
MARKUP
BEFORE THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS
SECOND SESSION
ON
H.R. 1771, H.R. 4449 and H. Res. 600

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THURSDAY, MAY 29, 2014

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in room 2172 Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman Royce. This committee will come to order. Pursuant to notice we meet today to mark up three measures. As member offices were notified yesterday, in view of the six concurrent committee markups taking place right now and the broad support for the items that we are considering here, the ranking member and I intend to consider en bloc all three measures together with the amendments that were provided to you previously.

And so without objection, the following items which all members have before them are considered read and will be considered en bloc: H.R. 1771, the North Korea Sanctions Enforcement Act; Royce Amendment Number 29 in the Nature of a Substitute to that H.R. 1771; the Castro Second Degree Amendment Number 33 to H.R. 1771, expressing the sense of Congress on enforcement of relevant U.N. Security Council resolutions; the Connolly Second Degree Amendment Number 118 to H.R. 1771, requiring progress on reunification of separated Korean families including for Korean Americans; H.R. 4449, the Human Trafficking Prevention Act; and House Resolution 600 regarding the upcoming presidential run-off election in Afghanistan.

[The information referred to follows:]
113TH CONGRESS
1ST SESSION

H.R. 1771

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. ROHRABACHER, Mr. POE of Texas, Mr. SHERMAN, and Mr. SALKIN) 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.

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 Representatives 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 “North Korea Sanctions Enforcement Act of 2013”.

6 (b) Table of Contents.—The table of contents for this Act is as follows:
SEC. 2. FINDINGS.

Congress finds the following:

(1) The Government of North Korea has repeatedly violated its commitments to the complete,
verifiable, irreversible dismantlement of its nuclear weapons programs, and has willfully violated multiple United Nations Security Council resolutions calling for it to cease its development, testing, and production of weapons of mass destruction.

(2) North Korea poses a grave risk for the proliferation of nuclear weapons and other weapons of mass destruction.

(3) The Government of North Korea has been implicated repeatedly in money laundering and illicit activities, including prohibited arms sales, narcotics trafficking, the counterfeiting of United States currency, and the counterfeiting of intellectual property of United States persons.

(4) The Government of North Korea has recently and repeatedly sponsored acts of international terrorism, including attempts to assassinate defectors and human rights activists; repeated threats of violence against foreign persons, leaders, newspapers, and cities; and the shipment of weapons to Hezbollah and Hamas via Iran.

(5) North Korea has unilaterally withdrawn from the 1953 Armistice Agreement that ended the Korean War, and committed unprovoked acts of war against South Korea in 2010 by sinking the warship
Cheoman and killing 46 of her crew, and by shelling Yeonpyeong Island, killing four civilians.

(6) North Korea maintains a system of brutal political prison camps that contain as many as 200,000 men, women, and children, who live in atrocious living conditions with insufficient food, clothing, and medical care, and under constant fear of torture or arbitrary execution.


(8) North Korea has prioritized weapons programs and the procurement of luxury goods, in defiance of United Nations Security Council resolutions, and in gross disregard of the needs of its people.

(9) Persons, including financial institutions, who engage in transactions with, or provide financial services to, the Government of North Korea and its financial institutions without establishing sufficient financial safeguards against North Korea’s use of these transactions to promote proliferation, weapons trafficking, human rights violations, illicit activity, and the purchase of luxury goods, aid and abet North Korea’s misuse of the international financial
system, and also violate the intent of relevant United

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

(11) The Congress seeks, through this legisla-
tion, to use nonmilitary means to address this emer-
gency, to provide diplomatic leverage to negotiate
necessary changes in North Korea’s conduct, and to
cease the suffering of the people of North Korea.

SEC. 3. DEFINITIONS.
In this Act:

(1) ACCOUNT; CORRESPONDENT ACCOUNT; PAY-
ABLE-THROUGH ACCOUNT.—The terms “account”,
correspondent account”, and “payable-through ac-
count” have the meanings given those terms, respec-
tively, under section 5318A of title 31, United
States Code.

(2) APPROPRIATE CONGRESSIONAL COMMIT-
TEES.—The term “appropriate congressional com-
mittees” means—
(A) the Committee on Foreign Affairs and
the Committee on Financial Services of the
House of Representatives; and

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

(3) CENSORSHIP.—The term "censorship"
means, with respect to North Korea, activities
that—

(A) prohibit, limit, or penalize the exercise
of freedom of expression or assembly by citizens
of North Korea; or

(B) limit access to print or broadcast
media, including the facilitation or support of
intentional frequency manipulation by the Gov-
ernment of North Korea that would jam or re-
strict an international signal.

(4) DESIGNATED PERSON.—The term "des-
ignated person" means a person, foreign govern-
ment, or financial institution designated by the
President under subsection (a), (b), (c), or (d) of
section 104 for purposes of applying the sanctions
described in title II (as applicable) with respect to
the person, foreign government, or financial institu-
tion.
(5) DOMESTIC FINANCIAL INSTITUTION.—The term "domestic financial institution" has the meaning given such term in section 5312 of title 31, United States Code.

(6) FACILITATE.—

(A) IN GENERAL.—The term "facilitate" means, with respect to any of the activities described in section 104(a), to—

(i) provide material support to, aid, abet, attempt, or conspire to commit the activity;

(ii) conceal any evidence, proceeds, or instrumentalities of the activity;

(iii) possess, receive, exchange, or transmit the proceeds, instrumentalities, or other property involved in the activity;

(iv) sell, lease, or provide a vessel or conveyance, to register of reflag a vessel or conveyance, or provide insurance or reinsur- 

ance or any other shipping service in furtherance of the activity; or

(v) engage in any act with the purpose of causing the activity to occur.

(B) EXCEPTION.—Nothing in this paragraph shall be construed to apply with respect
to the provision of specialized financial messaging services (as described in section 202).

(7) **FINANCIAL INSTITUTION.**—The term “financial institution” means a financial institution specified in subparagraph (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (M), or (Y) of section 5312(a)(2) of title 31, United States Code.

(8) **FINANCIAL TRANSACTION.**—The term “financial transaction” has the meaning given such term in section 1956 of title 18, United States Code.

(9) **FOREIGN GOVERNMENT.**—The term “foreign government” has the meaning given the term “foreign state” in section 1603 of title 28, United States Code.

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

(A) the Government of North Korea;

(B) any political subdivision, agency, or instrumentality thereof;

(C) the National Defense Commission of North Korea and its members; and

(D) any person owned or controlled by, or acting for or on behalf of, the Government of North Korea.
(11) **INSTRUMENTALITIES.**—The term “instrumentalities” includes, with respect to any of the activities described in section 104(a)—

(A) any property other than proceeds of such transaction which is also part of the subject matter of such transaction;

(B) any property used to facilitate such transaction, including any article, container, or conveyance used, or intended to be used, to facilitate such transaction; and

(C) any property other than the proceeds of such transaction that is involved in or used to facilitate such transaction.

(12) **INTERNATIONAL TERRORISM.**—The term “international terrorism” has the meaning given such term in section 2331 of title 18, United States Code.

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

(14) **MONETARY INSTRUMENT.**—The term “monetary instrument” has the meaning given such
term under section 5312 of title 31, United States Code, and also includes—

(A) stored value cards, tangible or intangible prepaid access devices, or other instruments or devices for the electronic storage or transmission of value, as defined in part 1010 of title 31, Code of Federal Regulations; and

(B) any covered goods, as defined in section 1027.100 of title 31, Code of Federal Regulations, and any instrument or tangible or intangible access device use for the electronic storage and transmission of a representation of covered goods.

(15) NORTH KOREAN FINANCIAL INSTITUTION.—The term “North Korean financial institution” means—

(A) a financial institution organized under the laws of North Korea or any jurisdiction within North Korea, including a foreign branch of such an institution;

(B) a financial institution located in North Korea, except as may be excluded from such definition by the President in accordance with section 207(d);
(C) a financial institution, wherever located, owned or controlled by the Government of North Korea; or

(D) a financial institution, wherever located, owned or controlled by a financial institution described in subparagraph (A), (B), or (C).

(16) NORTH KOREAN PROPERTY.—The term “North Korean property” includes any funds, financial assets, technology, property, or resources that are owned or controlled, directly or indirectly, by the Government of North Korea.

(17) PERSON.—The term “person” means—

(A) a natural person;

(B) a corporation, business association, partnership, association, society, trust, financial institution, joint venture, corporation, group, subgroup, agency, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

(C) a successor to any entity described in subparagraph (B).
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(18) PROCEEDS.—The term “proceeds” has the
meaning given such term in section 1956 of title 18,
United States Code.

(19) SERIOUS HUMAN RIGHTS ABUSE.—The
term “serious human rights abuse” includes geno-
cide, slavery, kidnapping, peonage, murder, torture,
and aggravated sexual abuse, as those terms are de-
scribed and made punishable under part I of title
18, United States Code, when carried out by the
Government of North Korea, without regard to
whether such conduct is within the criminal jurisdi-
tion of the United States.

(20) SPECIFIED UNLAWFUL ACTIVITY.—The
term “specified unlawful activity” has the meaning
given such term in section 1956 of title 18, United
States Code.

(21) TRANSACTION.—The term “transaction”
has the meaning given such term in section 1956 of
title 18, United States Code.

(22) UNITED STATES PERSON.—The term
“United States person” means—

(A) a natural person who is a citizen of the
United States or who owes permanent alle-
giance to the United States; and
(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if a natural person described in subparagraph (A) owns, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such corporation or other legal entity.

TITLE I—INVESTIGATIONS, PROHIBITED ACTIVITIES, AND PENALTIES

SEC. 101. STATEMENT OF POLICY.

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

(1) to encourage all responsible members of the international community to fully and promptly implement United Nations Security Council Resolution 2094;

(2) to sanction the entities, officials, and financial institutions that facilitate proliferation, illicit activities, arms trafficking, imports of luxury goods, severe human rights abuses, cash smuggling, and censorship by the Government of North Korea;

(3) to authorize the President to sanction financial institutions and jurisdictions that fail to exercise
due diligence to ensure that such financial institutions and jurisdictions do not facilitate proliferation, arms trafficking, kleptocracy, and imports of luxury goods by the Government of North Korea; and

(4) to deny the Government of North Korea access to the funds it uses to obtain nuclear weapons, ballistic missiles, and luxury goods instead of providing for the needs of its people.

**SEC. 102. INVESTIGATIONS.**

(a) **INITIATION OF INVESTIGATION.**—The President shall initiate an investigation into the possible designation of a person under section 104(a) upon receipt by the United States of credible information indicating that such person has engaged in one or more activities described in section 104(a) and, except as provided in section 207, shall designate any person who the President determines has engaged in one or more activities described in section 104(a).

(b) **PERSONNEL.**—The President shall direct the Secretary of State, the Secretary of the Treasury, the Attorney General, the Secretary of Homeland Security, the Secretary of Defense, the Director of Central Intelligence, and the heads of other Federal departments and agencies as may be necessary to assign sufficient experienced and qualified investigators, attorneys, and technical personnel
to investigate and sanction any of the activities described in section 104(a) and to coordinate and ensure the effective enforcement of the provisions of this Act.

(c) Sharing of Information.—The Federal departments and agencies supporting the enforcement of this Act shall share such information with, and shall provide each other access to, databases and other sources of information as may be necessary to enforce the provisions of this Act.

SEC. 103. BRIEFING TO CONGRESS.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall provide to the appropriate congressional committees a briefing on the following:

(1) Assets of the Government of North Korea.—The significant assets held by the Government of North Korea, the amount of each such asset, and the form and financial institution (if any) in which each such asset is held.

(2) Transactions Involving the Government of North Korea.—The significant international financial transactions by the Government of North Korea during the previous 180 days, including the amounts, parties, terms, and date of each such transaction, the property involved in the tran-
action, and the names and nationalities of any financial institutions involved in each such transaction.

(3) DESIGNATIONS.—Each person, foreign government, or financial institution designated under subsection (a), (b), (c), or (d) of section 104 during the previous 180 days.

(4) WAIVERS, ETC.—All waivers, exclusions, and removals of designation granted under section 207 during the previous 180 days.

(b) CONTENTS OF BRIEFING.—The briefings required by subsection (a) shall also contain—

(1) a list of all persons and foreign governments that have provided financial, storage, transportation, communication, messaging, promotional, or other services with respect to such property and transactions;

(2) an assessment of the sufficiency of financial safeguards to ensure that such property and transactions are prevented from being used to facilitate any of the activities described in section 104(a), and recommendations for any safeguards necessary to prevent such use; and

(3) whether any evidence exists to suggest that such property constitutes the proceeds or instrumentalities of any activity described in section 104(a).
SEC. 104. DESIGNATION OF PERSONS, FOREIGN GOVERNMENTS, AND FINANCIAL INSTITUTIONS.

(a) DESIGNATION OF PERSONS WHO ENGAGE IN CERTAIN ACTIVITIES.—Except as provided in section 207, the President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate and apply the sanctions described in title II, as applicable, with respect to any person if the President determines that the person—

(1) knowingly and materially contributes, through the export to or import from North Korea of any goods or technology, to the efforts by any government or person to use, develop, produce, stockpile, or otherwise acquire nuclear, radiological, chemical, or biological weapons, or any device or system designed in whole or in part to deliver such weapons;

(2) knowingly exports, or facilitates the export of, defense articles and defense services to the Government of North Korea, or knowingly exports, or facilitates the export of, any defense articles and defense services from North Korea to any other country;

(3) knowingly exports, or facilitates the export of, any luxury goods to North Korea;
(4) knowingly provides, sells, leases, registers, or reflags a vessel, aircraft, or other conveyance, or provides insurance or reinsurance or any other shipping or transportation service used or intended to be used for, the transportation of goods to or from North Korea, for purposes facilitating a specified unlawful activity, or for purposes of evading a regulation established under this Act or the International Emergency Economic Powers Act;

(5) knowingly transfers, pays, exports, withdraws, or otherwise deals with any property or interest in property of the Government of North Korea for purposes of facilitating a specified unlawful activity, or for purposes of evading a regulation established under this Act or the International Emergency Economic Powers Act;

(6) knowingly engages in or facilitates censorship by the Government of North Korea; or

(7) knowingly commits or facilitates a serious human rights abuse by the Government of North Korea.

(b) DESIGNATION OF PERSONS AND FOREIGN GOVERNMENTS THAT ARE SANCTIONED BY EXECUTIVE ORDER OR THE UNITED NATIONS.—Except as provided in section 207, the President shall exercise the authorities
of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate and apply the sanctions described in title II, as applicable, with respect to any person or foreign government if the President determines the person or foreign government—

(1) has been listed or sanctioned under any regulation or Executive Order No. 13382, 13224, 13551, or otherwise pursuant to the International Emergency Economic Powers Act for illicit activities or activities concerning North Korea’s proliferation of weapons of mass destruction;

(2) has been sanctioned under United Nations Security Council resolutions 1695, 1718, 1874, 2087, 2094, or other such resolution concerning North Korea’s proliferation of weapons of mass destruction; or

(3) has been convicted of a criminal offense for any of the activities described in paragraphs (1) through (7) of subsection (a).

