures*
9 *described in section 5318A of title 31, United*
10 *States Code;*

11 *(C) may prohibit any transactions in for-*
12 *ign exchange that are subject to the jurisdiction*
13 *of the United States and in which such person*
14 *has any interest;*

15 *(D) may prohibit any transfers of credit or*
16 *payments between financial institutions or by,*
17 *through, or to any financial institution, to the*
18 *extent that such transfers or payments are sub-*
19 *ject to the jurisdiction of the United States and*
20 *involve any interest of the person; and*

21 *(E) may exercise the authorities of the*
22 *International Emergency Economic Powers Act*
23 *(50 U.S.C. 1705 et seq.) without regard to sec-*
24 *tion 202 of such Act to block any property and*
25 *interests in property of the person that are in the*

1 *United States, that hereafter come within the*
2 *United States, or that are or hereafter come*
3 *within the possession or control of any United*
4 *States person, including any overseas branch.*

5 *(c) BLOCKING OF ALL PROPERTY AND INTERESTS IN*
6 *PROPERTY OF THE GOVERNMENT OF NORTH KOREA.—The*
7 *President shall exercise the authorities of the International*
8 *Emergency Economic Powers Act (50 U.S.C. 1705 et seq.)*
9 *without regard to section 202 of such Act to block all prop-*
10 *erty and interests in property of the Government of North*
11 *Korea that are in the United States, that hereafter come*
12 *within the United States, or that are or hereafter come*
13 *within the possession or control of any United States per-*
14 *son, including any overseas branch.*

15 *(d) APPLICATION.—The designation of a person and*
16 *the blocking of property under subsection (a), (b), or (c)*
17 *shall also apply with respect to a person who is determined*
18 *to be owned or controlled by, or to have acted or purported*
19 *to act for or on behalf of, directly or indirectly, any person*
20 *whose property and interests in property are blocked pursu-*
21 *ant to this section.*

22 *(e) TRANSACTION LICENSING.—The President shall*
23 *deny or revoke any license for any transaction that, in the*
24 *determination of the President, lacks sufficient financial*
25 *controls to ensure that such transaction will not facilitate*

1 *any of the conduct described in subsection (a) or subsection*
2 *(b).*

3 **SEC. 105. FORFEITURE OF PROPERTY.**

4 *(a) AMENDMENT TO PROPERTY SUBJECT TO FOR-*
5 *FEITURE.—Section 981(a)(1) of title 18, United States*
6 *Code, is amended by adding at the end the following new*
7 *subparagraph:*

8 *“(I) Any property, real or personal, that is in-*
9 *volved in a violation or attempted violation, or which*
10 *constitutes or is derived from proceeds traceable to a*
11 *violation, of section 104(a) of the North Korea Sanc-*
12 *tions Enforcement Act of 2014.”.*

13 *(b) AMENDMENT TO DEFINITION OF CIVIL FOR-*
14 *FEITURE STATUTE.—Section 983(i)(2)(D) of title 18,*
15 *United States Code, is amended—*

16 *(1) by striking “or the International Emergency*
17 *Economic Powers Act” and inserting “, the Inter-*
18 *national Emergency Economic Powers Act”; and*

19 *(2) by adding at the end before the semicolon the*
20 *following: “, or the North Korea Sanctions Enforce-*
21 *ment Act of 2014”.*

22 *(c) AMENDMENT TO DEFINITION OF SPECIFIED UN-*
23 *LAWFUL ACTIVITY.—Section 1956(c)(7)(D) of title 18,*
24 *United States Code, is amended—*

1 (1) by striking “or section 92 of the Atomic En-
2 ergy Act of 1954” and inserting “section 92 of the
3 Atomic Energy Act of 1954”; and

4 (2) by adding at the end the following: “, or sec-
5 tion 104(a) of the North Korea Sanctions Enforce-
6 ment Act of 2014”.

7 **TITLE II—SANCTIONS AGAINST**
8 **NORTH KOREAN PROLIFERA-**
9 **TION, HUMAN RIGHTS**
10 **ABUSES, AND ILLICIT ACTIVI-**
11 **TIES**

12 **SEC. 201. DETERMINATIONS WITH RESPECT TO NORTH**
13 **KOREA AS A JURISDICTION OF PRIMARY**
14 **MONEY LAUNDERING CONCERN.**

15 (a) *FINDINGS.*—Congress makes the following findings:

16 (1) *The Undersecretary of the Treasury for Ter-*
17 *rorism and Financial Intelligence, who is responsible*
18 *for safeguarding the financial system against illicit*
19 *use, money laundering, terrorist financing, and the*
20 *proliferation of weapons of mass destruction, has re-*
21 *peatedly expressed concern about North Korea’s mis-*
22 *use of the international financial system as follows:*

23 (A) *In 2006, the Undersecretary stated that,*
24 *given North Korea’s “counterfeiting of U.S. cur-*
25 *rency, narcotics trafficking and use of accounts*

1 worldwide to conduct proliferation-related trans-
2 actions, the line between illicit and licit North
3 Korean money is nearly invisible” and urged fi-
4 nancial institutions worldwide to “think care-
5 fully about the risks of doing any North Korea-
6 related business.”.

