

113TH CONGRESS
2D SESSION

H. R. 4411

To prevent Hezbollah and associated entities from gaining access to international financial and other institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 2014

Mr. MEADOWS (for himself, Mr. SCHNEIDER, Mr. ROYCE, and Mr. ENGEL) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, 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

A BILL

To prevent Hezbollah and associated entities from gaining access to international financial and other institutions, 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.**

4 This Act may be cited as the “Hezbollah Inter-
5 national Financing Prevention Act of 2014”.

1 **TITLE I—PREVENTION OF AC-**
2 **CESS BY HEZBOLLAH TO**
3 **INTERNATIONAL FINANCIAL**
4 **AND OTHER INSTITUTIONS**

5 **SEC. 101. FINDINGS; STATEMENT OF POLICY.**

6 (a) FINDINGS.—Congress finds the following:

7 (1) The United States Government holds
8 Hezbollah responsible for the largest number of
9 American deaths overseas by a terrorist organization
10 prior to the attacks of September 11, 2001, includ-
11 ing a number of attacks on and hostage takings tar-
12 geting Americans in Lebanon during the 1980s, in-
13 cluding the bombing of the United States Embassy
14 in Beirut in April 1983, and the bombing of the
15 United States Marine barracks in October 1983.

16 (2) Hezbollah's operations outside of Lebanon,
17 including its participation in bombings of Israeli and
18 Jewish institutions in Argentina during the 1990s,
19 recent support to Shiite insurgents in Iraq, recent
20 attacks and attempted attacks in Europe, Southeast
21 Asia, and elsewhere, and extensive international
22 operational, logistical, and financial networks have
23 rendered it a capable and deadly adversary with
24 global reach.

1 (3) Hezbollah has been designated as a terrorist
2 organization by the United States since 1995, and
3 remains on foreign terrorist organization and Spe-
4 cially Designated Terrorist lists.

5 (4) In March 2013, a Cypriot court convicted a
6 Hezbollah member for participation in a criminal or-
7 ganization, planning to commit a crime and money
8 laundering. In July 2013, the Bulgarian government
9 concluded that Hezbollah was responsible for the
10 2012 Burgas bombing, which killed six people.

11 (5) In July 2013, the European Union des-
12 ignated the military wing of Hezbollah as a terrorist
13 organization. The designation helps to facilitate Eu-
14 ropean law enforcement agencies' actions against
15 Hezbollah's fundraising, logistical activity, and ter-
16 rorist plotting on European soil.

17 (6) In July 2013, the Gulf Cooperation Council,
18 consisting of Saudi Arabia, Qatar, Bahrain, Kuwait,
19 Oman and the United Arab Emirates, declared
20 Hezbollah a terrorist organization.

21 (7) Hezbollah continues to provide material as-
22 sistance, including assuming a combat role, in Syria,
23 and aids the Government of Iran and the Govern-
24 ment of Syria in their human rights and other
25 abuses perpetrated against the Syrian people.

1 (8) An estimated 5,000 Hezbollah fighters are
2 supporting the Assad regime in Syria by fighting on
3 his behalf and by providing military training, advice
4 and logistical support to regime forces.

5 (9) Hezbollah continues to serve as a proxy of
6 Iran, in its effort to target the United States and its
7 allies and interests.

8 (10) Hezbollah’s global logistics and financial
9 network serves as a lifeline to the organization, and
10 enables it to consolidate power within Lebanon and
11 provides it with the capabilities to perpetrate com-
12 plex attacks internationally.

13 (11) Hezbollah has evolved into a significant
14 drug smuggling organization, and also engages in
15 other serious criminal activity, including money
16 laundering, counterfeiting pharmaceuticals, and
17 trade in conflict diamonds.

18 (12) In April 2013, the Department of the
19 Treasury blacklisted two Lebanese exchange houses,
20 Kassem Rmeiti & Co. and Halawi Exchange Co., for
21 laundering drug profits for Hezbollah, and stated
22 that Hezbollah was operating like “an international
23 drug cartel”.

24 (13) In 2009, the Department of the Treasury
25 blacklisted the Lebanese Canadian Bank as a pri-

1 mary money laundering concern, alleging that it is
2 part of a drug trafficking network that profited
3 Hezbollah by moving approximately \$200,000,000
4 per month.