(e) Designation of Government of North Korea.—Except as provided in section 207, the President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate
and apply the sanctions described in title II, as applicable, with respect to the Government of North Korea.

(d) DISCRETIONARY AUTHORITY TO DESIGNATE FOREIGN GOVERNMENTS AND FINANCIAL INSTITUTIONS.—Except as provided in section 207, the President may exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate and apply any of the sanctions described in sections 201 and 204, as applicable, with respect to any foreign government or financial institution if the President determines the foreign government or financial institution, after the date that is 180 days after the date of the enactment of this Act—

(1) engages in any of the activities described in paragraphs (1) through (7) of subsection (a);

(2) fails to freeze any funds, financial assets, or economic resources of a person designated under subsection (a) or (b) in accordance with the legal process of the country in which such property is held;

(3) fails to freeze any funds, financial assets, or economic resources that could be used to facilitate any of the activities described in paragraph (1), (2), or (3) of subsection (a), in accordance with the legal
process of the country in which such property is
held;

(4) fails to apply enhanced monitoring to pre-
vent any transactions that could be used to facilitate
any of the activities described in paragraph (1), (2),
or (3) of subsection (a);

(5) permits any North Korean financial institu-
tion to open any new branch, subsidiary or rep-
 resentative office, or to establish any new joint ven-
ture within its jurisdiction, or to take an ownership
interest in, or establish or maintain a correspondent
relationship with any bank in its jurisdiction, if such
branch, subsidiary, representative office, joint ven-
ture, ownership interest, or correspondent relation-
ship could be used to facilitate any of the activities
described in paragraph (1), (2), or (3) of subsection
(a);

(6) fails to prohibit any transfers of cash, in-
cluding through cash couriers, transiting to and
from North Korea so as to ensure such transfers of
bulk cash are not used to facilitate any of the activi-
ties described in paragraph (1), (2), or (3) of sub-
section (a);

(7) provides public financial support for trade
with the Government of North Korea (including the
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granting of export credits, guarantees or insurance
to their nationals or entities involved in such trade)
when such financial support could be used to facilitate any of the activities described in paragraph (1),
(2), or (3) of subsection (a); or

(8) facilitates the use of any proceeds of the bribery of an official of the Government of North
Korea, or the misappropriation, theft, or embezzlement of public funds by, or for the benefit of, an official of the Government of North Korea.

(e) APPLICATION TO SUCCESSORS, ETC.—The designation of a person, foreign government, or financial institution under subsection (a), (b), (c), or (d) shall also apply with respect to—

(1) a successor entity to the designated person;

(2) a person owned or controlled by, or under common ownership or control with, the designated person, if the person owned or controlled by, or under common ownership or control with (as the case may be), the designated person knowingly engaged in the transaction causing the designation;

(3) a corporate officer or principal of, or a shareholder with a controlling interest in, such designated person, if such corporate officer, or principal or shareholder with a controlling interest, knowingly
engaged in the transaction causing the designation; and

(4) a United States person, including a domestic financial institution, to the same extent as if the transaction were engaged in by the United States person or in the United States if—

(A) a person, including a foreign subsidiary, owned or controlled by the United States person engages in or facilitates any of the activities described in paragraphs (1) through (7) of subsection (a); and

(B) the United States person knew or should have known that the person engaged in or facilitated any of the activities described in paragraphs (1) through (7) of subsection (a).

(f) REGULATIONS.—

(1) IN GENERAL.—The President shall promulgate such regulations as may be necessary under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) to carry out this section.

(2) ADDITIONAL REQUIREMENT.—The regulations promulgated under this subsection shall require enhanced due diligence for all transactions with the Government of North Korea or involving
North Korean property to prevent the facilitation of activities described in any of paragraphs (1) through (7) of subsection (a) or any of paragraphs (1) through (8) of subsection (d).

(g) **Penalties.**—Any person who engages in the conduct described in subsection (a), or who violates any regulation promulgated under subsection (f) or section 404, shall be subject to the penalties under section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) in the same manner and to the same extent as such penalties would apply to any person who violates any license, order, regulation, or prohibition issued under that Act (50 U.S.C. 1701 et seq.).

**Sec. 105. Forfeiture of Property.**

(a) **Use of Funds Derived From Civil Forfeitures.**—Section 981(c) of title 18, United States Code, is amended—

(1) in paragraph (6), by striking “or” at the end;

(2) in paragraph (7), by striking the period at the end and inserting “; or”; and

(3) by inserting after paragraph (7) the following new paragraph:

“(8) in the case of property involved in any of the activities described in section 104(a) of the
North Korea Sanctions Enforcement Act of 2013, in accordance with section 403 of that Act.

(b) CUSTOMS FORFEITURES.—Notwithstanding sections 609, 613(a)(3), and 613A(e) of the Tariff Act of 1930 (19 U.S.C. 1609(a), 1613(a)(3), and 1613b(e)), any funds derived from the forfeiture of property under section 596 of the Tariff Act of 1930 (19 U.S.C. 1595a) that relates to any of the activities described in section 104(a) shall be deposited into the North Korea Enforcement and Humanitarian Fund established under section 403.

(c) PAYMENT IN LIEU OF FORFEITURE.—If a financial institution or other person pays a sum of money to the United States—

(1) in lieu of the commencement of criminal, civil, or administrative forfeiture proceedings to forfeit property involving any of the activities described in section 104(a), or

(2) in settlement of such forfeiture proceedings if commenced,

such sum of money shall be treated as forfeited funds and disposed of in accordance with section 403.
TITLE II—SANCTIONS AGAINST NORTH KOREAN PROLIFERATION, HUMAN RIGHTS VIOLATIONS, AND ILICIT ACTIVITIES

SEC. 201. SANCTIONS FOR MATERIAL SUPPORT OF NORTH KOREAN PROLIFERATION.

(a) Sense of Congress.—It is the sense of Congress that the Government of North Korea should be treated as a primary money laundering concern in accordance with section 5318A of title 31, United States Code.

(b) Requirements for Financial Institutions Maintaining Accounts for Foreign Financial Institutions.—

(1) Termination of correspondent or payable-through accounts.—A domestic financial institution shall terminate any correspondent account that is established, maintained, administered, or managed for, or on behalf of, any person, foreign government, or financial institution designated under subsection (a) or (b) of section 104.

(2) Prohibition on indirect correspondent accounts.—If a domestic financial institution has or obtains knowledge that a correspondent account established, maintained, admin-
istered, or managed by that domestic financial institution for a foreign financial institution is being used by the foreign financial institution to provide financial services indirectly to any person, foreign government, or financial institution designated under subsection (a) or (b) of section 104, the domestic financial institution shall ensure that the correspondent account is no longer used to provide such services, including, when necessary, terminating the correspondent account.

(3) **Enhanced Due Diligence and Reporting Requirements.**—Except as provided in section 207, the Secretary of Treasury shall require all domestic financial institutions to apply one or more of the special measures described in paragraphs (1) through (5) of section 5318A(b) of title 31, United States Code, to—

(A) any financial institution that establishes, maintains, administers, or manages any correspondent account for a person, financial institution, or foreign government designated under subsection (a) or (b) of section 104; and

(B) any person, financial institution, or foreign government designated under subsection (c) or (d) of section 104.
(4) **ADDITIONAL REQUIREMENTS.**—A domestic financial institution required to terminate an account pursuant to this subsection—

(A) shall not permit the foreign bank to establish any new positions or execute any transactions through such account, other than those necessary to close the account; and

(B) may reestablish an account closed pursuant to such subsection if the Secretary of the Treasury determines that the account will not be used to provide financial services indirectly to a person designated under subsection (a) or (b) of section 104.

(5) **PROHIBITION ON DESIGNATION AS PRIMARY DEALER.**—With respect to a designated person that is a domestic financial institution, neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, such financial institution as a primary dealer in United States Government debt instruments.

(6) **PROHIBITION ON SERVICE AS A REPOSITORY OF GOVERNMENT FUNDS.**—With respect to a designated person that is a domestic financial institution, such domestic financial institution may not
serve as agent of the United States Government or
serve as a repository for United States Government
funds.

(7) FOREIGN EXCHANGE.—The President may
prohibit any transactions in foreign exchange by any
domestic financial institution in which a designated
person has any interest.

(8) BANKING TRANSACTIONS.—The President
may prohibit any transfers of credit or payments be-
tween domestic financial institutions or by, through,
or to any financial institution, to the extent that
such transfers or payments involve any interest of a
designated person.

(9) PENALTIES.—

(A) TITLE 31, U.S.C.—The penalties pro-
vided for in sections 5321(a) and 5322 of title
31, United States Code, shall apply to a person
that violates a regulation prescribed under
paragraph (1), (2), (3), or (4) in the same man-
ner and to the same extent as such penalties
would apply to any person that is otherwise
subject to such section 5321(a) or 5322.

(B) IEEPA.—The penalties provided for
in section 206 of the International Emergency
Economic Powers Act (50 U.S.C. 1705) shall
apply to a person who violates a regulation prescribed under paragraph (5), (6), (7), or (8) in the same manner and to the same extent as such penalties would apply to any person that is otherwise subject to such section.

(c) Blocking of Property.—

(1) In general.—The President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to immediately freeze or block—

(A) any North Korean property, and

(B) any property involved in any of the activities described in section 104(a), within the jurisdiction of the United States, or held by a domestic financial institution.

(2) Property of a designated person.—The President may exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to block any property of a designated person within the jurisdiction of the United States, or held by a domestic financial institution.

(3) Property derived from misappropriation, theft, or embezzlement of public
Funds.—The President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to encourage foreign governments and foreign financial institutions to block, in accordance with the legal process of the country in which the property is held, any property derived from the misappropriation, theft, or embezzlement of public funds by, or for the benefit of, an official of the Government of North Korea.

(4) Scope of Authority.—Activities prohibited by reason of the blocking of property and financial transactions under this section shall include the following:

(A) Payments or transfers of any property, or any transactions involving the transfer of anything of economic value by any United States person, including any United States financial institution and any branch or office of such financial institution that is located outside the United States, to a designated person.

(B) The transfer directly or indirectly, of any goods, technology, or services by a United States person to a designated person.
(d) Review of Transaction Licenses.—The Secretary of the Treasury shall review all transaction licenses granted pursuant to subpart E of part 510 of title 31, Code of Federal Regulations, all applications for such licenses, and all exclusions from such licensing requirements not later than 180 days after the date of the enactment of this Act, and shall deny or revoke any license for any transaction that, in the determination of the Secretary of the Treasury, lacks sufficient financial controls to ensure that such transaction will not facilitate any of the activities described in section 104(a).

(e) Denial of Visas.—The President may direct the Secretary of State to deny a visa to, and the Secretary of Homeland Security to exclude from the United States, any alien who is a designated person, or who is a corporate officer or principal of, or a shareholder with a controlling interest in, a designated person.

(f) International Cooperation.—The President shall—

(1) take appropriate steps to secure the effective enforcement of anti-money laundering protocols consistent with the purpose of this Act, through bilateral discussions with foreign governments and through the Financial Action Task Force; and
(2) support efforts of foreign governments to enact and enforce legislation consistent with the purposes of this Act.

SEC. 202. SANCTIONS AGAINST THE PROVISION OF SPECIALIZED FINANCIAL MESSAGING SERVICES TO DESIGNATED NORTH KOREAN FINANCIAL INSTITUTIONS.

(a) Briefings Required.—

(1) In general.—Not later than 90 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall provide to the appropriate congressional committees a briefing on the following:

(A) A list of all persons and foreign governments that the President has identified that directly provide specialized financial messaging services to, or enable or facilitate direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b).

(B) A detailed assessment of the status of efforts by the President to end the direct provision of such messaging services to, and the enabling or facilitation of direct or indirect access to such messaging services for any North Ko-
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(2) **Enabling or facilitation of access to specialized financial messaging services through intermediary financial institutions.**—For purposes of paragraph (1) and subsection (b), enabling or facilitating direct or indirect access to specialized financial messaging services for any North Korean financial institution designated under section 104(b) includes doing so by serving as an intermediary financial institution with access to such messaging services.

(b) **Authorization of imposition of sanctions.**—

(1) **In general.**—Except as provided in paragraph (2), if, on or after the date that is 180 days after the date of the enactment of this Act, a person continues to knowingly and directly provide specialized financial messaging services to, or knowingly enable or facilitate direct or indirect access to such messaging services for any North Korean financial institution designated under section 104(b), the President may impose sanctions pursuant to section 206(b) of the International Emergency Economic
Powers Act (50 U.S.C. 1705(b)) with respect to the person.

(2) EXCEPTION.—The President may not impose sanctions pursuant to paragraph (1) with respect to a person for directly providing specialized financial messaging services to, or enabling or facilitating direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b) if—

(A) the person is subject to a sanctions regime under its governing foreign law that requires it to eliminate the knowing provision of such messaging services to, and the knowing enabling and facilitation of direct or indirect access to such messaging services for any North Korean financial institution designated under section 104(b); and

(B) the person has, pursuant to that sanctions regime, terminated the knowing provision of such messaging services to, and the knowing enabling and facilitation of direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b) identified under such governing
foreign law for purposes of that sanctions regime.

(3) REQUIREMENT FOR CONSULTATION.—The President may not impose sanctions pursuant to paragraph (1) with respect to a person for directly providing specialized financial messaging services to, or enabling or facilitating direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b) unless the President has made good-faith efforts to obtain the voluntary cessation of such specialized financial messaging services by such person.

SEC. 203. PROLIFERATION PREVENTION SANCTIONS.

(a) IN GENERAL.—Section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405), as continued in effect under the International Emergency Economic Powers Act, is amended by adding at the end the following new paragraph:

"(7) A validated license shall be required for the export to North Korea of any goods or technology without regard to whether or not the Secretary of State has designated North Korea as a country the government of which has provided support for acts of international terrorism, as deter-
minded by the Secretary of State under paragraph
(1) or any other provision of law.”.

(b) TRANSACTIONS WITH COUNTRIES SUPPORTING
ACTS OF INTERNATIONAL TERRORISM.—The prohibitions
and restrictions described in section 40 of the Arms Ex-
port Control Act (22 U.S.C. 2780) shall also apply to ex-
porting or otherwise providing (by sale, lease or loan,
grant, or other means), directly or indirectly, any muni-
tions item or defense articles and defense services to the
Government of North Korea without regard to whether or
not North Korea is a country with respect to which sub-
section (d) of such section (relating to designation of state
sponsors of terrorism) applies.

SEC. 204. PROCUREMENT SANCTIONS.

(a) IN GENERAL.—Except as provided in this section,
the United States Government may not procure, or enter
into any contract for the procurement of, any goods or
services from any designated person.

(b) FAR.—The Federal Acquisition Regulation
issued pursuant to section 1303 of title 41, United States
Code, shall be revised to require a certification from each
person that is a prospective contractor that such person
does not engage in any of the activities described in section
104(a). Such amendment shall apply with respect to con-
tracts for which solicitations are issued on or after the
date that is 90 days after the date of the enactment of
this Act.