7 (B) In 2011, the Undersecretary stated that
8 “North Korea remains intent on engaging in
9 proliferation, selling arms as well as bringing in
10 material,” and was “aggressively pursuing the
11 effort to establish front companies.”.

12 (C) In 2013, the Undersecretary stated, in
13 reference to North Korea’s distribution of high-
14 quality counterfeit United States currency, that
15 “North Korea is continuing to try to pass a
16 supernote into the international financial sys-
17 tem,” and that the Department of the Treasury
18 would soon introduce new currency with im-
19 proved security features to protect against coun-
20 terfeiting by the Government of North Korea.

21 (2) The Financial Action Task Force, an inter-
22 governmental body whose purpose is to develop and
23 promote national and international policies to com-
24 bat money laundering and terrorist financing, has re-
25 peatedly—

1 (A) expressed concern at deficiencies in
2 North Korea's regimes to combat money laun-
3 dering and terrorist financing;

4 (B) urged North Korea to adopt a plan of
5 action to address significant deficiencies in these
6 regimes and the serious threat they pose to the
7 integrity of the international financial system;

8 (C) urged all jurisdictions to apply counter-
9 measures to protect the international financial
10 system from ongoing and substantial money
11 laundering and terrorist financing risks ema-
12 nating from North Korea;

13 (D) urged all jurisdictions to advise their
14 financial institutions to give special attention to
15 business relationships and transactions with
16 North Korea, including North Korean companies
17 and financial institutions; and

18 (E) called on all jurisdictions to protect
19 against correspondent relationships being used to
20 bypass or evade countermeasures and risk miti-
21 gation practices, and take into account money
22 laundering and terrorist financing risks when
23 considering requests by North Korean financial
24 institutions to open branches and subsidiaries in
25 their jurisdiction.

1 (3) *On March 7, 2013, the United Nations Security Council unanimously adopted Resolution 2094, which—*

2 (A) *welcomed the Financial Action Task Force’s recommendation on financial sanctions related to proliferation, and its guidance on the implementation of sanctions;*

3 (B) *decided that Member States should apply enhanced monitoring and other legal measures to prevent the provision of financial services or the transfer of property that could contribute to activities prohibited by applicable United Nations Security Council resolutions; and*

4 (C) *called on Member States to prohibit North Korean banks from establishing or maintaining correspondent relationships with banks in their jurisdictions, to prevent the provision of financial services, if they have information that provides reasonable grounds to believe that these activities could contribute to activities prohibited by an applicable United Nations Security Council resolution, or to the evasion of such prohibitions.*

1 **(b) SENSE OF CONGRESS REGARDING THE DESIGNA-**
2 **TION OF NORTH KOREA AS A JURISDICTION OF PRIMARY**
3 **MONEY LAUNDERING CONCERN.—Congress—**

4 (1) *acknowledges the efforts of the United Na-*
5 *tions Security Council to impose limitations on, and*
6 *require enhanced monitoring of, transactions involv-*
7 *ing North Korean financial institutions that could*
8 *contribute to sanctioned activities;*

9 (2) *urges the President, in the strongest terms, to*
10 *consider immediately designating North Korea as a*
11 *jurisdiction of primary money laundering concern,*
12 *and to adopt stringent special measures to safeguard*
13 *the financial system against the risks posed by North*
14 *Korea's willful evasion of sanctions and its illicit ac-*
15 *tivities; and*

16 (3) *urges the President to seek the prompt imple-*
17 *mentation by other states of enhanced monitoring and*
18 *due diligence to prevent North Korea's misuse of the*
19 *international financial system, including by sharing*
20 *information about activities, transactions, and prop-*
21 *erty that could contribute to activities sanctioned by*
22 *applicable United Nations Security Council resolu-*
23 *tions, or to the evasion of sanctions.*

24 **(c) DETERMINATIONS REGARDING NORTH KOREA.—**

1 (1) *IN GENERAL.*—*The Secretary of the Treasury*
2 *shall, not later than 180 days after the date of the en-*
3 *actment of this Act, determine, in consultation with*
4 *the Secretary of State and Attorney General, and in*
5 *accordance with section 5318A of title 31, United*
6 *States Code, whether reasonable grounds exist for con-*
7 *cluding that North Korea is a jurisdiction of primary*
8 *money laundering concern.*

9 (2) *ENHANCED DUE DILIGENCE AND REPORTING*
10 *REQUIREMENTS.*—*Except as provided in section 207,*
11 *if the Secretary of the Treasury determines under this*
12 *subsection that reasonable grounds exist for finding*
13 *that North Korea is a jurisdiction of primary money*
14 *laundering concern, the Secretary of the Treasury, in*
15 *consultation with the Federal functional regulators,*
16 *shall impose one or more of the special measures de-*
17 *scribed in paragraphs (1) through (5) of section*
18 *5318A(b) of title 31, United States Code, with respect*
19 *to the jurisdiction of North Korea.*