5 (14) The Department of Justice reports that 29
6 of the 63 organizations on its FY 2010 Consolidated
7 Priority Organization Targets list, which includes
8 the most significant international drug trafficking
9 organizations (DTOs) threatening the United States,
10 were associated with terrorist groups. There is con-
11 cern about Hezbollah's drug and criminal activities,
12 as well as indications of links between al-Qa`ida in
13 the Lands of the Islamic Maghreb and the drug
14 trade.

15 (15) Al-Manar, the Lebanese satellite television
16 station affiliated with Hezbollah broadcasting from
17 Beirut, Lebanon, was designated as a Specially Des-
18 ignated Global Terrorist entity in 2004, but con-
19 tinues to be carried by international broadcasting
20 agents.

21 (16) Hezbollah continues to present a threat to
22 the United States and its allies and interests.

23 (b) STATEMENT OF POLICY.—It shall be the policy
24 of the United States to—

1 (1) prevent Hezbollah’s global logistics and fi-
2 nancial network from operating in order to curtail
3 funding of its domestic and international activities;
4 and

5 (2) utilize all available diplomatic, legislative,
6 and executive avenues to combat the criminal activi-
7 ties of Hezbollah as a means to block that organiza-
8 tion’s ability to fund its global terrorist activities.

9 **SEC. 102. REPORT ON IMPOSITION OF SANCTIONS ON CER-**
10 **TAIN SATELLITE PROVIDERS THAT CARRY**
11 **AL-MANAR TV.**

12 (a) IN GENERAL.—Not later than 30 days after the
13 date of the enactment of this Act, the President shall sub-
14 mit to the Committee on Foreign Affairs of the House
15 of Representatives and the Committee on Foreign Rela-
16 tions of the Senate a report that includes—

17 (1) a list of all satellite, broadcast, or other pro-
18 viders that knowingly transmits or otherwise broad-
19 casts the content of al-Manar TV, and any affiliates
20 or successors thereof; and

21 (2) with respect to all providers included on the
22 list pursuant to paragraph (1)—

23 (A) an identification of those providers
24 that have been sanctioned pursuant to Execu-
25 tive Order 13224 (September 23, 2001); and

1 (B) an identification of those providers
2 that have not been sanctioned pursuant to Ex-
3 ecutive Order 13224 and, with respect to each
4 such provider, the reason why sanctions have
5 not been imposed.

6 (b) FORM.—The report required by subsection (a)
7 shall be submitted in unclassified form to the greatest ex-
8 tent possible, and may contain a classified annex.

9 **SEC. 103. SANCTIONS WITH RESPECT TO FINANCIAL INSTI-**
10 **TUTIONS THAT ENGAGE IN CERTAIN TRANS-**
11 **ACTIONS.**

12 (a) PROHIBITIONS AND CONDITIONS WITH RESPECT
13 TO CERTAIN ACCOUNTS HELD BY FOREIGN FINANCIAL
14 INSTITUTIONS.—

15 (1) IN GENERAL.—Not later than 90 days after
16 the date of the enactment of this Act, the Secretary
17 of the Treasury, with the concurrence of the Sec-
18 retary of State and in consultation with the heads
19 of other applicable departments and agencies, shall
20 prohibit, or impose strict conditions on, the opening
21 or maintaining in the United States of a cor-
22 respondent account or a payable-through account by
23 a foreign financial institution that the Secretary
24 finds engages in an activity described in paragraph
25 (2).

1 (2) ACTIVITIES DESCRIBED.—A foreign finan-
2 cial institution engages in an activity described in
3 this paragraph if the foreign financial institution—

4 (A) knowingly facilitates the activities of
5 Hezbollah, including its agents, instrumental-
6 ities, affiliates, or successors;

7 (B) knowingly facilitates the activities of a
8 person acting on behalf of or at the direction of,
9 or owned or controlled by, a person described in
10 subparagraph (A);

11 (C) knowingly engages in money laun-
12 dering to carry out an activity described in sub-
13 paragraph (A) or (B);

14 (D) knowingly facilitates a significant
15 transaction or transactions or provides signifi-
16 cant financial services to carry out an activity
17 described in subparagraph (A), (B), or (C), in-
18 cluding facilitating a significant transaction or
19 transactions or providing significant financial
20 services that involve a transaction of gold, sil-
21 ver, platinum, or other precious metals; or

22 (E)(i) knowingly facilitates, or participates
23 or assists in, an activity described in subpara-
24 graph (A), (B), (C), or (D), including by acting
25 on behalf of, at the direction of, or as an inter-

1 mediary for, or otherwise assisting, another per-
2 son with respect to the activity described in any
3 such subparagraph;

4 (ii) knowingly attempts or conspires to fa-
5 cilitate or participate in an activity described in
6 subparagraph (A), (B), (C), or (D); or

7 (iii) is owned or controlled by a foreign fi-
8 nancial institution that the Secretary finds
9 knowingly engages in an activity described in
10 subparagraph (A), (B), (C), or (D).