(c) GSA.—The Administrator of General Services
shall include on the List of Parties Excluded from Federal
Procurement and Nonprocurement Programs maintained
by the Administrator under part 9 of the Federal Acquisi-
tion Regulation each person that is debarred, suspended,
or proposed for debarment or suspension by the head of
an executive agency on the basis of a determination of a
false certification under subsection (b). If the head of an
executive agency determines that a person has submitted
a false certification under subsection (b) after the date on
which the Federal Acquisition Regulation is revised to im-
plement the requirements of this section, the head of such
executive agency shall terminate a contract with such per-
son or debar or suspend such person from eligibility for
Federal contracts for a period of not more than three
years. Any such debarment or suspension shall be subject
to the procedures that apply to debarment and suspension
under the Federal Acquisition Regulation under subpart

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

(c) Rule of Construction.—Nothing in this subsection may be construed to limit the use of other remedies available to the head of an executive agency or any other official of the Federal Government on the basis of a determination of a false certification under subsection (b).

(f) Executive Agency Defined.—In this section, the term “executive agency” has the meaning given such term in section 133 of title 41, United States Code.

SEC. 205. SANCTIONS WITH RESPECT TO THE PROVISION OF VESSELS OR SHIPPING SERVICES TO TRANSPORT CERTAIN GOODS RELATED TO PROLIFERATION, TERRORISM, OR CRIMINAL ACTIVITIES OF NORTH KOREA.

(a) Briefing Required.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall provide to the appropriate congressional committees a briefing identifying foreign ports and airports whose inspections of ships, aircraft, and conveyances originating in North Korea, carrying North Korean property, or operated by the Government of North Korea are deficient to effectively prevent
the facilitation of any of the activities described in section 104(a).

(b) ENHANCED CUSTOMS INSPECTION REQUIREMENTS.—Not later than 180 days after the identification of any port or airport pursuant to subsection (a), the Secretary of Homeland Security shall promulgate regulations imposing enhanced inspection requirements on any cargo landed in the United States or entering interstate commerce that has been transported through such port or airport.

(c) SEIZURE AND FORFEITURE.—A vessel, aircraft, or conveyance used to facilitate any of the activities described in section 104(a) that comes within the jurisdiction of the United States may be seized and forfeited under chapter 46 of title 18, United States Code, or under chapter 4 of title 19, United States Code, and the proceeds of any such forfeiture shall be available for the purposes described in section 403.

SEC. 206. INTERNATIONAL ASSISTANCE.

(a) CONDITION ON PROVISION OF UNITED STATES FUNDS TO AN INTERNATIONAL FINANCIAL INSTITUTION.—Funds appropriated for payment to an international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act (22 U.S.C. 262r(c)(2))) shall not be made available to the
institutions unless the institution provides assurances to
the Secretary of State that the funds will not be used for
assistance to the Government of North Korea.

(b) Opposition to Use of International Financial Institution Funds for North Korea.—The
United States Executive Director at each international fi-
nancial institution (as so defined) shall use the voice, vote,
and influence of the United States to oppose the provision
by the institution of any assistance to the Government of
North Korea.

(c) Transactions in Defense Articles and Defense Services.—

(1) In general.—The President shall withhold
assistance under part 1 of the Foreign Assistance
Act of 1961 (22 U.S.C. 2151 et seq.) to the govern-
ment of any country that provides defense articles
and defense services to the Government of North
Korea or receives defense articles and defense serv-
cices from the Government of North Korea.

(2) Applicability.—The prohibition described
in paragraph (1) shall terminate on the date that is
2 years after the date on which such foreign govern-
ment ceases to provide defense articles and defense
services to the Government of North Korea, or to
purchase or receive defense articles and defense
services from the Government of North Korea.

(3) WAIVER.—Assistance may be furnished to a
foreign government described in paragraph (1) if the
President makes the determinations prescribed in
subsection (b) of section 620G of the Foreign Assist-
ance Act of 1961, as amended (22 U.S.C. 2377(b)).

SEC. 207. EXCLUSION, WAIVER, AND REMOVAL OF DESIGNA-
TION.

(a) EXCLUSIONS.—The following activities shall not
apply with respect to the requirement under subsection
(a), (b), (c), or (d) of section 104 to designate a person,
foreign government, or financial institution for purposes
of imposing a sanction or sanctions on the designated per-
son:

(1) Activities subject to the reporting require-
ments of title V of the National Security Act of
1947 (50 U.S.C. 413 et seq.), or to any authorized
intelligence activities of the United States.

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

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

(5) Any transaction the exclusive purpose for which is to import fertilizers, pesticides, agricultural equipment, or medical supplies or equipment into North Korea, provided that such supplies or equipment are not controlled under—


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

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

(D) the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (22 U.S.C. 5601 et seq.).
(b) Waivers.—

(1) In general.—The President may waive, on a case-by-case basis, and for a period not to exceed one year, the requirement under subsection (a) or (b) of section 104 to designate a person, foreign government, or financial institution, or to impose a sanction or sanctions on the designated person, if the President submits to the appropriate congressional committees a written determination that the waiver meets the following requirements:

(A) The waiver is vital to the economic or national security interests of the United States.

(B) The waiver will advance the purposes set forth in section 4 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7801 et seq.).

(C) The waiver is for the benefit of a financial institution that—

(i) has blocked all North Korean property deposited in such financial institution, pending an audit of the origin of such property and the implementation of safeguards to ensure that the property is not used to facilitate any of the activities described in section 104(a); and
(ii) is providing good-faith cooperation with the investigation of any of the activities described in section 104(a) or the enforcement of the provisions of this Act.

(D) The waiver is for the benefit of a person, foreign government, or financial institution that is providing good-faith cooperation with the investigation of any of the activities described in section 104(a) and the enforcement of this Act.

(E) The waiver is for the benefit of a person, foreign government, or financial institution that provides underwriting, financial, insurance, reinsurance, reflagging, transportation, or financial messaging services, and who has exercised due diligence in establishing and enforcing official policies, procedures, and controls to ensure that the person, foreign government, or financial institution (as the case may be) does not facilitate any of the activities described in section 104(a).

(F) In the absence of the waiver, the imposition of the sanction or sanctions would have a severe and adverse humanitarian impact on the people of North Korea and such impact
substantially outweighs the interest of the United States in enforcing the provisions of this Act.

(2) **Government of North Korea.**—The President may waive, on a case-by-case basis, and for a period not to exceed one year, the requirement under section 104(c) to designate the Government of North Korea, or to impose a sanction or sanctions on the Government of North Korea, if the President submits to the appropriate congressional committees a written determination that the waiver meets the requirements described in paragraph (1)(F).

(c) **Removal of Sanctions.**—The President may prescribe rules and regulations for the removal of sanctions on a person, foreign government, or financial institution that is designated under subsection (a), (b), or (d) of section 104 and the removal of designations of a person, foreign government, or financial institution with respect to such sanctions if the President determines that the designated person has verifiably ceased its participation in any of the activities described in section 104(a) and is cooperating with the investigation of such activities and carrying out this Act.

(d) **Financial Services for Humanitarian and Consular Activities.**—The President may promulgate
47 regulations, rules, and policies as may be necessary to facilitate the provision of financial services by a foreign financial institution that is not controlled by the Government of North Korea in support of the activities subject to exclusion under this section.

**TITLE III—PROMOTION OF HUMAN RIGHTS AND DISINVESTMENT**

**SEC. 301. INFORMATION TECHNOLOGY.**

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

“(d) INFORMATION TECHNOLOGY STUDY.—Not later than 180 days after the date of the enactment of this subsection, the President shall submit to the appropriate congressional committees a classified report setting forth a detailed plan for making unrestricted, unmonitored, and inexpensive electronic mass communications available to the people of North Korea.”.

**SEC. 302. DISCLOSURES TO SECURITIES AND EXCHANGE COMMISSION RELATING TO SANCTIONABLE ACTIVITIES.**

(a) IN GENERAL.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by adding at the end the following new subsection:
“(a) Disclosure of Certain Activities Relating to North Korea, Terrorism, and the Proliferation of Weapons of Mass Destruction.—

“(1) General disclosure required.—Each issuer required to file an annual or quarterly report under subsection (a) shall include with such report a statement of whether, during the period since the issuer made the last such report, the issuer or any affiliate of the issuer—

“(A) was designated under section 104 of the North Korea Sanctions Enforcement Act of 2013, or engaged in any of the activities described in section 104(a) of such Act; or

“(B) knowingly conducted any transaction or dealing with any person designated pursuant to subsection (a), (b), (c), or (d) of section 104 of the North Korea Sanctions Enforcement Act of 2013.

“(2) Specific disclosure required.—If an issuer reports under paragraph (1) that the issuer or an affiliate of the issuer has engaged in any activity described in that paragraph, the issuer shall include with the statement required under that paragraph a detailed description of each such activity, includ—


“(A) the nature and extent of the activity;

“(B) the revenues and profits, if any, attributable to the activity; and

“(C) whether the issuer or the affiliate of the issuer (as the case may be) intends to continue the activity.

“(3) INVESTIGATION OF DISCLOSURES.—When the Commission receives a report under paragraph (1) from an issuer that the issuer or an affiliate of the issuer has engaged in any activity described in that paragraph, the President shall—

“(A) initiate an investigation into the possible imposition of sanctions under the North Korea Sanctions Enforcement Act of 2013, the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), Executive Order 13224, Executive Order 13382, Executive Order 13551, Executive Order 13570, or any other provision of law; and

“(B) not later than 180 days after initiating such an investigation, make such determinations as are required by section 104 of the North Korea Sanctions Enforcement Act of 2013.”.
(b) **Effective Date.**—The amendment made by subsection (a) shall take effect with respect to reports required to be filed with the Securities and Exchange Commission after a date that is 90 days after the date of the enactment of this Act.

**SEC. 303. AUTHORITY OF STATE AND LOCAL GOVERNMENTS TO DIVEST FROM COMPANIES THAT INVEST IN NORTH KOREA.**

(a) **Sense of Congress.**—It is the sense of Congress that the United States should support the decision of any State or local government that for moral, prudential, or reputational reasons divests from, or prohibits the investment of assets of such State or local government in, a person that engages in investment activities in North Korea, if North Korea is subject to economic sanctions imposed by the United States.

(b) **Authority To Divest.**—Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (d) to divest the assets of such State or local government from, or prohibit investment of the assets of such State or local government in, any person that such State or local government determines, using credible information available to the public, engages in investment activities in North Korea described in subsection (c).
(c) **Investment Activities Described.**—A person engages in investment activities in North Korea described in this subsection if the person—

(1) has an investment of $10,000 or more in North Korea; or

(2) is a financial institution that extends $10,000 or more in credit to another person, for 45 days or more, if such person will use such credit for investment in North Korea.

(d) **Requirements.**—Any measure taken by a State or local government under subsection (b) shall meet the following requirements:

(1) **Notice.**—The State or local government shall provide written notice to each person with respect to which a measure under this section is to be applied.

(2) **Timing.**—The measure applied under this section shall apply to a person not earlier than the date that is 90 days after the date on which written notice is provided to such person under paragraph (1).

(3) **Opportunity for Hearing.**—The State or local government at issue shall provide an opportunity to comment in writing to each person with respect to which a measure is to be applied under this
section. If such person demonstrates to such State or local government that such person does not engage in investment activities in North Korea described in subsection (e), such measure shall not apply to such person.

(4) Sense of Congress on Avoiding Erroneous Targeting.—It is the sense of Congress that a State or local government should not adopt a measure under subsection (b) with respect to a person unless such State or local government has made every effort to avoid erroneously targeting such person and has verified that such person engages in investment activities in North Korea described in subsection (e).

(e) Notice to Department of Justice.—Not later than 30 days after a State of local government applies a measure under this section, such State or local government shall notify the Attorney General of such measure.

(f) Nonpreemption.—A measure applied by a State or local government authorized under subsection (b) or (i) is not preempted by any Federal law or regulation.

(g) Definitions.—In this section:

(1) Asset.—
(A) In general.—Except as provided in subparagraph (B), the term “asset” refers to public monies and includes any pension, retirement, annuity, or endowment fund, or similar instrument, that is controlled by a State or local government.

(B) Exception.—The term “asset” does not include employee benefit plans covered by title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(2) Investment.—The term “investment” includes—

(A) a commitment or contribution of funds or property;

(B) a loan or other extension of credit; and

(C) the entry into or renewal of a contract for goods or services.

(h) Effective Date.—

(1) In general.—Except as provided in paragraph (2) or subsection (i), this section applies to measures applied by a State or local government before, on, or after the date of the enactment of this Act.

(2) Notice requirements.—Except as provided in subsection (i), subsections (d) and (e) apply
to measures applied by a State or local government
on or after the date of the enactment of this Act.
(i) Authorization for Prior Applied Measures.—

(1) In General.—Notwithstanding any other
provision of this section or any other provision of
law, a State or local government may enforce a
measure (without regard to the requirements of sub-
section (d), except as provided in paragraph (2)) ap-
plied by such State or local government before the
date of the enactment of this Act that provides for
the divestment of assets of such State or local gov-
ernment from, or prohibits the investment of the as-
sets of such State or local government in, any per-
son that such State or local government determines,
using credible information available to the public,
engages in investment activities in North Korea (de-
termined without regard to subsection (e)) or other
business activities in North Korea that are identified
in such measure.

(2) Application of Notice Requirements.—A measure described in paragraph (1)
shall be subject to the requirements of paragraphs
(1) and (2) and the first sentence of paragraph (3)
of subsection (d) on and after the date that is two years after the date of the enactment of this Act.

(j) RULE OF CONSTRUCTION.—Nothing in this Act or any other provision of law authorizing sanctions with respect to North Korea shall be construed to abridge the authority of a State or local government to issue and enforce rules governing the safety, soundness, and solvency of a financial institution subject to its jurisdiction or the business of insurance pursuant to the Act of March 9, 1945 (15 U.S.C. 1011 et seq.) (commonly known as the “McCarran-Ferguson Act”).

SEC. 304. SAFE HARBOR FOR CHANGES OF INVESTMENT POLICIES BY ASSET MANAGERS.

(a) In General.—Section 13(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a–13(c)(1)) is amended—

(1) in subparagraph (A), by striking “or” at the end;

(2) in subparagraph (B), by striking the period and inserting “; or”; and

(3) by adding at the end the following:

“(C) engage in investment activities in North Korea described in section 303 of the North Korea Sanctions Enforcement Act of 2013.”.
(b) SECURITIES AND EXCHANGE COMMISSION REGULATIONS.—Not later than 120 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue any revisions the Commission determines to be necessary to the regulations requiring disclosure by each registered investment company that divests itself of securities in accordance with section 13(e) of the Investment Company Act of 1940 (15 U.S.C. 80a–13(e)), including divestments of securities in accordance with subparagraph (C) of such section, as added by subsection (a)(3).

SEC. 305. SENSE OF CONGRESS REGARDING CERTAIN ERISA PLAN INVESTMENTS.