20 (3) *REPORT REQUIRED.*—

21 (A) *IN GENERAL.*—*The Secretary of the*
22 *Treasury shall, not later than 180 days after the*
23 *enactment of this Act, and for each of the 3 cal-*
24 *endar years thereafter, submit to the appropriate*
25 *congressional committees a report on the deter-*

1 *mination made under paragraph (1) together*
2 *with the reasons for that determination.*

3 *(B) FORM.—A report or copy of any report*
4 *submitted under this paragraph shall be sub-*
5 *mitted in unclassified form but may contain a*
6 *classified annex.*

7 **SEC. 202. ENSURING THE CONSISTENT ENFORCEMENT OF**
8 **UNITED NATIONS SECURITY COUNCIL RESO-**
9 **LUTIONS AND FINANCIAL RESTRICTIONS ON**
10 **NORTH KOREA.**

11 *(a) FINDINGS.—Congress finds that—*

12 *(1) all states and jurisdictions are obligated to*
13 *implement and enforce applicable United Nations Se-*
14 *curity Council resolutions fully and promptly, includ-*
15 *ing by—*

16 *(A) blocking the property of, and ensuring*
17 *that any property is prevented from being made*
18 *available to, persons designated by the Security*
19 *Council under applicable United Nations Secu-*
20 *rity Council resolutions;*

21 *(B) blocking any property associated with*
22 *an activity prohibited by applicable United Na-*
23 *tions Security Council resolutions; and*

24 *(C) preventing any transfer of property and*
25 *any provision of financial services that could*

1 *contribute to an activity prohibited by applica-*
2 *ble United Nations Security Council resolutions,*
3 *or to the evasion of sanctions under such resolu-*
4 *tions;*

5 *(2) all states and jurisdictions share a common*
6 *interest in protecting the international financial sys-*
7 *tem from the risks of money laundering and illicit*
8 *transactions emanating from North Korea;*

9 *(3) the United States Dollar and the Euro are*
10 *the world's principal reserve currencies, and the*
11 *United States and the European Union are primarily*
12 *responsible for the protection of the international fi-*
13 *nancial system from these risks;*

14 *(4) the cooperation of the People's Republic of*
15 *China, as North Korea's principal trading partner, is*
16 *essential to the enforcement of applicable United Na-*
17 *tions Security Council resolutions and to the protec-*
18 *tion of the international financial system;*

19 *(5) the report of the Panel of Experts established*
20 *pursuant to United Nations Security Council Resolu-*
21 *tion 1874, dated June 11, 2013, expressed concern*
22 *about the ability of banks in states with less effective*
23 *regulators and those unable to afford effective compli-*
24 *ance to detect and prevent illicit transfers involving*
25 *North Korea;*

1 (6) *North Korea has historically exploited inconsis-*
2 *tencies between jurisdictions in the interpretation*
3 *and enforcement of financial regulations and applica-*
4 *ble United Nations Security Council resolutions to*
5 *circumvent sanctions and launder the proceeds of il-*
6 *licit activities;*

7 (7) *Amrogang Development Bank, Bank of East*
8 *Land, and Tanchon Commercial Bank have been des-*
9 *ignated by the Secretary of the Treasury, the United*
10 *Nations Security Council, and the European Union;*

11 (8) *Korea Daesong Bank and Korea Kwangson*
12 *Banking Corporation have been designated by the*
13 *Secretary of the Treasury and the European Union;*

14 (9) *the Foreign Trade Bank of North Korea has*
15 *been designated by the Secretary of the Treasury for*
16 *facilitating transactions on behalf of persons linked to*
17 *its proliferation network, and for serving as “a key*
18 *financial node”;* and

19 (10) *Daedong Credit Bank has been designated*
20 *by the Secretary of the Treasury for activities prohib-*
21 *ited by applicable United Nations Security Council*
22 *resolutions, including the use of deceptive financial*
23 *practices to facilitate transactions on behalf of per-*
24 *sons linked to North Korea’s proliferation network.*

1 **(b) SENSE OF CONGRESS.**—*It is the sense of Congress*
2 *that the President should intensify diplomatic efforts, both*
3 *in appropriate international fora such as the United Na-*
4 *tions and bilaterally, to develop and implement a coordi-*
5 *nated, consistent, multilateral strategy for protecting the*
6 *global financial system against risks emanating from North*
7 *Korea, including—*

8 *(1) the cessation of any financial services whose*
9 *continuation is inconsistent with applicable United*
10 *Nations Security Council resolutions;*

11 *(2) the cessation of any financial services to per-*
12 *sons, including financial institutions, that present*
13 *unacceptable risks of facilitating money laundering*
14 *and illicit activity by the Government of North*
15 *Korea;*

16 *(3) the blocking by all states and jurisdictions,*
17 *in accordance with the legal process of the state or ju-*
18 *risdiction in which the property is held, of any prop-*
19 *erty required to be blocked under applicable United*
20 *Nations Security Council resolutions; and*