11 (3) PENALTIES.—The penalties provided for in
12 subsections (b) and (c) of section 206 of the Inter-
13 national Emergency Economic Powers Act (50
14 U.S.C. 1705) shall apply to a person that violates,
15 attempts to violate, conspires to violate, or causes a
16 violation of regulations prescribed under paragraph
17 (1) of this subsection to the same extent that such
18 penalties apply to a person that commits an unlaw-
19 ful act described in section 206(a) of that Act.

20 (4) REGULATIONS.—The Secretary of the
21 Treasury shall prescribe and implement regulations
22 to carry out this subsection.

23 (b) REQUIREMENTS FOR FINANCIAL INSTITUTIONS
24 MAINTAINING ACCOUNTS FOR FOREIGN FINANCIAL IN-
25 STITUTIONS.—

1 (1) IN GENERAL.—Not later than 90 days after
2 the date of the enactment of this Act, the Secretary
3 of the Treasury shall prescribe regulations to require
4 a domestic financial institution maintaining a cor-
5 respondent account or payable-through account in
6 the United States for a foreign financial institution
7 to do one or more of the following:

8 (A) Report to the Department of the
9 Treasury with respect to financial transactions
10 or other financial services provided with respect
11 to any activity described in subsection (a).

12 (B) Provide timely and accurate informa-
13 tion to domestic financial institutions maintain-
14 ing a correspondent account or payable-through
15 account in the United States for a foreign fi-
16 nancial institution with respect to any activity
17 described in subsection (a).

18 (C) Establish due diligence policies, proce-
19 dures, and controls, such as the due diligence
20 policies, procedures, and controls described in
21 section 5318(i) of title 31, United States Code,
22 reasonably designed to detect whether the Sec-
23 retary of the Treasury has found the foreign fi-
24 nancial institution to knowingly engage in any
25 activity described in subsection (a).

1 (2) PENALTIES.—The penalties provided for in
2 sections 5321(a) and 5322 of title 31, United States
3 Code, shall apply to a person that violates a regula-
4 tion prescribed under paragraph (1) of this sub-
5 section, in the same manner and to the same extent
6 as such penalties would apply to any person that is
7 otherwise subject to such section 5321(a) or 5322.

8 (c) WAIVER.—The Secretary of the Treasury, with
9 the concurrence of the Secretary of State and in consulta-
10 tion with the heads of other applicable departments and
11 agencies, may waive the application of a prohibition or
12 condition imposed with respect to a foreign financial insti-
13 tution pursuant to subsection (a) on and after the date
14 that is 30 days after the Secretary of the Treasury, with
15 the concurrence of the Secretary of State—

16 (1) determines that such a waiver is vital to the
17 national security interests of the United States; and

18 (2) submits to the appropriate congressional
19 committees a report describing the reasons for the
20 determination.

21 (d) PROVISIONS RELATING TO FOREIGN CENTRAL
22 BANKS.—

23 (1) REPORT.—Not later than 45 days after the
24 date of the enactment of this Act, and every 180
25 days thereafter, the Secretary of the Treasury shall

1 submit to the appropriate congressional committees
2 a report that—

3 (A) identifies each foreign central bank
4 that the Secretary finds engages in one or more
5 activities described in subsection (a)(2)(D); and

6 (B) provides a detailed description of each
7 such activity.

8 (2) SPECIAL RULE TO ALLOW FOR TERMI-
9 NATION OF SANCTIONABLE ACTIVITY.—The Sec-
10 retary of the Treasury shall not be required to apply
11 sanctions to a foreign central bank described in the
12 report required under paragraph (1) if the Secretary
13 of the Treasury, with the concurrence of the Sec-
14 retary of State and in consultation with the heads
15 of other applicable departments and agencies, cer-
16 tifies in writing to the appropriate congressional
17 committees that—

18 (A) the foreign central bank—

19 (i) is no longer engaging in the activ-
20 ity described in subsection (a)(2)(D); or

21 (ii) has taken significant verifiable
22 steps toward terminating the activity de-
23 scribed in subsection (a)(2)(D) not later
24 than 90 days after the date on which the
25 Secretary makes such certification; and

1 (B) the Secretary has received reliable as-
2 surances from the government with primary ju-
3 risdiction over the foreign central bank that the
4 foreign central bank will not engage in any ac-
5 tivity described in subsection (a)(2)(D) in the
6 future.