It is the sense of Congress that a fiduciary of an employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(3)), may divest plan assets from, or avoid investing plan assets in, any person the fiduciary determines engages in investment activities in North Korea described in section 406 of this Act, without breaching the responsibilities, obligations, or duties imposed upon such fiduciary by subparagraph (A) or (B) of section 404(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1)), if—
(1) such fiduciary makes such determination using credible information that is available to the public; and

(2) such fiduciary prudently determines that the result of such divestment or avoidance of investment would not be expected to provide the employee benefit plan with—

(A) a lower rate of return than alternative investments with commensurate degrees of risk;

or

(B) a higher degree of risk than alternative investments with commensurate rates of return.

SEC. 306. REPORT ON NORTH KOREAN PRISON CAMPS.

(a) IN GENERAL.—The Secretary of State shall submit to the appropriate congressional committees a report describing, with respect to each political prison camp in North Korea—

(1) the camp’s estimated prisoner population;

(2) the camp’s geographical coordinates;

(3) the reasons for confinement of the prisoners;

(4) the camp’s primary industries and products, and the end users of any goods produced in such camp;
(5) the natural persons and agencies responsible for conditions in the camp;

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

(7) imagery, to include satellite imagery of each such camp, in a format that, if published, would not compromise the sources and methods used by the intelligence agencies of the United States to capture geospatial imagery.

(b) **Form.—** The report required under subsection (a) shall be included in the first report required to be submitted to Congress after the date of the enactment of this Act under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n(d) and 2304(b)) (relating to the annual human rights report).

**SEC. 307. LIMITS ON JURISDICTIONAL IMMUNITY.**

The exception to immunity provided in section 1605A of title 28, United States Code, applies to North Korea, to the same extent as any foreign state (as defined in section 1603 of such title), and (as provided in section 1605(c) of such title) to any official, employee, or agent of North Korea, without regard to whether or not North
Korea is designated as a state sponsor of terrorism, as defined in section 1605A(h) of such title.

**TITLE IV—GENERAL AUTHORITIES**

**SEC. 401. SUSPENSION OF SANCTIONS AND OTHER MEASURES.**

(1) IN GENERAL.—Any sanction or other measure required by title II or III of this Act (or any amendment made by title II or III of this Act) may be suspended for up to 365 days upon certification by the President to the appropriate congressional committees that the Government of North Korea has—

(A) verifiably ceased its counterfeiting of United States currency, including the surrender or destruction of specialized materials and equipment used for or particularly suitable for counterfeiting;

(B) taken significant steps toward financial transparency to comply with generally accepted protocols to cease and prevent the laundering of monetary instruments;

(C) taken significant steps toward verification of its compliance with United Na-
tions Security Council Resolutions 1695, 1718, 1874, 2087, and 2094;

(D) taken significant steps toward accounting for and repatriating the citizens of other countries abducted by the Government of North Korea;

(E) taken significant steps toward verification of its compliance with the Joint Statement of September 19, 2005;

(F) accepted and began to abide by internationally recognized standards for the distribution and monitoring of humanitarian aid;

(G) provided credible assurances that it will not support further acts of international terrorism; and

(H) taken significant and verified steps to improve living conditions in its political prison camps.

(2) Renewal of Suspension.—The suspension described in paragraph (1) may be renewed for an additional consecutive period of 365 days upon certification by the President to the appropriate congressional committees that the Government of North Korea—
(A) has continued to make significant progress toward compliance with the conditions described in paragraph (1) during the previous year; and

(B) meets 2 or more of the requirements described in paragraphs (1) through (6) of section 402.

SEC. 402. TERMINATION OF SANCTIONS AND OTHER MEASURES.

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

(1) completely, verifiably, and irreversibly dismantled all of its nuclear, chemical, biological, and radiological weapons programs, including all programs for the development of systems designed in whole or in part for the delivery of such weapons;

(2) released all political prisoners, including the citizens of North Korea detained in the North Korea’s political prison camps;
(3) ceased its censorship of peaceful political activity;

(4) has taken significant steps toward the establishment of an open, transparent, and representative society;

(5) has fully accounted for all citizens of all nations abducted by the Government of North Korea; and

(6) made public commitments to, and continues to make significant progress toward—

(A) establishing an independent judiciary;

and

(B) respecting the human rights and basic freedoms recognized in the Universal Declaration of Human Rights.

SEC. 403. NORTH KOREA ENFORCEMENT AND HUMANITARIAN FUND.

(a) Establishment.—There is established in the Treasury of the United States a fund to be known as the North Korea Enforcement and Humanitarian Fund (in this section referred to as the “Fund”).

(b) Deposits.—All revenues derived from any criminal, civil, or administrative forfeitures of property involved in any of the activities described in section 104(a), and all revenues derived from any agreement to defer prosecu-
tion for any such activities, and all revenues derived from
penalties assessed under section 206 of the International
Emergency Economic Powers Act (50 U.S.C. 1705) aris-
ing from violations of section 104(a) or the regulations
promulgated under section 104(f) or section 404, shall be
deposited into the Fund, and may be transferred and con-
solidated on the books of the Treasury into a special ac-
count for the purposes described in subsection (c).

(c) Uses.—There are authorized to be appropriated
from the Fund each fiscal year—

(1) such amounts as shall be necessary and ap-
propriate for the administration of the Fund; and

(2) without regard to fiscal year limitation,
amounts not exceeding—

(A) for salaries, benefits, and expenses for
persons assigned by the President to conduct
investigations and enforce sanctions as pre-
scribed in this Act, $5,000,000;

(B) for any of the purposes described in
section 524(c) of title 28, United States Code,
or section 9703 of title 31, United States Code,
with respect to investigations and enforcement
activities under title I or title II, $5,000,000;
(C) to carry out section 103 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7813), $3,000,000;

(D) to carry out section 104 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7814), $5,000,000;

(E) to carry out section 203 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7833), $5,000,000; and

(F) to carry out subsection (d) of section 104 of the North Korean Human Rights Act of 2004 (22 U.S.C. 7814) (as added by section 301 of this Act), $2,000,000.

(d) TRANSFER.—To prevent the accumulation of excessive surpluses in the Fund, in any fiscal year an amount specified in an annual appropriation law may be transferred out of the Fund and deposited, in equal proportions, into the funds established under section 9703 of title 31, United States Code, and under section 524(c) of title 28, United States Code.

(e) SUNSET.—The Fund established under this section shall cease to exist on September 30, 2023, and any unexpended funds remaining in the Fund after such date shall be transferred in accordance with subsection (d).
SEC. 404. REGULATIONS.

(a) IN GENERAL.—The President is authorized to promulgate such rules and regulations as may be necessary to carry out the provisions of this Act.

(b) RULE OF CONSTRUCTION.—Nothing in this Act or any amendment made by this Act shall be construed to limit the authority of the President to designate or sanction persons pursuant to Executive Order No. 13382, 13224, 13551, or otherwise pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

SEC. 405. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.
[Discussion Draft]

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1771
OFFERED BY MR. ROYCE OF CALIFORNIA

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the

3 “North Korea Sanctions Enforcement Act of 2014”.

4 (b) TABLE OF CONTENTS.—The table of contents for

5 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. 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.
TITLE III—PROMOTION OF HUMAN RIGHTS

Sec. 301. Information technology.
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.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The Government of North Korea has repeatedly violated its commitments to the complete, verifiable, irreversible dismantlement of its nuclear weapons programs, and has willfully violated multiple United Nations Security Council resolutions calling for it to cease its development, testing, and production of weapons of mass destruction.

(2) North Korea poses a grave risk for the proliferation of nuclear weapons and other weapons of mass destruction.

(3) The Government of North Korea has been implicated repeatedly in money laundering and illicit activities, including prohibited arms sales, narcotics trafficking, the counterfeiting of United States currency, and the counterfeiting of intellectual property of United States persons.
(4) The Government of North Korea has, both historically and recently, repeatedly sponsored acts of international terrorism, including attempts to assassinate defectors and human rights activists, repeated threats of violence against foreign persons, leaders, newspapers, and cities, and the shipment of weapons to terrorists.

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

(6) North Korea maintains a system of brutal political prison camps that contain as many as 200,000 men, women, and children, who live in atrocious living conditions with insufficient food, clothing, and medical care, and under constant fear of torture or arbitrary execution.


(8) North Korea has prioritized weapons programs and the procurement of luxury goods, in defi-
and in gross disregard of the needs of its people.

(9) Persons, including financial institutions,
who engage in transactions with, or provide financial
services to, the Government of North Korea and its
financial institutions without establishing sufficient
financial safeguards against North Korea’s use of
these transactions to promote proliferation, weapons
trafficking, human rights violations, illicit activity,
and the purchase of luxury goods, aid and abet
North Korea’s misuse of the international financial
system, and also violate the intent of relevant United

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

(11) The Congress seeks, through this legisla-
tion, to use nonmilitary means to address this crisis,
to provide diplomatic leverage to negotiate necessary
changes in North Korea’s conduct, and to ease the
suffering of the people of North Korea.
SEC. 3. DEFINITIONS.

In this Act:

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

(A) Executive Order 13382 (2005), 13466 (2008), 13551 (2010), or 13570 (2011), to the extent that such Executive order authorizes the imposition of sanctions on persons for conduct, or prohibits transactions or activities, involving the Government of North Korea; or

(B) any Executive order adopted on or after the date of the enactment of this Act, to the extent that such Executive order authorizes the imposition of sanctions on persons for conduct, or prohibits transactions or activities, involving the Government of North Korea.

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


(B) any United Nations Security Council resolution adopted on or after the date of the enactment of this Act, to the extent that such
resolution authorizes the imposition of sanctions on persons for conduct, or prohibits transactions or activities, involving the Government of North Korea.

(3) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(A) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and

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

(4) DESIGNATED PERSON.—The term “designated person” means a person designated under subsection (a) or (b) of section 104 for purposes of applying one or more of the sanctions described in title I or II of this Act with respect to the person.

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

(A) the Government of the Democratic People’s Republic of Korea or any political subdivision, agency, or instrumentality thereof; and
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(B) any person owned or controlled by, or acting for or on behalf of, the Government of the Democratic People’s Republic of Korea.

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

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

(8) MONETARY INSTRUMENT.—The term “monetary instrument” has the meaning given such term under section 5312 of title 31, United States Code.

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

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

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

(C) any financial institution, wherever located, owned or controlled by the Government of North Korea; and

(D) any financial institution, wherever located, owned or controlled by a financial institution described in subparagraph (A), (B), or (C).

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

(A) prepaid access devices, tangible or intangible prepaid access devices, or other instruments or devices for the storage or transmission of value, as defined in part 1010 of title 31, Code of Federal Regulations; and

(B) any covered goods, as defined in section 1027.100 of title 31, Code of Federal Regulations, and any instrument or tangible or intangible access device used for the storage and transmission of a representation of covered goods.

(11) PERSON.—The term “person” has the meaning given that term in section 510.306 of title 31, Code of Federal Regulations.
TITLE I—INVESTIGATIONS, PROHIBITED CONDUCT, AND PENALTIES

SEC. 101. STATEMENT OF POLICY.

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

(1) to encourage all states to fully and promptly implement United Nations Security Council Resolution 2094 (2013);

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

(3) to authorize the President to sanction persons who fail to exercise due diligence to ensure that such financial institutions and jurisdictions do not facilitate proliferation, arms trafficking, kleptocracy, and imports of luxury goods by the Government of North Korea;

(4) to deny the Government of North Korea access to the funds it uses to obtain nuclear weapons, ballistic missiles, and luxury goods instead of providing for the needs of its people; and
(5) to enforce sanctions in a manner that avoids any adverse humanitarian impact on the people of North Korea.

SEC. 102. INVESTIGATIONS.

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

SEC. 103. BRIEFING TO CONGRESS.

Not later than 180 days after the date of the enactment of this Act, and periodically thereafter, the President shall provide to the appropriate congressional committees a briefing on efforts to implement this Act, to include the following, to the extent the information is available:


(2) A list of the persons designated under subsections (a) and (b) of section 104.

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

(4) A summary of any diplomatic efforts made in accordance with section 202(b) and of the progress realized from such efforts, including efforts to encourage the European Union and other states
and jurisdictions to sanction and block the assets of
the Foreign Trade Bank of North Korea and
Daedong Credit Bank.

SEC. 104. PROHIBITED CONDUCT AND MANDATORY AND
DISCRETIONARY DESIGNATION AND SANCTIONS AUTHORITIES.

(a) Prohibited Conduct and Mandatory Designation and Sanctions Authority.—

(1) Conduct described.—Except as provided
in section 207 the President shall designate under
this subsection any person the President determines
to—

(A) have knowingly engaged in significant
activities or transactions with the Government
of North Korea that have materially contrib-
uted to the proliferation of weapons of mass de-
struction or their means of delivery (including
missiles capable of delivering such weapons), in-
cluding any efforts to manufacture, acquire,
possess, develop, transport, transfer or use such
items, by any person or foreign country;

(B) have knowingly imported, exported, or
reexported to, into, or from North Korea any
arms or related materiel, whether directly or in-
directly;
(C) have knowingly provided significant
training, advice, or other services or assistance,
or engaged in transactions, related to the man-
ufacture, maintenance, or use of any arms or
related materiel to be imported, exported, or re-
exported to, into, or from North Korea, or fol-
lowing their importation, exportation, or re-
exportation to, into, or from North Korea,
whether directly or indirectly;

(D) have knowingly, directly or indirectly,
imported, exported, or reexported significant
luxury goods to or into North Korea;

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

(F) have knowingly engaged in or been re-
sponsible for serious human rights abuses by
the Government of North Korea, including tor-
ture or cruel, inhuman, or degrading treatment
or punishment, prolonged detention without
charges and trial, causing the disappearance of persons by the abduction and clandestine detention of those persons, and other denial of the right to life, liberty, or the security of a person;

(G) have knowingly, directly or indirectly, engaged in significant acts of money laundering, the counterfeiting of goods or currency, bulk cash smuggling, narcotics trafficking, or other illicit activity that involves or supports the Government of North Korea or any senior official thereof, whether directly or indirectly; or

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

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

(A) shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1705 et seq.) without regard to section 202 of such Act to block all property and interests in property of any person designated under this subsection that are in the United States, that hereafter come within the United States, or that are or hereafter come within the
possession or control of any United States person, including any overseas branch; and 

(B) may apply any of the sanctions described in section 204.

(3) PENALTIES.—The penalties provided for in section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person who violates, attempts to violate, conspires to violate, or causes a violation of any prohibition of this subsection, or of an order or regulation prescribed under this Act, to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act (50 U.S.C. 1705(a)).