21 *(4) the blocking of any property derived from il-*
22 *licit activity, or from the misappropriation, theft, or*
23 *embezzlement of public funds by, or for the benefit of,*
24 *officials of the Government of North Korea.*

1 **SEC. 203. PROLIFERATION PREVENTION SANCTIONS.**

2 (a) *EXPORT OF CERTAIN GOODS OR TECHNOLOGY.*—

3 (1) *IN GENERAL.*—Subject to section
4 207(a)(2)(C) of this Act, a license shall be required
5 for the export to North Korea of any goods or tech-
6 nology subject to the *Export Administration Regula-*
7 *tions* (part 730 of title 15, Code of Federal Regula-
8 *tions*) without regard to whether the Secretary of
9 State has designated North Korea as a country the
10 government of which has provided support for acts of
11 international terrorism, as determined by the Sec-
12 retary of State under section 6(j) of the *Export Ad-*
13 *ministration Act of 1979* (50 U.S.C. App. 2045), as
14 continued in effect under the *International Emer-*
15 *gency Economic Powers Act*.

16 (2) *PRESUMPTION OF DENIAL.*—A license for the
17 export to North Korea of any goods or technology as
18 described in paragraph (1) shall be subject to a pre-
19 sumption of denial.

20 (b) *TRANSACTIONS WITH COUNTRIES SUPPORTING*
21 *ACTS OF INTERNATIONAL TERRORISM.*—The prohibitions
22 and restrictions described in section 40 of the *Arms Export*
23 *Control Act* (22 U.S.C. 2780), and other provisions in that
24 Act, shall also apply to exporting or otherwise providing
25 (by sale, lease or loan, grant, or other means), directly or
26 indirectly, any munitions item to the Government of North

1 *Korea without regard to whether or not North Korea is a*
2 *country with respect to which subsection (d) of such section*
3 *(relating to designation of state sponsors of terrorism) ap-*
4 *plies.*

5 (c) *TRANSACTIONS IN LETHAL MILITARY EQUIP-*
6 *MENT.—*

7 (1) *IN GENERAL.—The President shall withhold*
8 *assistance under the Foreign Assistance Act of 1961*
9 *(22 U.S.C. 2151 et seq.) to any country that provides*
10 *lethal military equipment to, or receives lethal mili-*
11 *tary equipment from, the Government of North Korea.*

12 (2) *APPLICABILITY.—The prohibition under this*
13 *subsection with respect to a country shall terminate*
14 *on the date that is 1 year after the date on which*
15 *such country ceases to provide lethal military equip-*
16 *ment to the Government of North Korea.*

17 (3) *WAIVER.—The President may waive the pro-*
18 *hibition under this subsection with respect to a coun-*
19 *try if the President determines that it is in the na-*
20 *tional interest of the United States to do so.*

21 **SEC. 204. PROCUREMENT SANCTIONS.**

22 (a) *IN GENERAL.—Except as provided in this section,*
23 *the United States Government may not procure, or enter*
24 *into any contract for the procurement of, any goods or serv-*
25 *ices from any designated person.*

1 (b) *FAR*.—*The Federal Acquisition Regulation issued*
2 *pursuant to section 1303 of title 41, United States Code,*
3 *shall be revised to require a certification from each person*
4 *that is a prospective contractor that such person does not*
5 *engage in any of the conduct described in section 104(a).*
6 *Such revision shall apply with respect to contracts in an*
7 *amount greater than the simple acquisition threshold (as*
8 *defined in section 134 of title 41, United States Code) for*
9 *which solicitations are issued on or after the date that is*
10 *90 days after the date of the enactment of this Act.*

11 (c) *TERMINATION OF CONTRACTS AND INITIATION OF*
12 *SUSPENSION AND DEBARMENT PROCEEDING.*—

13 (1) *TERMINATION OF CONTRACTS.*—*Except as*
14 *provided in paragraph (2), the head of an executive*
15 *agency shall terminate a contract with a person who*
16 *has provided a false certification under subsection (b).*

17 (2) *WAIVER.*—*The head of an executive agency*
18 *may waive the requirement under paragraph (1) with*
19 *respect to a person based upon a written finding of*
20 *urgent and compelling circumstances significantly af-*
21 *fecting the interests of the United States. If the head*
22 *of an executive agency waives the requirement under*
23 *paragraph (1) for a person, the head of the agency*
24 *shall submit to the appropriate congressional commit-*
25 *tees, within 30 days after the waiver is made, a re-*

1 *port containing the rationale for the waiver and rel-*
2 *evant information supporting the waiver decision.*