7 (e) DEFINITIONS.—

8 (1) IN GENERAL.—In this section:

9 (A) ACCOUNT; CORRESPONDENT ACCOUNT;
10 PAYABLE-THROUGH ACCOUNT.—The terms “ac-
11 count”, “correspondent account”, and “payable-
12 through account” have the meanings given
13 those terms in section 5318A of title 31, United
14 States Code.

15 (B) AGENT.—The term “agent” includes
16 an entity established by a person for purposes
17 of conducting transactions on behalf of the per-
18 son in order to conceal the identity of the per-
19 son.

20 (C) APPROPRIATE CONGRESSIONAL COM-
21 MITTEES.—The term “appropriate congres-
22 sional committees” means—

23 (i) the Committee on Foreign Affairs
24 and the Committee on Financial Services
25 of the House of Representatives; and

1 (ii) the Committee on Foreign Rela-
2 tions and the Committee on Banking,
3 Housing, and Urban Affairs of the Senate.

4 (D) FINANCIAL INSTITUTION.—The term
5 “financial institution” means a financial insti-
6 tution specified in subparagraph (A), (B), (C),
7 (D), (E), (F), (G), (H), (I), (J), (K), (M), (N),
8 (R), or (Y) of section 5312(a)(2) of title 31,
9 United States Code.

10 (E) FOREIGN FINANCIAL INSTITUTION;
11 DOMESTIC FINANCIAL INSTITUTION.—

12 (i) FOREIGN FINANCIAL INSTITU-
13 TION.—The term “foreign financial institu-
14 tion”—

15 (I) has the meaning of such term
16 as determined by the Secretary of the
17 Treasury; and

18 (II) includes a foreign central
19 bank.

20 (ii) DOMESTIC FINANCIAL INSTITU-
21 TION.—The term “domestic financial insti-
22 tution” has the meaning of such term as
23 determined by the Secretary of the Treas-
24 ury.

1 (F) MONEY LAUNDERING.—The term
2 “money laundering” means any of the activities
3 described in paragraph (1), (2), or (3) of sec-
4 tion 1956(a) of title 18, United States Code,
5 with respect to which penalties may be imposed
6 pursuant to such section.

7 (2) OTHER DEFINITIONS.—The Secretary of
8 the Treasury may further define the terms used in
9 this section in the regulations prescribed under this
10 section.

11 **TITLE II—DESIGNATION OF**
12 **HEZBOLLAH AS A MAJOR**
13 **DRUG SMUGGLING ENTER-**
14 **PRISE AND A TRANSNATION-**
15 **AL CRIMINAL ORGANIZATION**

16 **SEC. 201. DESIGNATION OF HEZBOLLAH AS SIGNIFICANT**
17 **FOREIGN NARCOTICS TRAFFICKERS.**

18 (a) IN GENERAL.—Not later than 30 days after the
19 date of the enactment of this Act, the President shall de-
20 termine if Hezbollah meets the criteria specified for des-
21 ignation of a significant foreign narcotics trafficker under
22 the Foreign Narcotics Kingpin Designation Act (21
23 U.S.C. 1901 et seq.).

24 (b) AFFIRMATIVE DETERMINATION.—If the Presi-
25 dent determines under subsection (a) that Hezbollah

1 meets the criteria set forth under the Foreign Narcotics
2 Kingpin Designation Act (21 U.S.C. 1901 et seq.), the
3 President shall designate Hezbollah as a significant for-
4 eign narcotics trafficker under such Act.

5 (c) NEGATIVE DETERMINATION.—

6 (1) IN GENERAL.—If the President determines
7 under subsection (a) that Hezbollah does not meet
8 the criteria set forth under the Foreign Narcotics
9 Kingpin Designation Act (21 U.S.C. 1901 et seq.),
10 the President shall submit to the appropriate con-
11 gressional committees a report that contains a de-
12 tailed justification as to which criteria have not been
13 met.