(b) DISCRETIONARY DESIGNATION AND SANCTIONS AUTHORITY.—

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

(A) have knowingly engaged in, contributed to, assisted, sponsored, or provided financial, material or technological support for, or goods and services in support of, any violation
of, or evasion of, an applicable United Nations Security Council resolution;

(B) have knowingly facilitated the transfer of any funds, financial assets, or economic resources of, or property or interests in property of a person designated under an applicable Executive order, or by the United Nations Security Council pursuant to an applicable United Nations Security Council resolution;

(C) have knowingly facilitated the transfer of any funds, financial assets, or economic resources, or any property or interests in property derived from, involved in, or that has materially contributed to conduct prohibited by an applicable United Nations Security Council resolution;

(D) have knowingly facilitated any transaction that contributes materially to a violation of an applicable United Nations Security Council resolution;

(E) have knowingly facilitated any transactions in cash or monetary instruments or other stores of value, including through cash couriers transiting to or from North Korea, used to facilitate any conduct prohibited by an
applicable United Nations Security Council res-
olution;

(F) have knowingly contributed to the
bribery of an official of the Government of
North Korea, the misappropriation, theft, or
embezzlement of public funds by, or for the
benefit of, an official of the Government of
North Korea, or the use of any proceeds of any
such conduct; or

(G) have knowingly and materially as-
sisted, sponsored, or provided financial, mate-
rial, or technological support for, or goods or
services to or in support of, the conduct de-
scribed in subparagraphs (A) through (F) of
this paragraph or the conduct described in sub-
paragraphs (A) through (G) of subsection
(a)(1).

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

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

(B) may apply any of the special measures
described in section 5318A of title 31, United
States Code;
(C) may prohibit any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which such person has any interest;

(D) may prohibit any transfers of credit or payments between financial institutions or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of the person; and

(E) may exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1705 et seq.) without regard to section 202 of such Act to block any property and interests in property of the person that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person, including any overseas branch.

(e) Blocking of All Property and Interests in Property of the Government of North Korea.—The President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1705 et seq.) without regard to section 202 of such Act to block all property and interests in property of the
Government of North Korea that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person, including any overseas branch.

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

(e) TRANSACTION LICENSING.—The President shall deny or revoke any license for any transaction that, in the determination of the President, lacks sufficient financial controls to ensure that such transaction will not facilitate any of the conduct described in subsection (a) or subsection (b).

SEC. 105. FORFEITURE OF PROPERTY.

(a) AMENDMENT TO PROPERTY SUBJECT TO FORFEITURE.—Section 981(a)(1) of title 18, United States Code, is amended by adding at the end the following new subparagraph:

"(I) Any property, real or personal, that is involved in a violation or attempted violation, or which constitutes or is derived from proceeds traceable to
(b) Amendment to Definition of Civil Forfeiture Statute.—Section 983(i)(2)(D) of title 18, United States Code, is amended—

(1) by striking “or the International Emergency Economic Powers Act” and inserting “; the International Emergency Economic Powers Act”; and

(2) by adding at the end before the semicolon the following: “; or the North Korea Sanctions Enforcement Act of 2014”.

(c) Amendment to Definition of Specified Unlawful Activity.—Section 1956(c)(7)(D) of title 18, United States Code, is amended—

(1) by striking “or section 92 of the Atomic Energy Act of 1954” and inserting “section 92 of the Atomic Energy Act of 1954”; and

(2) by adding at the end the following: “; or section 104(a) of the North Korea Sanctions Enforcement Act of 2014”.

a violation, of section 104(a) of the North Korea Sanctions Enforcement Act of 2014.”.
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.

(a) Findings.—Congress makes the following findings:

(1) The Undersecretary of the Treasury for Terrorism and Financial Intelligence, who is responsible for safeguarding the financial system against illicit use, money laundering, terrorist financing, and the proliferation of weapons of mass destruction, has repeatedly expressed concern about North Korea’s misuse of the international financial system as follows:

(A) In 2006, the Undersecretary stated that, given North Korea’s “counterfeiting of U.S. currency, narcotics trafficking and use of accounts worldwide to conduct proliferation-related transactions, the line between illicit and licit North Korean money is nearly invisible” and urged financial institutions worldwide to
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“think carefully about the risks of doing any
North Korea-related business.”.

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

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

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

(A) expressed concern at deficiencies in
North Korea’s regimes to combat money laun-
dering and terrorist financing;
(B) urged North Korea to adopt a plan of action to address significant deficiencies in these regimes and the serious threat they pose to the integrity of the international financial system;

(C) urged all jurisdictions to apply countermeasures to protect the international financial system from ongoing and substantial money laundering and terrorist financing risks emanating from North Korea;

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

(E) called on all jurisdictions to protect against correspondent relationships being used to bypass or evade countermeasures and risk mitigation practices, and take into account money laundering and terrorist financing risks when considering requests by North Korean financial institutions to open branches and subsidiaries in their jurisdiction.
(3) On March 7, 2013, the United Nations Security Council unanimously adopted Resolution 2094, which—

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

(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

(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.
(b) SENSE OF CONGRESS REGARDING THE DESIGNATION OF NORTH KOREA AS A JURISDICTION OF PRIMARY MONEY LAUNDERING CONCERN.—Congress—

(1) acknowledges the efforts of the United Nations Security Council to impose limitations on, and require enhanced monitoring of, transactions involving North Korean financial institutions that could contribute to sanctioned activities;

(2) urges the President, in the strongest terms, to consider immediately designating North Korea as a jurisdiction of primary money laundering concern, and to adopt stringent special measures to safeguard the financial system against the risks posed by North Korea’s willful evasion of sanctions and its illicit activities; and

(3) urges the President to seek the prompt implementation by other states of enhanced monitoring and due diligence to prevent North Korea’s misuse of the international financial system, including by sharing information about activities, transactions, and property that could contribute to activities sanctioned by applicable United Nations Security Council resolutions, or to the evasion of sanctions.

c) DETERMINATIONS REGARDING NORTH KOREA.—
(1) IN GENERAL.—The Secretary of the Treasury shall, not later than 180 days after the date of the enactment of this Act, determine, in consultation with the Secretary of State and Attorney General, and in accordance with section 5318A of title 31, United States Code, whether reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern.

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

(3) REPORT REQUIRED.—

(A) IN GENERAL.—The Secretary of the Treasury shall, not later than 180 days after the enactment of this Act, and for each of the 3 calendar years thereafter, submit to the ap-
propriate congressional committees a report on
the determination made under subsection (c)(1)
together with the reasons for that determina-
tion.

(B) FORM.—A report or copy of any re-
port submitted under this paragraph shall be
submitted in unclassified form but may contain
a classified annex.

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

(a) FINDINGS.—Congress finds that—

(1) all states and jurisdictions are obligated to
implement and enforce applicable United Nations
Security Council resolutions fully and promptly, in-
cluding by—

(A) blocking the property of, and ensuring
that any property is prevented from being made
available to, persons designated by the Security
Council under applicable United Nations Secu-

ity Council resolutions;

(B) blocking any property associated with
an activity prohibited by applicable United Na-
tions Security Council resolutions; and
(C) preventing any transfer of property and any provision of financial services that could contribute to an activity prohibited by applicable United Nations Security Council resolutions, or to the evasion of sanctions under such resolutions;

(2) all states and jurisdictions share a common interest in protecting the international financial system from the risks of money laundering and illicit transactions emanating from North Korea;

(3) the United States Dollar and the Euro are the world’s principal reserve currencies, and the United States and the European Union are primarily responsible for the protection of the international financial system from these risks;

(4) the cooperation of the People’s Republic of China, as North Korea’s principal trading partner, is essential to the enforcement of applicable United Nations Security Council resolutions and to the protection of the international financial system;

(5) the report of the Panel of Experts established pursuant to United Nations Security Council Resolution 1874, dated June 11, 2013, expressed concern about the ability of banks in states with less effective regulators and those unable to afford effec-
tive compliance to detect and prevent illicit transfers involving North Korea;

(6) North Korea has historically exploited inconsistencies between jurisdictions in the interpretation and enforcement of financial regulations and applicable United Nations Security Council resolutions to circumvent sanctions and launder the proceeds of illicit activities;

(7) Anrooggang Development Bank, Bank of East Land, and Tancheon Commercial Bank have been designated by the Secretary of the Treasury, the United Nations Security Council, and the European Union;

(8) Korea Daejong Bank and Korea Kwangso Banking Corporation have been designated by the Secretary of the Treasury and the European Union;

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

(10) Daedong Credit Bank has been designated by the Secretary of the Treasury for activities prohibited by applicable United Nations Security Council resolutions, including the use of deceptive finan-
cial practices to facilitate transactions on behalf of
persons linked to North Korea’s proliferation net-
work.

(b) SENSE OF CONGRESS.—It is the sense of Con-
gress that the President should intensify diplomatic ef-
forts, both in appropriate international fora such as the
United Nations and bilaterally, to develop and implement
a coordinated, consistent, multilateral strategy for pro-
tecting the global financial system against risks emanating
from North Korea, including—

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

(2) the cessation of any financial services to
persons, including financial institutions, that present
unacceptable risks of facilitating money laundering
and illicit activity by the Government of North
Korea;

(3) the blocking by all states and jurisdictions,
in accordance with the legal process of the state or
jurisdiction in which the property is held, of any
property required to be blocked under applicable
United Nations Security Council resolutions; and

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

SEC. 203. PROLIFERATION PREVENTION SANCTIONS.

(a) EXPORT OF CERTAIN GOODS OR TECHNOLOGY.—

(1) IN GENERAL.—Subject to section 207(a)(2)(C) of this Act, a license shall be required for the export to North Korea of any goods or technology subject to the Export Administration Regulations (part 730 of title 15, Code of Federal Regulations) without regard to whether the Secretary of State has designated North Korea as a country the government of which has provided support for acts of international terrorism, as determined by the Secretary of State under section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2015), as continued in effect under the International Emergency Economic Powers Act.

(2) PRESUMPTION OF DENIAL.—A license for the export to North Korea of any goods or technology as described in subsection (a) shall be subject to a presumption of denial.

(b) TRANSACTIONS WITH COUNTRIES SUPPORTING ACTS OF INTERNATIONAL TERRORISM.—The prohibitions and restrictions described in section 40 of the Arms Export Control Act (22 U.S.C. 2780), as well as other provi-
sions in that Act, shall also apply to exporting or otherwise
providing (by sale, lease or loan, grant, or other means),
directly or indirectly, any munitions item to the Govern-
ment of North Korea without regard to whether or not
North Korea is a country with respect to which subsection
(d) of such section (relating to designation of state spon-
sors of terrorism) applies.

(c) Transactions in Lethal Military Equip-
ment.—

(1) In General.—The President shall withhold
assistance under the Foreign Assistance Act of 1961
(22 U.S.C. 2151 et seq.) to any country that pro-
vides lethal military equipment to, or receives lethal
military equipment from, the Government of North
Korea.

(2) Applicability.—The prohibition under
this subsection with respect to a foreign government
shall terminate on the date that is 1 year after the
date on which such foreign government ceases to
provide lethal military equipment to the Government
of North Korea.

(3) Waiver.—The President may waive the
prohibition under this subsection with respect to a
country if the President determines that it is in the
national interest of the United States to do so.
SEC. 204. PROCUREMENT SANCTIONS.

(a) IN GENERAL.—Except as provided in this section, the United States Government may not procure, or enter into any contract for the procurement of, any goods or services from any designated person.

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

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

1. Termination of contracts.—Except as provided in paragraph (2), the head of an executive agency shall terminate a contract with a person who has provided a false certification under subsection (b).

2. Waiver.—The head of an executive agency may waive the requirement under paragraph (1) with respect to a person based upon a written finding of urgent and compelling circumstances signifi-
cantly affecting the interests of the United States. If the head of an executive agency waives the require-
ment under paragraph (1) for a person, the head of
the agency shall submit to the appropriate congres-
sional committees, within 30 days after the waiver is
made, a report containing the rationale for the waiv-
er and relevant information supporting the waiver
decision.

(3) INITIATION OF SUSPENSION AND DEBAR-
MENT PROCEEDING.—The head of an executive
agency shall initiate a suspension and debarment
proceeding against a person who has provided a
false certification under subsection (b). Upon deter-
mination of suspension, debarment, or proposed de-
barment, the agency shall ensure that such person
is entered into the Government-wide database con-
taining the list of all excluded parties ineligible for
Federal programs pursuant to Executive Order
12549 (31 U.S.C. 6101 note; relating to debarment
and suspension) and Executive Order 12689 (31
U.S.C. 6101 note; relating to debarment and sus-
pension).

(d) CLARIFICATION REGARDING CERTAIN PRO-
DUCTS.—The remedies specified in subsections (a) through
(c) shall not apply with respect to the procurement of eli-
14 (a) Briefing Required.—Not later than 180 days after
15 the date of the enactment of this Act, and every 180
days thereafter, the President, acting through the Sec-
17 retary of Homeland Security, shall provide to the ap-
18 propriate congressional committees, the Committee on Home-
19 land Security of the House of Representatives, and the
20 Committee on Homeland Security and Governmental Af-
21 fairs of the Senate, a briefing identifying foreign sea ports
22 and airports whose inspections of ships, aircraft, and con-
23 veyances originating in North Korea, carrying North Ko-
24 rean property, or operated by the Government of North
Korea are deficient to effectively prevent the facilitation of any of the activities described in section 104(a).

(b) ENHANCED SECURITY TARGETING REQUIREMENTS.—Not later than 180 days after the identification of any sea port or airport pursuant to subsection (a), the Secretary of Homeland Security shall promulgate regulations imposing enhanced physical inspection requirements, as identified by the Automated Targeting System operated by the National Targeting Center in U.S. Customs and Border Protection, on any cargo landed in the United States that has been transported through such sea port or airport.

(c) SEIZURE AND FORFEITURE.—A vessel, aircraft, or conveyance used to facilitate any of the activities described in section 104(a) that comes within the jurisdiction of the United States may be seized and forfeited under chapter 46 of title 18, United States Code, or under the Tariff Act of 1930 and the proceeds of any such forfeiture shall be available for the purposes described in section 403.

SEC. 206. TRAVEL SANCTIONS.

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

(1) VISAS, ADMISSION, OR PAROLE.—An alien who the Secretary of State or the Secretary of
Homeland Security (or a designee of one of such Secre-
taries) knows, or has reasonable grounds to be-
lieve, is described in subsection (a)(1) or (b)(1) of
section 104 is—

(A) inadmissible to the United States;

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

(C) otherwise ineligible to be admitted or
paroled into the United States or to receive any
other benefit under the Immigration and Na-
tionality Act (8 U.S.C. 1101 et seq.).

(2) CURRENT VISAS REVOKED.—

(A) IN GENERAL.—The issuing consular
officer, the Secretary of State, or the Secretary
of Homeland Security (or a designee of one of
such Secretaries) shall revoke any visa or other
entry documentation issued to an alien who is
described in subsection (a)(1) or (b)(1) of sec-
tion 104 regardless of when issued.

(B) EFFECT OF REVOCATION.—A revoca-
tion under subparagraph (A)—

(i) shall take effect immediately; and

(ii) shall automatically cancel any
other valid visa or entry documentation
that is in the alien’s possession.
(b) Exception to Comply With United Nations Headquarters Agreement.—Sanctions under subsection (a)(1)(B) shall not apply to an alien if admitting the alien into the United States is necessary to permit the United States to comply with the Agreement regarding the Headquarters of the United Nations, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, between the United Nations and the United States, or other applicable international obligations.

SEC. 207. EXEMPTIONS, WAIVERS, AND REMOVALS OF DESIGNATION.