3 (3) *INITIATION OF SUSPENSION AND DEBARMENT*
4 *PROCEEDING.—The head of an executive agency shall*
5 *initiate a suspension and debarment proceeding*
6 *against a person who has provided a false certifi-*
7 *cation under subsection (b). Upon determination of*
8 *suspension, debarment, or proposed debarment, the*
9 *agency shall ensure that such person is entered into*
10 *the Government-wide database containing the list of*
11 *all excluded parties ineligible for Federal programs*
12 *pursuant to Executive Order 12549 (31 U.S.C. 6101*
13 *note; relating to debarment and suspension) and Ex-*
14 *ecutive Order 12689 (31 U.S.C. 6101 note; relating to*
15 *debarment and suspension).*

16 (d) *CLARIFICATION REGARDING CERTAIN PROD-*
17 *UCTS.—The remedies specified in subsections (a) through*
18 *(c) shall not apply with respect to the procurement of eligi-*
19 *ble products, as defined in section 308(4) of the Trade*
20 *Agreements Act of 1979 (19 U.S.C. 2518(4)), of any foreign*
21 *country or instrumentality designated under section 301(b)*
22 *of such Act (19 U.S.C. 2511(b)).*

23 (e) *RULE OF CONSTRUCTION.—Nothing in this sub-*
24 *section may be construed to limit the use of other remedies*
25 *available to the head of an executive agency or any other*

1 *official of the Federal Government on the basis of a deter-*
2 *mination of a false certification under subsection (b).*

3 (f) *EXECUTIVE AGENCY DEFINED.*—*In this section, the*
4 *term “executive agency” has the meaning given such term*
5 *in section 133 of title 41, United States Code.*

6 **SEC. 205. ENHANCED INSPECTIONS AUTHORITIES.**

7 (a) *BRIEFING REQUIRED.*—*Not later than 180 days*
8 *after the date of the enactment of this Act, and every 180*
9 *days thereafter, the President, acting through the Secretary*
10 *of Homeland Security, shall provide to the appropriate con-*
11 *gressional committees, the Committee on Homeland Secu-*
12 *rity of the House of Representatives, and the Committee on*
13 *Homeland Security and Governmental Affairs of the Sen-*
14 *ate, a briefing identifying foreign sea ports and airports*
15 *whose inspections of ships, aircraft, and conveyances origi-*
16 *nating in North Korea, carrying North Korean property,*
17 *or operated by the Government of North Korea are deficient*
18 *to effectively prevent the facilitation of any of the activities*
19 *described in section 104(a).*

20 (b) *ENHANCED SECURITY TARGETING REQUIRE-*
21 *MENTS.*—*Not later than 180 days after the identification*
22 *of any sea port or airport pursuant to subsection (a), the*
23 *Secretary of Homeland Security shall promulgate regula-*
24 *tions imposing enhanced physical inspection requirements,*
25 *as identified by the Automated Targeting System operated*

1 *by the National Targeting Center in U.S. Customs and Bor-*
2 *der Protection, on any cargo landed in the United States*
3 *that has been transported through such sea port or airport.*

4 (c) *SEIZURE AND FORFEITURE.*—*A vessel, aircraft, or*
5 *conveyance used to facilitate any of the activities described*
6 *in section 104(a) that comes within the jurisdiction of the*
7 *United States may be seized and forfeited under chapter*
8 *46 of title 18, United States Code, or under the Tariff Act*
9 *of 1930.*

10 **SEC. 206. TRAVEL SANCTIONS.**

11 (a) *ALIENS INELIGIBLE FOR VISAS, ADMISSION, OR*
12 *PAROLE.*—

13 (1) *VISAS, ADMISSION, OR PAROLE.*—*An alien*
14 *who the Secretary of State or the Secretary of Home-*
15 *land Security (or a designee of one of such Secre-*
16 *taries) knows, or has reasonable grounds to believe, is*
17 *described in subsection (a)(1) or (b)(1) of section 104*
18 *is—*

19 (A) *inadmissible to the United States;*

20 (B) *ineligible to receive a visa or other doc-*
21 *umentation to enter the United States; and*

22 (C) *otherwise ineligible to be admitted or*
23 *paroled into the United States or to receive any*
24 *other benefit under the Immigration and Nation-*
25 *ality Act (8 U.S.C. 1101 et seq.).*

1 (2) *CURRENT VISAS REVOKED.*—

2 (A) *IN GENERAL.*—*The issuing consular of-*
3 *ficer, the Secretary of State, or the Secretary of*
4 *Homeland Security (or a designee of one of such*
5 *Secretaries) shall revoke any visa or other entry*
6 *documentation issued to an alien who is de-*
7 *scribed in subsection (a)(1) or (b)(1) of section*
8 *104 regardless of when issued.*

9 (B) *EFFECT OF REVOCATION.*—*A revocation*
10 *under subparagraph (A)—*

11 (i) *shall take effect immediately; and*
12 (ii) *shall automatically cancel any*
13 *other valid visa or entry documentation*
14 *that is in the alien's possession.*