14 (2) FORM.—The report required under para-
15 graph (1) shall be submitted in unclassified form,
16 but may contain classified annex, if necessary.

17 **SEC. 202. DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT**
18 **TRANSNATIONAL CRIMINAL ORGANIZATION.**

19 (a) IN GENERAL.—Not later than 30 days after the
20 date of the enactment of this Act, the President shall de-
21 termine if Hezbollah meets the criteria specified for des-
22 ignation as a significant transnational criminal organiza-
23 tion under Executive Order 13581 (76 Fed. Reg. 44757),
24 and the authorities granted to the President under the
25 International Emergency Economic Powers Act (50

1 U.S.C. 1701 et seq.), the National Emergencies Act (50
2 U.S.C. 1601 et seq.), and section 301 of title 3, United
3 States Code.

4 (b) AFFIRMATIVE DETERMINATION.—If the Presi-
5 dent determines under subsection (a) that Hezbollah
6 meets the criteria set forth under the orders and statutes
7 specified in subsection (a), the President shall designate
8 Hezbollah a significant transnational criminal organiza-
9 tion under such orders and statutes.

10 (c) NEGATIVE DETERMINATION.—

11 (1) IN GENERAL.—If the President determines
12 under subsection (a) that Hezbollah does not meet
13 the criteria set forth under the orders and statutes
14 specified in subsection (a), the President shall sub-
15 mit to the appropriate congressional committees a
16 report that contains a detailed justification as to
17 which criteria have not been met.

18 (2) FORM.—The report required under para-
19 graph (1) shall be submitted in unclassified form,
20 but may contain classified annex, if necessary.

21 **SEC. 203. REPORT ON HEZBOLLAH'S INVOLVEMENT IN THE**
22 **TRADE OF CONFLICT DIAMONDS.**

23 (a) IN GENERAL.—Not later than 180 days after the
24 date of the enactment of this Act, the Secretary of State
25 shall submit to the Committee on Foreign Affairs of the

1 House of Representatives and the Committee on Foreign
2 Relations of the Senate a report detailing Hezbollah’s in-
3 volvement in the trade in rough diamonds outside of the
4 Kimberly Process Certification Scheme.

5 (b) FORM.—The report required by subsection (a)
6 shall be submitted in unclassified form, but may contain
7 a classified annex.

8 **SEC. 204. APPROPRIATE CONGRESSIONAL COMMITTEES**
9 **DEFINED.**

10 In this title, the term “appropriate congressional
11 committees” means—

12 (1) the Committee on Foreign Affairs, the
13 Committee on Financial Services, and the Com-
14 mittee on the Judiciary of the House of Representa-
15 tives; and

16 (2) the Committee on Foreign Relations, the
17 Committee on Finance, and the Committee on the
18 Judiciary of the Senate.

19 **TITLE III—MISCELLANEOUS**
20 **PROVISIONS**

21 **SEC. 301. RULE OF CONSTRUCTION.**

22 Nothing in this Act or any amendment made by this
23 Act shall apply to the authorized intelligence activities of
24 the United States.

1 **SEC. 302. REGULATORY AUTHORITY.**

2 (a) IN GENERAL.—The President shall, not later
3 than 90 days after the date of the enactment of this Act,
4 promulgate regulations as necessary for the implementa-
5 tion of this Act and the amendments made by this Act.

6 (b) NOTIFICATION TO CONGRESS.—Not less than 10
7 days prior to the promulgation of regulations under sub-
8 section (a), the President shall notify the appropriate con-
9 gressional committees (as defined in section 204) of the
10 proposed regulations and the provisions of this Act and
11 the amendments made by this Act that the regulations are
12 implementing.

13 **SEC. 303. TERMINATION.**

14 Any provision of this Act or amendment made by this
15 Act shall cease to be in effect beginning 30 days after the
16 date on which the President certifies to Congress that
17 Hezbollah—

18 (1) is no longer designated as a foreign ter-
19 rorist organization pursuant to section 219 of the
20 Immigration and Nationality Act (8 U.S.C. 1189);

21 (2) is no longer listed in the Annex to Executive
22 Order 13224 (September 23, 2001; relating to
23 blocking property and prohibiting transactions with
24 persons who commit, threaten to commit, or support
25 terrorism); and

1 (3) poses no significant threat to United States
2 national security, interests, or allies.

○