(a) Exemptions.—

(1) Mandatory exemptions.—The following activities shall be exempt from sanctions under section 104:

(A) Activities subject to the reporting requirements of title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.), or to any authorized intelligence activities of the United States.

(B) Any transaction necessary to comply with United States obligations under the Agreement between the United Nations and the United States of America regarding the Headquarters of the United Nations, signed June
26, 1947, and entered into force on November
21, 1947, or under the Vienna Convention on
Consular Relations, signed April 24, 1963, and
d enters into force on March 19, 1967, or under
other international agreements.

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

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

(B) Any financial transaction the exclusive
purpose for which is to import food products
into North Korea, if such food items are not de-
 fined as luxury goods.

(C) Any transaction the exclusive purpose
for which is to import agricultural products,
medicine, or medical devices into North Korea,
provided that such supplies or equipment are
classified as designated "EAR 99" under the
Export Administration Regulations (part 730 of
title 15, Code of Federal Regulations) and not
controlled under—

(i) the Export Administration Act of
1979 (50 U.S.C. App. 2401 et seq.), as
continued in effect under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.);

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

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

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

(b) WAIVER.—The President may waive, on a case-by-case basis, the imposition of sanctions for a period of not more than one year, and may renew that waiver for additional periods of not more than one year, any sanction or other measure under section 104, 204, 205, 206, or 303 if the President submits to the appropriate congressional committees a written determination that the waiver meets one or more of the following requirements:

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

(2) The waiver will further the enforcement of this Act or is for an important law enforcement pur-
(3) The waiver is for an important humanitarian purpose, including any of the purposes described in section 4 of the North Korean Human Rights Act of 2004 (22 U.S.C. 7802).

c) REMOVALS OF SANCTIONS.—The President may prescribe rules and regulations for the removal of sanctions on a person that is designated under subsection (a) or (b) of section 104 and the removal of designations of a person with respect to such sanctions if the President determines that the designated person has verifiably ceased its participation in any of the conduct described in subsection (a) or (b) of section 104, as the case may be, and has given assurances that it will abide by the requirements of this Act.

d) FINANCIAL SERVICES FOR HUMANITARIAN AND CONSULAR ACTIVITIES.—The President may promulgate regulations, rules, and policies as may be necessary to facilitate the provision of financial services by a foreign financial institution that is not controlled by the Government of North Korea in support of the activities subject to exemption under this section.
TITLE III—PROMOTION OF
HUMAN RIGHTS

SEC. 301. INFORMATION TECHNOLOGY.
Section 104 of the North Korean Human Rights Act of 2004 (22 U.S.C. 7814) is amended by inserting after subsection (e) the following new subsection:
“(d) INFORMATION TECHNOLOGY STUDY.—Not later than 180 days after the date of the enactment of this subsection, the President shall submit to the appropriate congressional committees a classified report setting forth a detailed plan for making unrestricted, unmonitored, and inexpensive electronic mass communications available to the people of North Korea.”.

SEC. 302. REPORT ON NORTH KOREAN PRISON CAMPS.
(a) IN GENERAL.—The Secretary of State shall submit to the appropriate congressional committees a report describing, with respect to each political prison camp in North Korea to the extent information is available—
(1) the camp’s estimated prisoner population;
(2) the camp’s geographical coordinates;
(3) the reasons for confinement of the prisoners;
(4) the camp’s primary industries and products, and the end users of any goods produced in such camp;
(5) the natural persons and agencies responsible for conditions in the camp;

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

(7) imagery, to include satellite imagery of each such camp, in a format that, if published, would not compromise the sources and methods used by the intelligence agencies of the United States to capture geospatial imagery.

(b) FORM.—The report required under subsection (a) may be included in the first report required to be submitted to Congress after the date of the enactment of this Act under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n(d) and 2304(b)) (relating to the annual human rights report).

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

(a) IN GENERAL.—The Secretary of State shall submit to the appropriate congressional committees a report that contains an identification of each person the Secretary determines to be responsible for serious human rights abuses or censorship in North Korea and a descr
tion of such abuses or censorship engaged in by such person.

(b) CONSIDERATION.—In preparing the report required under subsection (a), the Secretary of State shall give due consideration to the findings of the United Nations Commission of Inquiry on Human Rights in North Korea, and shall make specific findings with respect to the responsibility of Kim Jong Un, and of each natural person who is a member of the National Defense Commission of North Korea, for serious human rights abuses and censorship.

(c) DESIGNATION OF PERSONS.—The President shall designate under section 104(a) any person listed in the report required under subsection (a) as responsible for serious human rights abuses or censorship in North Korea.

(d) SUBMISSION AND FORM.—

(1) SUBMISSION.—The report required under subsection (a) shall be submitted not later than 90 days after the date of the enactment of this Act, and every 180 days thereafter for a period not to exceed 3 years, shall be included in each report required under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n(d) and 2304(b)) (relating to the annual human rights report).
(2) FORM.—The report required under subsection (a) shall be submitted in unclassified form, but may include a classified annex. The Secretary of State shall also publish the unclassified part of the report on the Department of State’s website.

TITLE IV—GENERAL AUTHORITIES

SEC. 401. SUSPENSION OF SANCTIONS AND OTHER MEASURES.

(a) IN GENERAL.—Any sanction or other measure required by title I, II, or III of this Act (or any amendment made by title I, II, or III of this Act) may be suspended for up to 365 days upon certification by the President to the appropriate congressional committees that the Government of North Korea has—

(1) verifiably ceased its counterfeiting of United States currency, including the surrender or destruction of specialized materials and equipment used for or particularly suitable for counterfeiting;

(2) taken significant steps toward financial transparency to comply with generally accepted protocols to cease and prevent the laundering of monetary instruments;

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

(4) taken significant steps toward accounting for and repatriating the citizens of other countries abducted or unlawfully held captive by the Government of North Korea or detained in violation of the 1953 Armistice Agreement;

(5) accepted and begun to abide by internationally recognized standards for the distribution and monitoring of humanitarian aid;

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

(7) taken significant and verified steps to improve living conditions in its political prison camps.

(b) RENEWAL OF SUSPENSION.—The suspension described in subsection (a) may be renewed for additional consecutive periods of 365 days upon certification by the President to the appropriate congressional committees that the Government of North Korea has continued to comply with the conditions described in subsection (a) during the previous year.

SEC. 402. TERMINATION OF SANCTIONS AND OTHER MEASURES.

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

(1) completely, verifiably, and irreversibly dis-
mantled all of its nuclear, chemical, biological, and
radiological weapons programs, including all pro-
grams for the development of systems designed in
whole or in part for the delivery of such weapons;

(2) released all political prisoners, including the
citizens of North Korea detained in North Korea’s
political prison camps;

(3) ceased its censorhip of peaceful political
activity;

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

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

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

SEC. 403. REGULATIONS.

(a) IN GENERAL.—The President is authorized to promulgate such rules and regulations as may be necessary to carry out the provisions of this Act (which may include regulatory exceptions), including under section 205 of the International Emergency Economic Powers Act (50 U.S.C. 1704).

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

SEC. 404. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.
AMENDMENT TO H.R. 1771
OFFERED BY MR. CASTRO OF TEXAS

At the appropriate place, insert the following:

SEC. ___. SENSE OF CONGRESS ON ENFORCEMENT OF SANCTIONS ON NORTH KOREA.

(a) FINDINGS.—Congress finds the following:

(1) On March 6, 2014, pursuant to United Nations Security Council Resolution 1874, a Panel of Experts issued a report assessing the enforcement of existing sanctions on North Korea. The Panel reported that North Korea continues to “trade in arms and related materiel in violation of the resolutions” and that “there is no question that it is one of the country’s most profitable revenue sources”.

(2) The Panel of Experts found that North Korea “presents a stiff challenge to Member States” through “multiple and tiered circumvention techniques” and “is experienced in actions it takes to evade sanctions”.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the United States should work to increase the capacity of responsible nations to implement United Nations Security Council Resolutions 1695, 1718, 1874,
2087, and 2094, including to strengthen the capacity of responsible nations to monitor and interdict shipments to and from North Korea that contribute to prohibited activities under such Resolutions.
AMENDMENT
offered by MR. CONNOLLY of VIRGINIA to the
AMENDMENT in the NATURE of a SUBSTITUTE to H.R. 1771 offered by MR. ROYCE of CALIFORNIA

Page 45, line 12, strike “and” at the end.

Page 45, line 14, strike the period at the end and insert “; and”.

Page 45, beginning line 15, insert the following:

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.
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113th Congress
2d Session

H. R. 4449

To amend the Trafficking Victims Protection Act of 2000 to expand the
training for Federal Government personnel related to trafficking in per-
sons, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

April 10, 2014

Mr. Sean Patrick Maloney of New York introduced the following bill;
which was referred to the Committee on Foreign Affairs.

A BILL

To amend the Trafficking Victims Protection Act of 2000
to expand the training for Federal Government personnel
related to trafficking in persons, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Human Trafficking
Prevention Act”.

SEC. 2. EXPANDED TRAINING RELATING TO TRAFFICKING
IN PERSONS.

Section 105(c)(4) of the Trafficking Victims Protec-
tion Act of 2000 (22 U.S.C. 7105(c)(4)) is amended—
(1) by inserting "
Service (as such term is defined in section 103 of
the Foreign Service Act of 1980 (22 U.S.C. 3903))"
after "Department of State"; and
(2) by adding at the end the following: "Training
under this paragraph shall include, at a mini-
imum, the following:

"(A) A distance learning course on traf-
ficking-in-persons issues and the Department of
State's obligations under this Act, targeted for
embassy reporting officers, regional bureaus'
trafficking-in-persons coordinators, and their
superiors.

"(B) Specific trafficking-in-persons brief-
ings for all ambassadors and deputy chiefs of
mission before such individuals depart for their
posts.

"(C) At least annual reminders to all such
personnel, including appropriate personnel from
other Federal departments and agencies, at
each diplomatic or consular post of the Depart-
ment of State located outside the United States
of key problems, threats, methods, and warning
signs of trafficking in persons specific to the
country or jurisdiction in which each such post
is located, and appropriate procedures to report information that any such personnel may acquire about possible cases of trafficking in persons.”.
H. RES.

Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

IN THE HOUSE OF REPRESENTATIVES

Mr. GRAYSON submitted the following resolution; which was referred to the Committee on

RESOLUTION

Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

Whereas on April 5, 2014, the Government of Afghanistan held the first round of the presidential election in which voter participation was 60 percent;

Whereas on May 15, 2014, Afghanistan’s Independent Election Commission (IEC) certified the results, and an-
nounced that a run-off election would be held on June 14, 2014, because no candidate received more than 50 percent of the votes;

Whereas on May 14, 2014, the IEC invalidated votes from 331 polling stations and removed them from the final tabulation, based on Electoral Complaints Commission (ECC) decisions;

Whereas there have been widespread reports of voter and election monitor intimidation, including the killing of members of the National Democratic Institute (NDI) during an attack at the Serena Hotel in Kabul on March 20, 2014, as well as attempts to bribe members of the IEC, the ECC, and other election monitoring organizations;

Whereas investigations by the ECC, and its coordination with the IEC, have not been conducted in a transparent manner;

Whereas 17 members of the Afghanistan National Security Forces (ANSF) were killed while supporting the April 5, 2014, elections;

Whereas United States and coalition armed forces have greatly contributed to the stability and security of Afghanistan at a considerable personal sacrifice; and

Whereas the United States has contributed more than $200,000,000 toward the 2014 Afghan presidential election: Now, therefore, be it

Resolved, That the House of Representatives—

1 (1) commends the Government of Afghanistan

2 for holding a successful first round of the presi-

3 dential election and expresses strong support for a

4
credible, inclusive, and transparent second round on
June 14, 2014;
(2) supports the mandate of Afghan electoral
bodies such as the Independent Election Commission
(IEC) and the Electoral Complaints Commission
(ECC) to administer, adjudicate, and manage polls,
as well as oversee logistical and technical prepara-
tions in a transparent, fair, and credible manner to
prevent fraud and misconduct;
(3) encourages the Government of Afghanistan
to implement measures that will increase voter par-
ticipation, particularly among the Afghan female
population;
(4) recognizes the determination of the Afghan
people to exercise their right to vote and determine
their country’s destiny;
(5) urges the Government of Afghanistan to
take steps to assure that fraudulent electoral activi-
ties do not take place during the runoff;
(6) urges the IEC to adopt measures to better
mitigate fraud, improve electoral transparency of the
polling and counting process, and communicate these
measures clearly and consistently to the people of
Afghanistan;
(7) urges close and continuing communication between the IEC and the Afghanistan National Security Forces (ANSF) to identify and provide security for vulnerable areas of the country during the election period;

(8) encourages all elements of Afghan society to refrain from fomenting violence and other disturbances in voting areas;

(9) urges the ANSF to make every necessary effort to ensure the safety of voters, candidates, poll workers, and election observers;

(10) expresses its support for the full participation of Afghan civil society in the election process;

(11) recognizes that a democratically-elected government that reflects the will of the Afghan people would promote the long-term prosperity, stability, and security interests of Afghanistan and its neighbors, its partners in the North Atlantic Treaty Organization International Security Assistance Force, and the United States; and

(12) recognizes the sacrifices of United States and coalition armed forces that have contributed, and will continue to contribute, to the security and stability of Afghanistan.
Chairman ROYCE. So without objection all members may have 5 days to submit statements for the record and any extraneous materials on today's items. And after opening remarks by myself and by the ranking member, Eliot Engel, I will be glad to recognize any member seeking recognition to speak on the en bloc items.

So, beginning with our legislation on North Korea. That country remains one of the greatest threats due to the fact that they are developing weapons, and given the attitude of Kim Jong-un, one of the greatest threats not just to the United States but to our allies in Northeast Asia. The dictators of North Korea have repeatedly defied the international community's efforts to dismantle the nuclear program there.

For years, North Korea has repeatedly dangled the promise of nuclear disarmament and dismantlement of their program in order to get existing sanctions eased. It has been 6 years since North Korea walked away from the negotiating table. The only thing that has changed since 2008 is that North Korea is closer to miniaturizing a nuclear warhead. Our North Korea policy, frankly, has been a bipartisan failure. Last year when we held a hearing on North Korea, it had just completed its third nuclear test and it had successfully launched a three-stage intercontinental ballistic missile. Today, reports show that North Korea may soon conduct a fourth nuclear test. The administration says that its North Korea policy remains one of strategic patience.

It is now time for Congress to lead by providing a clear legislative framework for sanctions to deprive Kim Jong-un of his ability to build nuclear weapons and to deprive him of his ability to repress and abuse the North Korean people. The North Korea Sanctions Enforcement Act seeks to apply the same type of pressure that the Treasury Department successfully applied in 2005 when it targeted a small bank in Macau that was complicit in Pyongyang's counterfeiting. This was the bank of Delta Asia. This impact sent a ripple throughout the international financial system. If you will recall, 10 other banks complied once Banco Delta Asia was named, and as a consequence hard currency was cut off from North Korea. It seriously crimped the financing there. It stopped the ability for them to continue their build-up on their missile program. It made it impossible for the dictator there to pay his generals, which is never a good position for a dictator to be in. So this was one of the most effective steps we have taken against North Korea. It lasted in place, as I recall, about 8 months until the State Department brought significant pressure on Treasury, and this was under the Bush administration. State was interested in getting them lifted in the hopes that that would then get North Korea to the table, of course those negotiations proved to be fruitless. And we lost the ability at that time for the one thing that had held in check, the ability of the regime to continue on its program.

This legislation we have with us today enables our Government to go after Kim Jong-un's illicit activities just like we went after organized crime in our own country. And it does so by interdicting shipments and disrupting the flow of money. And these sanctions target North Korea's money laundering. Just as in '05 it was a case of them counterfeiting $100 bills that got us to the point where sanctions were put in place, they are involved in money laundering,
they are involved in counterfeiting. Of course they are involved in illicit smuggling and narcotics trafficking, for those who have watched the way in which the regime gets the lion’s share of its hard currency. And there is a focus on North Korea’s deplorable human rights violations in this legislation by targeting those officials responsible specifically for torture, for the gulags, for the extrajudicial killings that are sadly a fact of life in North Korea today. So this bipartisan piece of legislation has over 135 co-sponsors. It has garnered the support of humanitarian groups worldwide. And humanitarian aid is in no way affected, I should note for the members here.

Second, we go to H.R. 4449, the Human Trafficking Prevention Act, and this seeks to ensure that U.S. personnel overseas are properly equipped to perceive and combat the scourge of human trafficking. Though current law requires that the State Department be trained to identify trafficking victims, it does not prescribe minimum training requirements, this bill does that.

It adds some of these specifics which I think are important, a training course for Department personnel who deal with trafficking issues; trafficking briefings of all the ambassadors and deputy chiefs of mission before they depart to their posts so they know their responsibilities in this regard; annual reminders to personnel regarding key trafficking issues relating to their countries of focus. As you know we have made significant changes in the law and we want to make sure that they are enforcing it.

So let me see if we have some additional notes here. Lastly, we have House Resolution 600, which urges the Government of Afghanistan to pursue a transparent, credible, and inclusive run-off Presidential election. I thank Mr. Grayson of Florida for his work on this timely resolution. Less than 2 months ago, Afghans overwhelmingly flocked to the polls to vote in Presidential and provisional elections.

Now I think this is interesting. More than 7 million Afghan citizens cast a ballot during the first round of voting. That dwarfs the 4.5 million who voted in 2009. Although the April elections were a significant improvement, there is still progress to be made. Numerous electoral complaints led to the invalidation of votes in certain precincts, and just last week, Afghanistan’s Independent Election Commission fired poll workers who were accused of voter fraud.

This resolution urges the Government of Afghanistan to lessen the risk of fraud, to improve electoral transparency, to enhance security efforts, and increase voter participation during the upcoming run-off. Importantly, it also recognizes the sacrifices of the members of our armed forces and underscores that this election will contribute to the security and stability interests of both Afghanistan and of the United States. Afghans will finally select a successor to President Karzai on June the 14th. This election offers the chance for a fresh start with a new President and will allow Afghans to create a new and better era.

We now go to Mr. Eliot Engel of New York for his opening comments, the ranking member.

Mr. ENGEL. Mr. Chairman, thank you very much for holding this markup and for again the bipartisan collaboration on the three
measures before us today. I would like to begin by commending you for your hard work on the North Korea Sanctions Enforcement Act, and for your longstanding commitment to address the grave threat posed by North Korea. I have been there twice. It doesn't make me an expert, but once you step foot in that country you realize something is terribly wrong.

This bill would broaden U.S. sanctions against those helping sustain the regime in Pyongyang whose crimes against humanity the U.N. Human Rights Office says are, and I quote, “without parallel in the modern world.” The North Korean regime is no stranger to sanctions, and it is clear why: Development of nuclear weapons, arms smuggling, transnational crime. To me, however, the brutal repression of the North Korean people, above all, warrants the enactment of this legislation.

With this bill, Congress labels North Korea supporters as equally responsible for the horrors imposed by Kim Jong-un and his cronies on the North Korean people. This measure provides broader and tougher sanctions against North Korea's illicit activities. It gives the President flexibility to use the authorities in this act most effectively, and it carefully avoids any interference with the relief organizations providing food, medicine, and other humanitarian aid to the North Korean people.

That is the irony. The United States has been the strongest and the greatest provider of food and medicine and other humanitarian aid to the North Korean people, while their brutal regime kills their own people and vilifies the United States. This bill is aimed at those few around the world who have chosen to remain morally blind to the crimes of the North Korean State. I urge all of our colleagues to support it.

I want to commend our colleague, Mr. Connolly, who has been relentless in urging passage of this legislation. Indeed, he has been relentless in terms of everything involving the repression in North Korea. He was speaking to me about it, urging us to pass it, working with us on it to help stop the North Korean regime. And I want to publicly thank Mr. Connolly for his strong support and his help with this legislation.

Mr. Chairman, I also support H.R. 4449, a bill introduced by my colleague from New York, Representative Sean Patrick Maloney. His legislation would expand training requirements for Federal Government personnel including employees of the State Department in identifying and preventing human trafficking.

Human trafficking is modern-day slavery and its victims are robbed of their freedom and dignity. This crime spans the globe, driving profits of up to $32 billion a year. Best estimates tell us that as many as 27 million people are victims of human trafficking, many coerced into forced labor or commercial sex with no means of escape.

One of the best ways to stop this crime is to make sure people know it when they see it. This bill would provide comprehensive mandatory training and special briefings on human trafficking for embassy reporting offices, regional bureaus’ trafficking in persons coordinators and their superiors. It would also keep our State Department and other Federal Government personnel up to speed on
the key problems, threats, methods, and warning signs of human trafficking, specific to their country or post.

Mr. Chairman, we need to remember that people, not policies, are often the first line of defense against modern slavery, and this legislation will better prepare our diplomats and other public servants to spot this crime and take action as they serve at their diplomatic posts abroad. So I urge my colleagues to support this important legislation as well.

And finally, I support a resolution on the Presidential election in Afghanistan that was introduced by our colleague, Representative Grayson. On April 5th, the people of Afghanistan went to the polls. We saw incredible courage that day from the candidates, the poll workers, and all those who have braved countless acts of violence and intimidation because they wanted their voices to be heard.

Afghanistan’s Independent Election Commission recently announced that none of the candidates garnered more than 50 percent of the vote, so the Commission scheduled a run-off election for June 14th. The Afghans should be proud of their electoral system, civil society, media, and security forces for carrying out a successful first round of voting. Let me also congratulate the two leading vote recipients, Dr. Abdullah Abdullah, and Dr. Ashraf Ghani.

This run-off represents another step forward for the people of Afghanistan. The future of their country is in their hands. And this resolution conveys, it is critical that this run-off election be credible, inclusive and transparent. The long-term stability, prosperity and security in Afghanistan depend on a democratically-elected government that reflects the will of the Afghan people. So I urge our colleagues to support this resolution as well.

So Mr. Chairman, in closing I would like to again thank you for holding this markup and look forward to working with you to advance all three of these measures.

Chairman ROYCE. Well, thank you, Mr. Engel. I will just ask if any of the members here seek recognition to speak on any of the en bloc amendments.

Mr. Rohrabacher of California?

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and let me thank you and the ranking member. Both you and the ranking member have provided such great leadership on this, and the bipartisan positive spirit that now, I think, dominates this committee reflects the hard work and spirit that both of you have given to your job. And you do work really hard at this job, I know. So first to commend both of you on this, and of course I am supportive of all three of the resolutions that have been brought before us.

Just to take one note about North Korea. My father was a Korean War veteran, and over the years I had many talks with him about that particular conflict. I think what is interesting is that battle was 50 years ago. I remember, and I have mentioned that my father told me that he could not imagine that at that time when he was a young man in Korea that we would still have American military personnel stationed in Korea and doing a job, a military job in Korea. None of those guys who fought there felt that this was something that they were going to do to establish an American garrison overseas that would be there forever, and that
their job forever would be, and America's job would be, to be deter-
r
ring action, hostile action on that peninsula.
I would suggest the reason they are still there is because we
have not taken those steps that are necessary to bring about a
change of regime, if you would like to say, or a change in the situa-
tion in North Korea. We in fact over the years have subsidized
North Korea. And many of the people in the committee now don't
remember those days, I do, in which we were spending millions of
dollars providing food and energy to North Korea. That obviously
has not worked.
We need to understand that North Korea is a vicious dictatorship
and we should be taking the steps that will permit in some way
a unification of Korea but under democratic government. And that
means that we should be supporting people who will have an im-

pact in North Korea rather than just thinking we will keep our
troops there for another 50 years.

Today we celebrate the 25th anniversary of Tiananmen Square.
And celebrate, we commemorate, I should say, commemorate
Tiananmen Square. We didn't do the right thing there either, and
we still have a dictatorship. It was a turning point 25 years ago
that we could have sided with the people. And there was no price
or penalty that the Chinese Communist regime has paid for this
monstrous obliteration of freedom at Tiananmen Square 25 years
ago.

Let us note that behind Korea, behind the Government of Korea
is the Government of China, the Communist Chinese Party of
China. We as a country, we should do more than just think that
our policies need to focus on providing a garrison at a point in the
world that might be some kind of an area, a volatile area like
Korea.

But instead, we should be thinking about the power of liberty
and justice and democracy and the ideals that our country was
founded upon, and start finding people in those other countries
who will ally ourselves with those values and start supporting
them. That is the way we can bring about real change and not
have to have our troops garrisoning various parts of the world.

We appreciate again your resolutions on Korea, and Mr. Chair-
man, you have taken such a heartfelt position on this human traf-
ficking, and we know that, and then again Afghanistan. Thank you
for those three pieces of hard work on your and Mr. Engel's part
today.

Chairman ROYCE. Well, thank you. Like Mr. Engel, I have been
in North Korea, and our hearts go out to the people of North Korea
in terms of what they have suffered through for the last three gen-
erations now of the dictatorship there. And our hope is that that
situation will evolve into one where they have some modicum of
human rights, some freedoms, some liberty.

And it is our hope that between this legislation and what we
passed a few weeks ago with respect to the revamping of the
Broadcasting Board of Governors that we might be able to better
broadcast into North Korea the types of messaging which might
lead to the pressures for a respect for human rights in that coun-
try.
The result of how one treats one’s own people is also indicative of how a regime will treat its neighbors, and that is one of the great problems for North Korea with respect to the horror of the human rights condition there. For those of us who have talked to those who have escaped out of the gulags, it is a numbing experience to hear people recount to you the types of stories we heard about concentration camps generations ago during the time of the Second World War and predating the War, to know that that happens today on a daily basis in North Korea, I think, is a heavy weight for all of us in the international community who feel some responsibility to try to do something about it to push North Korea in the right direction.

We now go to Mr. Albio Sires from New Jersey.

Mr. SIRES. Mr. Chairman, thank you very much. I just want to express how refreshing it is to have a chairman and a ranking member that work so well together, and all the members. This is truly an atmosphere of bi-partisanship especially against such a leader in the world. And I want to commend the members participating. And all the amendments, I support all three amendments.

But I especially want to recognize my colleague, Congressman Connolly. He has been an outspoken member of this Congress against the North Koreans and their abuses, and his amendment today shows a great deal of sensitivity toward the 2 million Korean families that are in those countries. So I thank you, and I thank my colleague for all his work.

Chairman ROYCE. Thank you, Mr. Sires. Any other members seeking recognition?

Mr. Connolly?

Mr. CONNOLLY. Thank you, Mr. Chairman, and I thank you and Mr. Engel for scheduling this markup. We talked on the floor and I really appreciate you scheduling it. I thank you for your kind words, Mr. Engel, and yours as well, Mr. Sires.

This legislation, I think, is an important symbol by the Congress that we are not going to stand idly by and allow the depredations and the unspeakable brutality of a regime that would make George Orwell pause in the systematic suppression of free thought, of freedom of any kind, in creating this system, state system, that has so degraded the human spirit.

And whether it is the development of a nuclear capability or the tact as you said, Mr. Chairman, that their own internal policies clearly reflect their external policies. And we have seen that where they have engaged in provocative activity, they have actually engaged in acts of terrorism and violence against their neighbor in South Korea and others, and we must speak out.

They have actually engaged of course in the—we talk about human trafficking today, legislation, and I also enthusiastically support—but the North Korea regime has actually degraded itself to the point of abducting individuals as part of their policy. And this regime has to fall, and the United States, as I said, must be a beacon of hope and freedom for those who suffer under its oppression.

You mentioned, Mr. Chairman, the gulags in North Korea. It is estimated that as many as 200,000 North Koreans are being held against their will in such gulags. This is something we thought was
over with at the end of the Stalin period 60 years ago, and yet here it is, persistent in the 21st century.

And so I think this legislation is important not only for what it does in tightening sanctions against that regime, but in sending the strongest message I hope in a unanimous bipartisan basis by this Congress that we will stand shoulder to shoulder with the people of North Korea in their aspirations and hopes for a freer future.

Thank you, Mr. Chairman. And I also want to finally echo the comments of my friend, Mr. Rohrabacher of California. It is such a refreshing and hopeful experience to come to this committee and see how work is conducted in a professional and bipartisan manner. I think it is a model for other committees in the Congress, and I commend you and your staff, Mr. Chairman, a delight to work with. And you, Mr. Engle, and your staff, similarly, a delight to work with. Thank you for your bipartisan leadership.

Chairman ROYCE. Thank you, Mr. Connolly. I think that when we speak about the Orwellian system there, the late Christopher Hitchens wrote a piece, "Why Orwell Matters," but I think of all that he has written about totalitarian regimes. His story about his trip into North Korea is one of the most riveting you can read, and the nightmarish conditions there that people struggle under is a reminder that all of us in the international sphere have some personal responsibility to make certain that we do all that we can do to see that some modicum of civilization comes to an area where people are beaten down the way they are in North Korea.

I think Mr. Smith of New Jersey.

Mr. SMITH. Thank you very much, Mr. Chairman, and thank you for bringing to the committee the North Korea Sanctions Enforcement Act of 2014. I think there is a very dangerous propensity both in Congress and at the State Department to think that North Korea is so bad, its violations of human rights so egregious, and its isolation makes it so that people are tempted to do very little or nothing to engage it and to seek to bring light and scrutiny to these horrific abuses that go on each and every day in the past.

Mr. Chairman, I have chaired four hearings on North Korean human rights, and we have actually heard from women who escaped from North Korea into China, only to be trafficked once they got to China. And then when they were forcibly repatriated, they were put into the gulag system, which you called for an important study on, the 200,000-plus people who are tortured in those terrible gulags and many of them have died. When you try to escape North Korea it is considered treasonous, and as a direct result those individuals are often tortured to death.

I also want to thank you for again requiring that there be a comprehensive study about the gulag system. Again, we need to do more. We need to expose more. No tyrannical regime need be forever, and that goes for North Korea as well.

Finally, I want to again thank Dr. King for the good work he has done. He is a former staff director here who has served very admirably and very effectively, but very much in isolation, the Ambassador to North Korea on behalf of human rights with regards to that country. His job has to be as frustrating as it gets. He is not allowed to visit Pyongyang, but he does do a wonderful job trying to keep the issue front and center. And again, he sat right over
here on the other side of the aisle as the democratic staff director for a whole lot of years, and let me express my deep respect for his work.

And also we have got to keep obviously Kenneth Bae and his plight, the American who continues to be held in North Korea, and hopefully this kind of legislation will become an additional prod to effectuate his release. So again, thank you Mr. Chairman, and I yield back the balance.

Chairman ROYCE. Thank you, Mr. Smith.

We go now to Mr. Grayson of Florida.

Mr. GRAYSON. Thank you, Mr. Chairman. This measure regarding the Afghan election, the second round, is an important one. On May 11, 2013, in Kabul, the U.S. Deputy Secretary of State William Burns said that “a successful political transition is an essential prerequisite for sustainable security. It is vitally important that the election held next April be transparent, credible, and inclusive.”

On July 9, 2013, the United States Senate unanimously agreed to a resolution stating that the Government of Afghanistan is urged “to ensure transparent and credible Presidential and provincial elections in April 2014 by adhering to internationally accepted democratic standards, establishing a transparent electoral process, and ensuring security for voters and candidates.”

In the first round of these elections, voter participation increased from approximately 35 percent in the 2009 Presidential election to almost 60 percent in the election held in April, with the percentage of newly-registered female voters slightly increasing.

The 2009 Afghan Presidential election experienced low female votes due to the insufficient number of female poll workers, and the U.N. Development Programme’s Law and Order Trust Fund for Afghanistan approved the Ministry of Interior request to fund the hiring of 13,000 female election security officers in order to bolster female voter turnout for the recent Presidential election. Yet, 40 out of Afghanistan’s 407 districts still did not have female election staff due to security concerns.

Twenty seven Afghans were killed on election day in 2009, and 17 members of the Afghan National Security Forces were killed over the course of nearly 300 insurgent attacks carried out during the election held a few weeks ago. After the 2009 Presidential election, the Independent Electoral Commission ordered results from 210 polling places be invalidated, and later, after investigating 570 more polling stations quarantined by the IEC, found that all but 18 should be invalidated as well.

In the recent election, 809,349 votes cast for the first Presidential candidate, 165,339 cast for the second Presidential candidate, and 39,555 cast for the third Presidential candidate during the June 2014 election have been invalidated for fraud.

The Independent Electoral Commission has performed behind closed doors instead of in front of international monitors, and information from that Commission was leaked to some candidates and not others. In addition to that, on the evening prior to the 2014 Presidential election until 5 o’clock p.m. on election day, the Government of Afghanistan eliminated text messaging capabilities and this greatly inhibited monitoring efforts by international organiza-
tions. The members of the National Democratic Institute were killed in an attack on the Serena Hotel in Kabul on March 20, 2014, causing NDI to remove significant numbers of staff from Afghanistan and spreading fear among other monitors.

It is very important to understand that while some candidates and some campaign staff have proclaimed that, should their opponents prevail, Afghanistan will be a less secure nation in which more civilians die, therefore creating a climate which is not conducive to democratic transition, our resolution seeks to address these problems and to solve these problems in meaningful ways.

In advance of the Presidential election now to be held off the schedule for June 14th, we commend the Afghan people for completing the first round of a Presidential election while at the same time urging them toward a credible, inclusive, and transparent second round. Great lengths were taken in drafting this measure to ensure that it focused solely on the pending election, an event on which the House of Representatives has yet to comment.

This measure does not delve into such issues as the appropriate number of coalition forces in Afghanistan. Instead, what it does simply is commend the Afghan people simply for completing the first round of elections, albeit in a somewhat flawed fashion, and supporting that the Commission is responsible for ensuring transparent and fair voting.

We encourage the Government of Afghanistan to pursue measures that will increase female voter participation. We urge the Government of Afghanistan to take all necessary steps to combat fraud during the election, including preserving the text messaging capabilities that the visitors and observers find so essential to be able perform their functions properly. And we recognize the important role that Afghan National Security Forces, NATO forces, and currently, American forces have had and will have ensuring safety on voting day.

Thank you very much, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Grayson. We go now to Ms. Tulsi Gabbard of Hawaii.

Ms. GABBARD. Thank you very much, Mr. Chairman. I am in support of all three of the items that we are marking up today, but want to speak very briefly with connection to H.R. 1771, the North Korean Sanctions Enforcement Act. And like my colleagues, thank you and our ranking member for your leadership on this, and especially your remarks that opened up this conversation today.

Much has been said very eloquently about the human rights violations that are occurring in North Korea, but specifically, the fact that strategic patience, the time for that has come and gone. We can talk about the threat that North Korea has to the region that it is one of the primary causes of instability within the Asia Pacific region.

I was there in Japan, South Korea, and China last month, and heard in each of those three places, both from our military as well as folks on the ground there that the threat that North Korea continues to provide is one of the most destabilizing factors, inhibiting economic growth and opportunity in the region. But this is also something that hits very close to home.
You mentioned the intercontinental ballistic missile tests, the continued growing capabilities of North Korea, and how every time we go through this cycle of threats and then some kind of talk of negotiations and finding a peaceful path through this, which ideally is what we all would like, North Korea's capabilities continue to grow.

It is a great disservice to our country when North Korea makes threats that we have people here at home saying they are not close enough or their threats are not serious or they are not actually threatening the United States. They are actually threatening us very directly. States like mine in Hawaii do fall within the range of the ICBMs that they are developing.

So when we talk about the need for stronger sanctions, the need to look back to the hard currency sanctions that have worked in the past, this is something that is very real. And it is very real to American citizens, it is very real to the military assets that we have in our own country, and is critical for our own national security and the safety of our people that we take this seriously and understand that this is a threat that is urgent today, not something that we can continue to wait and be patient on to deal with in the future.

So I appreciate your leadership and your hard and thoughtful work on this, and on behalf of the people of my State of Hawaii, extend my gratitude. Thank you very much.

Chairman ROYCE. Thank you, Ms. Gabbard. We are going to go now to Mr. Ted Poe, Judge Ted Poe of Texas.

Mr. POE. Thank you, Mr. Chairman. Thank you for bringing all of these bills before the committee today. I would like to speak specifically on H.R. 4449, the Trafficking Prevention Act, by Mr. Maloney.

This requires training of State Department officials, and I wanted to emphasize the importance of the training to recognize especially overseas victims that are trafficked into the United States, specifically minor children: Not only that we recognize who those children are, but we also need to have training. State Department officials need to have training on recognizing the problem of the demand, whether that demand occurs by Americans or someone else overseas for this scourge of human trafficking.

So this is a good piece of legislation. Education and training on human trafficking is critical for us on a worldwide basis to stop this criminal conduct, this scourge, but it also includes training to recognize the problem and the issue of the demand sector. And with that I will yield back.

Chairman ROYCE. Thank you, Mr. Poe. We go now Mr. Joaquin Castro of Texas.

Mr. CASTRO. Thank you, Mr. Chairman, and I want to thank you and Ranking Member Engel for including my amendment to H.R. 1771 in the en bloc package.

Recently a U.N. panel recommended that the international community must significantly improve enforcement of existing resolutions particularly relating to cargo inspections at air and sea ports. Recognizing that there are enforcement gaps, my amendment urges the United States to strengthen the capacity of responsible nations to monitor and intercept shipments to and from North Korea that
provide them cash as well as technology and material for its nuclear and ballistic missiles program.

I encourage my colleagues of course to support the amendment and I thank you all for your support. I yield back.

Chairman ROYCE. Thank you, Mr. Castro. Hearing no further requests for recognition, the question occurs on the items considered en bloc. All those in favor say aye.

All those opposed, no.

In the opinion of the Chair the ayes have it. The measures are considered en bloc. That would be H.R. 1771, H.R. 4449, and House Resolution 600. They are agreed to as amended, and without objection each of the measures as amended is ordered favorably reported as a single amendment in the nature of a substitute. Staff is directed to make any technical and conforming changes, and that concludes business for today.

I want to thank our ranking member, Eliot Engel, and all of our committee members for their contributions and for their assistance, and this committee is adjourned.

[Whereupon, at 10:45 a.m., the committee was adjourned.]
APPENDIX

MATERIAL SUBMITTED FOR THE RECORD
FULL COMMITTEE MARKUP NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

May 29, 2014

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN meeting of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Thursday, May 29, 2014

TIME: 10:00 a.m.

MARKUP OF:

H.R. 1771, To improve the enforcement of sanctions against the Government of North Korea, and for other purposes;

H.R. 4449, To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes, and

H. Res. 600, Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers

By Direction of the Chairman

The Committee on Foreign Affairs works to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-5601 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.
COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE MARKUP

Day Thursday Date 05/29/14 Room 2172
Starting Time 10:06 a.m. Ending Time 10:45 a.m.

Recesses:

Presiding Member(s):
Edward R. Royce, Chairman

Check all of the following that apply:
Open Session [x] Electronically Recorded (taped) [x]
Executive (closed) Session [ ] Stenographic Record [x]
Televiused [x]

BILLS FOR MARKUP: (Include bill number(s) and title(s) of legislation.)
H.R. 2771
H.R. 4449
H. Res. 600

COMMITTEE MEMBERS PRESENT:
See Attendance Sheet.

NON-COMMITTEE MEMBERS PRESENT:
None.

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)
Connolly

ACTIONS TAKEN DURING THE MARKUP: (Attach copies of legislation and amendments.)
See Markup Summary.

RECORDED VOTES TAKEN (FOR MARKUP): (Attach final vote tally sheet listing each member.)

Subject

Year

Nays

Present

Not Voting

TIME SCHEDULED TO RECONVENE _________
TIME ADJOURNED 10:45 a.m.

Doug Anderson, General Counsel
### House Committee on Foreign Affairs

**Full Committee Markup**

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5/29/14 Foreign Affairs Committee Markup Summary

The Chair obtained unanimous consent to consider the following items (previously provided to Members) en bloc:

1. H.R. 1771 (Royce), “To improve the enforcement of sanctions against the Government of North Korea, and for other purposes’;  
   a. Royce 29, an amendment in the nature of a substitute to H.R. 1771;  
      i. Castro 33, amending Royce 29;  
      ii. Connolly 118, amending Royce 29;  
2. H.R. 4449 (Mr. Maloney), “To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes’; and  
3. H. Res. 606 (Grayson), “Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.”

The en bloc items were agreed to by voice vote, and the measures, as amended, were ordered favorably reported to the House by unanimous consent.

The Committee adjourned.
Statement for the Record
Submitted by the Honorable Gerald E. Connolly

I would like to thank Chairman Royce and Ranking Member Engel for bringing H.R. 1771, the North Korea Sanctions Enforcement Act of 2014, to the Full Committee for markup. This legislation, which I am pleased to cosponsor, provides us with the opportunity to communicate that our Committee and the Congress is resolved to hold North Korea accountable for its brutality against its people and the erratic and dangerous manner in which it conducts itself on the world stage.

This comprehensive sanctions legislation addresses money laundering, currency counterfeiting, the violation of UN Security Council resolutions and financial restrictions, and various other offenses committed by North Korea. It also addresses human rights abuses and promotes unrestricted communications to the citizens of North Korea.

The sanctions are warranted, as North Korea is a reckless international actor that has amassed a litany of violations and abuses of international law. It continues to develop a nuclear weapons program in defiance of the United Nations Security Council and worldwide condemnation. North Korea supports the development of Iranian missile technology and nuclear capabilities. Hamas and Hezbollah, both designated foreign terrorist organizations by the United States, receive missile technology and training from North Korea that they have used to attack Israel, an ally of the United States. United Nations Security Council resolutions denouncing missile tests and launches are routinely flouted. It is clear that a pattern of behavior has developed in North Korea that should be concerning to all in the international community.

In addition to the legislation before us today, I also am an original cosponsor of H.R. 673, the North Korea Sanctions and Diplomatic Nonrecognition Act of 2013. H.R. 673 calls on the Secretary of State to redesignate North Korea as a state sponsor of terrorism and to continue to withhold formal diplomatic recognition of the Kim Jong Un regime. Both pieces of legislation send a strong and clear message to North Korea that its international transgressions are not without consequence. The United States will not and cannot allow an authoritarian regime to operate with impunity and threaten our national security and the security of our allies.

Of course, the United States and international community should not only address the aggression North Korea has projected outward. The atrocities committed inside the borders of North Korea are equally disturbing and deserving of condemnation. The status of human rights seems to have regressed under Kim Jong Un. A recent United Nations report recounts, in horrifying detail, the “offenses” which land individuals in labor camps; including misspelling the name of Kim Jong Il. Deplorable conditions persist in the nation’s system of gulags that reports say contain 200,000 prisoners. People seeking refuge from the oppressive regime must disregard public executions used to intimidate the populace and brave a “shoot to kill” threat levied against citizens attempting to cross the border with China.

Family reunifications between South Korean families and their loved ones behind the DMZ remain limited to fleeting reunions. I thank the Chairman and Committee staff for working with me on an amendment that makes the suspension of sanctions in this legislation conditional on North Korea making significant progress in planning for unrestricted family reunification meetings, including for those individuals among the two-million strong Korean-American community who maintain family ties with relatives in North Korea.
Pyongyang must pay, and the lives of North Koreans must be improved. I applaud this legislation for levying extensive sanctions against bad actors in the North Korean saga, while recognizing the urgency of humanitarian, medical and food assistance for North Korean citizens. Rest assured that no such reprieve is offered by Pyongyang. Again, I commend my colleagues for finding common ground on North Korea sanctions and for taking decisive action against this despot regime.

H.R. 4449, To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes.

H.R. 4449, the Human Trafficking Prevention Act codifies specific minimum training requirements for certain State Department employees who would be in a position to address trafficking issues and assist trafficking victims. I support sensible steps the government can take to ensure that we are combating human trafficking and not complacent in this abhorrent practice. I authored legislation that was included in the FY2013 National Defense Authorization Act to address the serious problem of human trafficking by some government contractors and subcontractors operating overseas. The End Trafficking in Government Contracting Act enhanced and expanded on President Obama’s Executive Order on Human Trafficking issued in September 2012. The President was absolutely correct in stating that the fight against human trafficking is one of the great human rights causes of our time, and I am glad our government employees on the front line of our diplomatic missions abroad will be well-prepared to join this fight.

H. Res. 609, Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

As the United States winds down its involvement in Afghanistan, the most concrete measure the Government of Afghanistan can take to support a democratic transition is the administration of free, fair and transparent elections. H. Res 609 prescribes specific policies Afghanistan can adopt to ensure that the run-off presidential election on June 14, 2014 meets international election standards. A democratically-elected government will be vital to the long-term stability of Afghanistan and will engender the support of the people of Afghanistan. With the observance of Memorial Day this past weekend, it also pays a timely homage to the sacrifice of U.S. and coalition forces. Over 2,100 American soldiers made the ultimate sacrifice while promoting the security interests of the United States and maintaining the stability of Afghanistan. We honor their service and sacrifice by promoting abroad the very freedoms they fought to defend.