15 (b) *EXCEPTION TO COMPLY WITH UNITED NATIONS*
16 *HEADQUARTERS AGREEMENT.*—*Sanctions under sub-*
17 *section (a)(1)(B) shall not apply to an alien if admitting*
18 *the alien into the United States is necessary to permit the*
19 *United States to comply with the Agreement regarding the*
20 *Headquarters of the United Nations, signed at Lake Success*
21 *June 26, 1947, and entered into force November 21, 1947,*
22 *between the United Nations and the United States, or other*
23 *applicable international obligations.*

1 **SEC. 207. EXEMPTIONS, WAIVERS, AND REMOVALS OF DES-**
2 **IGNATION.**

3 (a) *EXEMPTIONS.*—

4 (1) *MANDATORY EXEMPTIONS.*—*The following*
5 *activities shall be exempt from sanctions under sec-*
6 *tion 104:*

7 (A) *Activities subject to the reporting re-*
8 *quirements of title V of the National Security*
9 *Act of 1947 (50 U.S.C. 413 et seq.), or to any*
10 *authorized intelligence activities of the United*
11 *States.*

12 (B) *Any transaction necessary to comply*
13 *with United States obligations under the Agree-*
14 *ment between the United Nations and the United*
15 *States of America regarding the Headquarters of*
16 *the United Nations, signed June 26, 1947, and*
17 *entered into force on November 21, 1947, or*
18 *under the Vienna Convention on Consular Rela-*
19 *tions, signed April 24, 1963, and entered into*
20 *force on March 19, 1967, or under other inter-*
21 *national agreements.*

22 (2) *DISCRETIONARY EXEMPTIONS.*—*The fol-*
23 *lowing activities may be exempt from sanctions under*
24 *section 104 as determined by the President:*

1 (A) Any financial transaction the exclusive
2 purpose for which is to provide humanitarian
3 assistance to the people of North Korea.

4 (B) Any financial transaction the exclusive
5 purpose for which is to import food products into
6 North Korea, if such food items are not defined
7 as luxury goods.

8 (C) Any transaction the exclusive purpose
9 for which is to import agricultural products,
10 medicine, or medical devices into North Korea,
11 provided that such supplies or equipment are
12 classified as designated “EAR 99” under the Ex-
13 port Administration Regulations (part 730 of
14 title 15, Code of Federal Regulations) and not
15 controlled under—

16 (i) the Export Administration Act of
17 1979 (50 U.S.C. App. 2401 et seq.), as con-
18 tinued in effect under the International
19 Emergency Economic Powers Act (50
20 U.S.C. 1701 et seq.);

21 (ii) the Arms Export Control Act (22
22 U.S.C. 2751 et seq.);

23 (iii) part B of title VIII of the Nuclear
24 Proliferation Prevention Act of 1994 (22
25 U.S.C. 6301 et seq.); or

1 (iv) *the Chemical and Biological*
2 *Weapons Control and Warfare Elimination*
3 *Act of 1991 (22 U.S.C. 5601 et seq.).*

4 (b) *WAIVER.—The President may waive, on a case-by-*
5 *case basis, the imposition of sanctions for a period of not*
6 *more than one year, and may renew that waiver for addi-*
7 *tional periods of not more than one year, any sanction or*
8 *other measure under section 104, 204, 205, 206, or 303 if*
9 *the President submits to the appropriate congressional com-*
10 *mittees a written determination that the waiver meets one*
11 *or more of the following requirements:*

12 (1) *The waiver is important to the economic or*
13 *national security interests of the United States.*

14 (2) *The waiver will further the enforcement of*
15 *this Act or is for an important law enforcement pur-*
16 *pose.*

17 (3) *The waiver is for an important humani-*
18 *tarian purpose, including any of the purposes de-*
19 *scribed in section 4 of the North Korean Human*
20 *Rights Act of 2004 (22 U.S.C. 7802).*

21 (c) *REMOVALS OF SANCTIONS.—The President may*
22 *prescribe rules and regulations for the removal of sanctions*
23 *on a person that is designated under subsection (a) or (b)*
24 *of section 104 and the removal of designations of a person*
25 *with respect to such sanctions if the President determines*

1 *that the designated person has verifiably ceased its partici-*
2 *ipation in any of the conduct described in subsection (a)*
3 *or (b) of section 104, as the case may be, and has given*
4 *assurances that it will abide by the requirements of this*
5 *Act.*

6 *(d) FINANCIAL SERVICES FOR CERTAIN ACTIVITIES.—*
7 *The President may promulgate regulations, rules, and poli-*
8 *cies as may be necessary to facilitate the provision of finan-*
9 *cial services by a foreign financial institution that is not*
10 *controlled by the Government of North Korea in support*
11 *of the activities subject to exemption under this section.*

12 **SEC. 208. SENSE OF CONGRESS ON ENFORCEMENT OF**
13 **SANCTIONS ON NORTH KOREA.**

14 *(a) FINDINGS.—Congress finds the following:*

15 *(1) On March 6, 2014, pursuant to United Na-*
16 *tions Security Council Resolution 1874, a Panel of*
17 *Experts issued a report assessing the enforcement of*
18 *existing sanctions on North Korea. The Panel re-*
19 *ported that North Korea continues to “trade in arms*
20 *and related materiel in violation of the resolutions”*
21 *and that “there is no question that it is one of the*
22 *country’s most profitable revenue sources”.*

23 *(2) The Panel of Experts found that North Korea*
24 *“presents a stiff challenge to Member States” through*
25 *“multiple and tiered circumvention techniques” and*

1 *“is experienced in actions it takes to evade sanc-*
2 *tions”.*

3 **(b) SENSE OF CONGRESS.**—*It is the sense of Congress*
4 *that the United States should work to increase the capacity*
5 *of responsible nations to implement United Nations Secu-*
6 *rity Council Resolutions 1695, 1718, 1874, 2087, and 2094,*
7 *including to strengthen the capacity of responsible nations*
8 *to monitor and interdict shipments to and from North*
9 *Korea that contribute to prohibited activities under such*
10 *Resolutions.*

11 **TITLE III—PROMOTION OF**
12 **HUMAN RIGHTS**

13 **SEC. 301. INFORMATION TECHNOLOGY.**

14 *Section 104 of the North Korean Human Rights Act*
15 *of 2004 (22 U.S.C. 7814) is amended by inserting after sub-*
16 *section (c) the following new subsection:*

17 **“(d) INFORMATION TECHNOLOGY STUDY.**—*Not later*
18 *than 180 days after the date of the enactment of this sub-*
19 *section, the President shall submit to the appropriate con-*
20 *gressional committees a classified report setting forth a de-*
21 *tailed plan for making unrestricted, unmonitored, and in-*
22 *expensive electronic mass communications available to the*
23 *people of North Korea.”.*

1 **SEC. 302. REPORT ON NORTH KOREAN PRISON CAMPS.**

2 (a) *IN GENERAL.*—*The Secretary of State shall submit*
3 *to the appropriate congressional committees a report de-*
4 *scribing, with respect to each political prison camp in*
5 *North Korea to the extent information is available—*

6 (1) *the camp’s estimated prisoner population;*

7 (2) *the camp’s geographical coordinates;*

8 (3) *the reasons for confinement of the prisoners;*

9 (4) *the camp’s primary industries and products,*
10 *and the end users of any goods produced in such*
11 *camp;*

12 (5) *the natural persons and agencies responsible*
13 *for conditions in the camp;*

14 (6) *the conditions under which prisoners are*
15 *confined, with respect to the adequacy of food, shelter,*
16 *medical care, working conditions, and reports of ill-*
17 *treatment of prisoners; and*

18 (7) *imagery, to include satellite imagery of each*
19 *such camp, in a format that, if published, would not*
20 *compromise the sources and methods used by the in-*
21 *telligence agencies of the United States to capture*
22 *geospatial imagery.*

23 (b) *FORM.*—*The report required under subsection (a)*
24 *may be included in the first report required to be submitted*
25 *to Congress after the date of the enactment of this Act under*
26 *sections 116(d) and 502B(b) of the Foreign Assistance Act*

1 of 1961 (22 U.S.C. 2151n(d) and 2304(b)) (relating to the
2 annual human rights report).

3 **SEC. 303. REPORT ON PERSONS WHO ARE RESPONSIBLE**
4 **FOR SERIOUS HUMAN RIGHTS ABUSES OR**
5 **CENSORSHIP IN NORTH KOREA.**

6 (a) *IN GENERAL.*—The Secretary of State shall submit
7 to the appropriate congressional committees a report that
8 contains an identification of each person the Secretary de-
9 termines to be responsible for serious human rights abuses
10 or censorship in North Korea and a description of such
11 abuses or censorship engaged in by such person.

12 (b) *CONSIDERATION.*—In preparing the report re-
13 quired under subsection (a), the Secretary of State shall
14 give due consideration to the findings of the United Nations
15 Commission of Inquiry on Human Rights in North Korea,
16 and shall make specific findings with respect to the respon-
17 sibility of Kim Jong Un, and of each natural person who
18 is a member of the National Defense Commission of North
19 Korea, for serious human rights abuses and censorship.

20 (c) *DESIGNATION OF PERSONS.*—The President shall
21 designate under section 104(a) any person listed in the re-
22 port required under subsection (a) as responsible for serious
23 human rights abuses or censorship in North Korea.

24 (d) *SUBMISSION AND FORM.*—

1 (1) *SUBMISSION.*—*The report required under*
2 *subsection (a) shall be submitted not later than 90*
3 *days after the date of the enactment of this Act, and*
4 *every 180 days thereafter for a period not to exceed*
5 *3 years, shall be included in each report required*
6 *under sections 116(d) and 502B(b) of the Foreign As-*
7 *istance Act of 1961 (22 U.S.C. 2151n(d) and*
8 *2304(b)) (relating to the annual human rights re-*
9 *port).*

10 (2) *FORM.*—*The report required under subsection*
11 *(a) shall be submitted in unclassified form, but may*
12 *include a classified annex. The Secretary of State*
13 *shall also publish the unclassified part of the report*
14 *on the Department of State’s website.*

15 **TITLE IV—GENERAL**

16 **AUTHORITIES**

17 **SEC. 401. SUSPENSION OF SANCTIONS AND OTHER MEAS-** 18 **URES.**

19 (a) *IN GENERAL.*—*Any sanction or other measure re-*
20 *quired by title I, II, or III of this Act (or any amendment*
21 *made by title I, II, or III of this Act) may be suspended*
22 *for up to 365 days upon certification by the President to*
23 *the appropriate congressional committees that the Govern-*
24 *ment of North Korea has—*

1 (1) *verifiably ceased its counterfeiting of United*
2 *States currency, including the surrender or destruc-*
3 *tion of specialized materials and equipment used for*
4 *or particularly suitable for counterfeiting;*

5 (2) *taken significant steps toward financial*
6 *transparency to comply with generally accepted pro-*
7 *ocols to cease and prevent the laundering of mone-*
8 *tary instruments;*

9 (3) *taken significant steps toward verification of*
10 *its compliance with United Nations Security Council*
11 *Resolutions 1695, 1718, 1874, 2087, and 2094;*

12 (4) *taken significant steps toward accounting for*
13 *and repatriating the citizens of other countries ab-*
14 *ducted or unlawfully held captive by the Government*
15 *of North Korea or detained in violation of the 1953*
16 *Armistice Agreement;*

17 (5) *accepted and begun to abide by internation-*
18 *ally recognized standards for the distribution and*
19 *monitoring of humanitarian aid;*

20 (6) *provided credible assurances that it will not*
21 *support further acts of international terrorism;*

22 (7) *taken significant and verified steps to im-*
23 *prove living conditions in its political prison camps;*
24 *and*

1 (8) *made significant progress in planning for*
2 *unrestricted family reunification meetings, including*
3 *for those individuals among the two million strong*
4 *Korean-American community who maintain family*
5 *ties with relatives in North Korea.*

6 (b) *RENEWAL OF SUSPENSION.*—*The suspension de-*
7 *scribed in subsection (a) may be renewed for additional con-*
8 *secutive periods of 365 days upon certification by the Presi-*
9 *dent to the appropriate congressional committees that the*
10 *Government of North Korea has continued to comply with*
11 *the conditions described in subsection (a) during the pre-*
12 *vious year.*

13 **SEC. 402. TERMINATION OF SANCTIONS AND OTHER MEAS-**
14 **URES.**

15 *Any sanction or other measure required by title I, II,*
16 *or III of this Act (or any amendment made by title I, II,*
17 *or III of this Act) shall terminate on the date on which*
18 *the President determines and certifies to the appropriate*
19 *congressional committees that the Government of North*
20 *Korea has met the requirements of section 401, and has*
21 *also—*

22 (1) *completely, verifiably, and irreversibly dis-*
23 *mantled all of its nuclear, chemical, biological, and*
24 *radiological weapons programs, including all pro-*

1 *grams for the development of systems designed in*
2 *whole or in part for the delivery of such weapons;*

3 *(2) released all political prisoners, including the*
4 *citizens of North Korea detained in North Korea's po-*
5 *litical prison camps;*

6 *(3) ceased its censorship of peaceful political ac-*
7 *tivity;*

8 *(4) taken significant steps toward the establish-*
9 *ment of an open, transparent, and representative so-*
10 *ciety;*

11 *(5) fully accounted for and repatriated all citi-*
12 *zens of all nations abducted or unlawfully held cap-*
13 *tive by the Government of North Korea or detained in*
14 *violation of the 1953 Armistice Agreement; and*

15 *(6) agreed with the Financial Action Task Force*
16 *on a plan of action to address deficiencies in its anti-*
17 *money laundering regime and begun to implement*
18 *this plan of action.*

19 **SEC. 403. REGULATIONS.**

20 *(a) IN GENERAL.—The President is authorized to pro-*
21 *mulgate such rules and regulations as may be necessary to*
22 *carry out the provisions of this Act (which may include reg-*
23 *ulatory exceptions), including under section 205 of the*
24 *International Emergency Economic Powers Act (50 U.S.C.*
25 *1704).*

1 **(b) RULE OF CONSTRUCTION.**—*Nothing in this Act or*
2 *any amendment made by this Act shall be construed to*
3 *limit the authority of the President to designate or sanction*
4 *persons pursuant to an applicable Executive order or other-*
5 *wise pursuant to the International Emergency Economic*
6 *Powers Act (50 U.S.C. 1701 et seq.).*

7 **SEC. 404. EFFECTIVE DATE.**

8 *Except as otherwise provided in this Act, this Act and*
9 *the amendments made by this Act shall take effect on the*
10 *date of the enactment of this Act.*

Union Calendar No. 420

113TH CONGRESS
2^D SESSION

H. R. 1771

[Report No. 113-560, Part I]

A BILL

To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.

JULY 28, 2014

Reported from the Committee on Foreign Affairs with an amendment

JULY 28, 2014

The Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed