

HEZBOLLAH INTERNATIONAL FINANCING PREVENTION ACT OF 2014

JULY 22, 2014.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. ROYCE, from the Committee on Foreign Affairs,
submitted the following

R E P O R T

[To accompany H.R. 4411]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 4411) to prevent Hezbollah and associated entities from gaining access to international financial and other institutions, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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THE AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Hezbollah International Financing Prevention Act of 2014”.

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

- Sec. 1. Short title and table of contents.
Sec. 2. Statement of policy.

TITLE I—PREVENTION OF ACCESS BY HEZBOLLAH TO INTERNATIONAL FINANCIAL AND OTHER INSTITUTIONS

- Sec. 101. Report on imposition of sanctions on certain satellite providers that carry al-Manar TV.
Sec. 102. Sanctions with respect to financial institutions that engage in certain transactions.

TITLE II—REPORTS ON DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT FOREIGN NARCOTICS TRAFFICKER AND A SIGNIFICANT TRANSNATIONAL CRIMINAL ORGANIZATION

- Sec. 201. Report on designation of Hezbollah as a significant foreign narcotics trafficker.
Sec. 202. Report on designation of Hezbollah as a significant transnational criminal organization.
Sec. 203. Report on Hezbollah's involvement in the trade of conflict diamonds.
Sec. 204. Rewards for justice and Hezbollah's fundraising, financing, and money laundering activities.
Sec. 205. Report on activities of foreign governments to disrupt global logistics networks and fundraising, financing, and money laundering activities of Hezbollah.
Sec. 206. Appropriate congressional committees defined.

TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Rule of construction.
Sec. 302. Regulatory authority.
Sec. 303. Termination.

SEC. 2. STATEMENT OF POLICY.

It shall be the policy of the United States to—

- (1) prevent Hezbollah's global logistics and financial network from operating in order to curtail funding of its domestic and international activities; and
- (2) utilize all available diplomatic, legislative, and executive avenues to combat the global criminal activities of Hezbollah as a means to block that organization's ability to fund its global terrorist activities.

TITLE I—PREVENTION OF ACCESS BY HEZBOLLAH TO INTERNATIONAL FINANCIAL AND OTHER INSTITUTIONS

SEC. 101. REPORT ON IMPOSITION OF SANCTIONS ON CERTAIN SATELLITE PROVIDERS THAT CARRY AL-MANAR TV.

(a) **IN GENERAL.**—Not later than 30 days after the date of the enactment of this Act, the President shall submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report that includes—

- (1) a list of all satellite, broadcast, Internet, or other providers that knowingly provides material support to al-Manar TV, and any affiliates or successors thereof; and
- (2) with respect to all providers included on the list pursuant to paragraph (1)—

(A) an identification of those providers that have been sanctioned pursuant to Executive Order 13224 (September 23, 2001); and

(B) an identification of those providers that have not been sanctioned pursuant to Executive Order 13224 and, with respect to each such provider, the reason why sanctions have not been imposed.

(b) **FORM.**—The report required by subsection (a) shall be submitted in unclassified form to the greatest extent possible, and may contain a classified annex.

SEC. 102. SANCTIONS WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.

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

- (1) **IN GENERAL.**—Not later than 120 days after the date of the enactment of this Act, the Secretary of the Treasury, with the concurrence of the Secretary of State and in consultation with the heads of other applicable departments and agencies, shall prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that the Secretary determines, on or

after the date of the enactment of this Act, engages in an activity described in paragraph (2).

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

(A) knowingly facilitates a significant transaction or transactions for Hezbollah;

(B) knowingly facilitates a significant transaction or transactions of a person designated for acting on behalf of or at the direction of, or owned or controlled by, Hezbollah;

(C) knowingly engages in money laundering to carry out an activity described in subparagraph (A) or (B);

(D) knowingly facilitates a significant transaction or transactions or provides significant financial services to carry out an activity described in subparagraph (A), (B), or (C), including—

(i) facilitating a significant transaction or transactions; or

(ii) providing significant financial services that involve a transaction of covered goods; or

(E)(i) knowingly facilitates, or participates or assists in, an activity described in subparagraph (A), (B), (C), or (D), including by acting on behalf of, at the direction of, or as an intermediary for, or otherwise assisting, another person with respect to the activity described in any such subparagraph;

(ii) knowingly attempts or conspires to facilitate or participate in an activity described in subparagraph (A), (B), (C), or (D); or

(iii) is owned or controlled by a foreign financial institution that the Secretary finds knowingly engages in an activity described in subparagraph (A), (B), (C), or (D).

(3) PENALTIES.—The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.

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

(b) WAIVER.—

(1) IN GENERAL.—The Secretary of the Treasury, with the concurrence of the Secretary of State and in consultation with the heads of other applicable departments and agencies, may waive, on a case-by-case basis, the application of a prohibition or condition imposed with respect to a foreign financial institution pursuant to subsection (a) for a period of not more than 180 days, and may renew that waiver for additional periods of not more than 180 days, on and after the date that the Secretary of the Treasury, with the concurrence of the Secretary of State—

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

(B) submits to the appropriate congressional committees a report describing the reasons for the determination.

(2) FORM.—The report required by subparagraph (1) shall be submitted in unclassified form, but may contain a classified annex.

(c) PROVISIONS RELATING TO FOREIGN FINANCIAL INSTITUTIONS.—

(1) REPORT.—Not later than 45 days after the date of the enactment of this Act, and every 180 days thereafter, the Secretary of the Treasury shall submit to the appropriate congressional committees a report that—

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

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

(2) SPECIAL RULE TO ALLOW FOR TERMINATION OF SANCTIONABLE ACTIVITY.—The Secretary of the Treasury shall not be required to apply sanctions to a foreign financial institution described in subsection (a) if the Secretary of the Treasury, with the concurrence of the Secretary of State and in consultation with the heads of other applicable departments and agencies, certifies in writing to the appropriate congressional committees that—

(A) the foreign financial institution—

(i) is no longer engaging in the activity described in subsection (a)(2);

or

(ii) has taken and is continuing to take significant verifiable steps toward terminating the activity described in subsection (a)(2); and

(B) the Secretary has received reliable assurances from the government with primary jurisdiction over the foreign financial institution that the foreign financial institution will not engage in any activity described in subsection (a)(2) in the future.

(d) DEFINITIONS.—

(1) IN GENERAL.—In this section:

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

(B) AGENT.—The term “agent” includes an entity established by a person for purposes of conducting transactions on behalf of the person in order to conceal the identity of the person.

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

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

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

(D) COVERED GOODS.—The term “covered goods” has the meaning given the term in section 1027.100 of title 31, Code of Federal Regulations.

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

(F) FOREIGN FINANCIAL INSTITUTION; DOMESTIC FINANCIAL INSTITUTION.—

(i) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the meaning of such term in section 1010.605 of title 31, Code of Federal Regulations, and includes a foreign central bank.

(ii) DOMESTIC FINANCIAL INSTITUTION.—The term “domestic financial institution” has the meaning of such term as determined by the Secretary of the Treasury.

(G) HEZBOLLAH.—The term “Hezbollah” means—

(i) any person—

(I) the property of or interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); and

(II) who is identified on the list of specially designated nationals and blocked persons maintained by the Office of Foreign Asset Control of the Department of the Treasury as an agent, instrumentality, or affiliate of Hezbollah; and

(ii) the entity designated by the Secretary of State as a foreign terrorist organization pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189).

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

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

TITLE II—REPORTS ON DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT FOREIGN NARCOTICS TRAFFICKER AND A SIGNIFICANT TRANSNATIONAL CRIMINAL ORGANIZATION

SEC. 201. REPORT ON DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT FOREIGN NARCOTICS TRAFFICKER.

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

(1) In 2008, after the two year Operation Titan run by the U.S. Drug Enforcement Administration and Colombian authorities dismantled an international narcotics ring that smuggled cocaine into the United States, Europe, and the Middle East, and was run by Chekry Harb, also known as “Taliban”. According to lead prosecutor for the special prosecutor’s office in Bogota, Gladys Sanchez, “The profits from the sales of drugs went to finance Hezbollah.”.

(2) In 2011, the Department of the Treasury blacklisted the Lebanese Canadian Bank as a primary money laundering concern, alleging that it is part of a drug trafficking network that profited Hezbollah by moving approximately \$200,000,000 per month.

(3) In April 2013, when the Department of the Treasury blacklisted two Lebanese exchange houses, Kassem Rmeiti & Co. and Halawi Exchange Co., for laundering drug profits for Hezbollah, it stated that Hezbollah was operating like “an international drug cartel,” adding that the “Halawi Exchange, through its network of established international exchange houses, initiated wire transfers from its bank accounts to the United States without using the Lebanese banking system in order to avoid scrutiny associated with Treasury’s designations of Hassan Ayash Exchange, Elissa Exchange, and its Lebanese Canadian Bank Section 311 Action. . . . Money was then wire transferred via Halawi’s banking relationships indirectly to the United States through countries that included China, Singapore, and the UAE, which were perceived to receive less scrutiny by the U.S. Government.”

(4) The Department of Justice reported that 29 of the 63 organizations on its FY 2010 Consolidated Priority Organization Targets list, which includes the most significant international drug trafficking organizations (DTOs) threatening the United States, were associated with terrorist groups, and noted with concern Hezbollah’s international drug and criminal activities.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) Hezbollah meets the criteria for designation as a significant foreign narcotics trafficker as set forth in the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.); and

(2) the President should so designate Hezbollah as a significant foreign narcotics trafficker.

(c) REPORT.—

(1) REPORT REQUIRED.—Not later than 120 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees—

(A) a detailed report on whether the Hezbollah meets the criteria for designation under the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.) as a significant foreign narcotics trafficker; and

(B) if the President determines that Hezbollah does not meet the criteria for designation under the Foreign Narcotics Kingpin Designation Act as a significant foreign narcotics trafficker, a detailed justification as to which criteria have not been met.

(2) FORM.—The report required by paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

SEC. 202. REPORT ON DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT TRANSNATIONAL CRIMINAL ORGANIZATION.

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

(1) Hezbollah is engaged array of illicit activities, from counterfeiting currencies, passport documents, to stolen automobile rings and other illicit activities.

(2) In 2002, authorities in Charlotte, North Carolina arrested members of a cell run by Mohammed and Chawki Hamoud and convicted them on various charges, including funding the activities of Hezbollah from proceeds of interstate cigarette smuggling and money laundering.

(3) In 2006 the Department of the Treasury designated operations of Assad Barakat, treasurer for Hezbollah, as providing material support for a foreign terrorist organization and noted that Barakat had engaged in mafia-style shakedowns and “threatened TBA (triborder area) shopkeepers who are sympathetic to Hezbollah’s cause with having family members in Lebanon placed on a ‘Hezbollah blacklist’ if they did not pay their quota to Hezbollah” and also was “involved in a counterfeiting ring that distributes fake U.S. dollars and generates cash to fund Hezbollah operations”.

(4) In 2009, Paraguayan authorities arrested Moussa Hamdan and three other individuals for selling fraudulent passports and trafficking in counterfeit money and sporting goods, illegally obtained consumer electronics and automobiles and then using the proceeds to buy arms for Hezbollah.

(5) In October 2011, a group of businessmen pled guilty to attempting to ship electronics to a shopping center in South America that the Department of the Treasury had designated as a Hezbollah front.

(6) A June 2014 “threat assessment” report by Canada’s Integrated Terrorism Assessment Centre indicated that Hezbollah members in Canada are involved in organized crime.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

- (1) Hezbollah meets the criteria for designation as a significant transnational criminal organization under Executive Order 13581 (76 Fed. Reg. 44757); and
- (2) the President should so designate Hezbollah as a significant transnational criminal organization.

(c) REPORT.—

- (1) REPORT REQUIRED.—Not later than 120 days after the date of the enactment of this Act, the President shall submit to the appropriate committees of Congress—

- (A) a detailed report on whether the Hezbollah meets the criteria for designation as a significant transnational criminal organization under Executive Order 13581 (76 Fed. Reg. 44757); and

- (B) if the President determines that Hezbollah does not meet the criteria for designation as a significant transnational criminal organization under Executive Order 13581, a detailed justification as to which criteria have not been met.

- (2) FORM.—The report required by paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

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

(a) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the Secretary of State shall submit to the Committee on Foreign Affairs and the Committee on Ways and Means of the House of Representatives and the Committee on Foreign Relations of the Senate a report detailing Hezbollah's involvement in the trade in rough diamonds outside of the Kimberley Process Certification Scheme.

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

SEC. 204. REWARDS FOR JUSTICE AND HEZBOLLAH'S FUNDRAISING, FINANCING, AND MONEY LAUNDERING ACTIVITIES.

(a) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of State shall submit to the appropriate congressional committees a report that details actions taken by the Department of State through the Department of State rewards program (22 U.S.C. 2708) to obtain information on fundraising, financing, and money laundering activities of Hezbollah and its agents and affiliates.

(b) BRIEFING.—Not later than 90 days after the date of the enactment of this Act, and annually thereafter, the Secretary of State shall provide a briefing to the appropriate congressional committees on the status of the actions described in subsection (a).

(c) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term “appropriate congressional committees” means the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate.

SEC. 205. REPORT ON ACTIVITIES OF FOREIGN GOVERNMENTS TO DISRUPT GLOBAL LOGISTICS NETWORKS AND FUNDRAISING, FINANCING, AND MONEY LAUNDERING ACTIVITIES OF HEZBOLLAH.

(a) REPORT.—

- (1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report that includes—

- (A) a list of countries that support Hezbollah, or in which Hezbollah maintains important portions of its global logistics networks;

- (B) with respect to each country on the list required by subparagraph

- (A)—

- (i) an assessment of whether the government of the country is taking adequate measures to disrupt the global logistics networks of Hezbollah within the territory of the country; and

- (ii) in the case of a country the government of which is not taking adequate measures to disrupt those networks—

- (I) an assessment of the reasons that government is not taking adequate measures to disrupt those networks; and

- (II) a description of measures being taken by the United States Government to encourage that government to improve measures to disrupt those networks;

- (C) a list of countries in which Hezbollah, or any of its agents or affiliates, conducts significant fundraising, financing, or money laundering activities;

- (D) with respect to each country on the list required by subparagraph

- (C)—

(i) an assessment of whether the government of the country is taking adequate measures to disrupt the fundraising, financing, or money laundering activities of Hezbollah and its agents and affiliates within the territory of the country; and

(ii) in the case of a country the government of which is not taking adequate measures to disrupt those activities—

(I) an assessment of the reasons that government is not taking adequate measures to disrupt those activities; and

(II) a description of measures being taken by the United States Government to encourage the government of that country to improve measures to disrupt those activities; and

(E) a list of methods that Hezbollah, or any of its agents or affiliates, utilizes to raise or transfer funds, including trade-based money laundering, the use of foreign exchange houses, and free-trade zones.

(2) FORM.—The report required by paragraph (1) shall be submitted in unclassified form to the greatest extent possible, and may contain a classified annex.

(3) GLOBAL LOGISTICS NETWORKS OF HEZBOLLAH.—In this subsection, the term “global logistics networks of Hezbollah”, “global logistics networks”, or “networks” means financial, material, or technological support for, or financial or other services in support of, Hezbollah.

(b) BRIEFING ON HEZBOLLAH’S ASSETS AND ACTIVITIES RELATED TO FUNDRAISING, FINANCING, AND MONEY LAUNDERING WORLDWIDE.—Not later than 90 days after the date of the enactment of this Act, and every 180 days thereafter, the Secretary of State, the Secretary of the Treasury, and the heads of other applicable Federal departments and agencies (or their designees) shall provide to the appropriate congressional committees a briefing on the disposition of Hezbollah’s assets and activities related to fundraising, financing, and money laundering worldwide.

(c) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term “appropriate congressional committees” means—

(1) the Committee on Foreign Affairs, the Committee on Financial Services, and the Permanent Select Committee on Intelligence of the House of Representatives; and

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

SEC. 206. APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.

Except as otherwise provided, in this title, the term “appropriate congressional committees” means—

(1) the Committee on Foreign Affairs, the Committee on Financial Services, and the Committee on the Judiciary of the House of Representatives; and

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

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. RULE OF CONSTRUCTION.

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

SEC. 302. REGULATORY AUTHORITY.

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

(b) NOTIFICATION TO CONGRESS.—Not less than 10 days prior to the promulgation of regulations under subsection (a), the President shall notify the appropriate congressional committees (as defined in section 204) of the proposed regulations and the provisions of this Act and the amendments made by this Act that the regulations are implementing.

SEC. 303. TERMINATION.

This Act shall cease to be in effect beginning 30 days after the date on which the President certifies to Congress that Hezbollah—

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

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

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

SUMMARY AND PURPOSE

The 2013 State Department Country Report on Terrorism states that “since 2012, the United States has . . . seen a resurgence of activity by Iran’s Islamic Revolutionary Guard Corps’ Qods force, the Iranian Ministry of Intelligence and Security, and Tehran’s ally [Hezbollah].” While Hezbollah has been designated pursuant to multiple executive orders and provisions of law, this legislation specifically targets the organization’s international financial and logistics networks, including its efforts to raise funds utilizing illicit means. These support networks not only provide funding and logistics for the terrorist group, but also a platform to conduct terrorist attacks. The intent of this legislation is to increase the aggregate risk associated with knowingly aiding Hezbollah’s international operations. This bipartisan legislation will broaden financial sector sanctions against Hezbollah. It forces other critical decisions on Hezbollah designations and targets its media appendages used for recruitment and financing that have been designated by the United States as Specially Designated Terrorist Organizations. It also contains robust reporting requirements that will serve to focus the Administration’s information gathering on Hezbollah’s global logistics and financial network. In doing so, it provides a comprehensive framework for addressing Hezbollah’s support network, and fulfills the objective of the legislation, which is to prevent Hezbollah’s global logistics and financial network from operating in order to curtail the funding of its international activities.

BACKGROUND AND NEED FOR LEGISLATION

Hezbollah Financing and Logistics Networks

Hezbollah is conducting a wide range of international activities aimed at financing the organization, and providing for its vital logistics networks. In addition to receiving direct support from state sponsors, the organization is also engaged in an array of illicit activities—such as counterfeiting currencies, arms smuggling and narcotics trafficking.

In the past it was estimated that Hezbollah received as much as \$200 million annually from Iran, and received material support from Syria as well. However, multiple reports indicate that those amounts have decreased in recent years, due to sanctions against Iran.

To offset the decreased financial support from Iran and others, and also as a means of gaining greater financial autonomy, Hezbollah has expanded its illicit international activities. Over time, these activities have become increasingly sophisticated and lucrative. Some of them are even taking place here in the United States. For example, in 2002, a number of Hezbollah members were convicted of running a cigarette smuggling ring in Charlotte, North Carolina that provided funding for the group.

This kind of activity provides Hezbollah operatives a platform which could be used to conduct attacks against U.S. targets. In fact, the U.S. Attorney for the Western District of North Carolina, Anne M. Tompkins, who took part in prosecuting this case, noted that one of the operatives convicted in this case:

”was a student and member of Hezbollah as a youth in his home country and came to the United States on a Hezbollah-driven mission. He loyally accomplished his mission by creating a criminal enterprise which accumulated millions of dollars in profits, purchased businesses in the U.S., preached radical Muslim fundamentalism as he led a clandestine terrorist cell in Charlotte, raised funds for the cause, and saw that the funds were delivered to Hezbollah leadership in Lebanon. His guilty verdicts rendered by the jury were upheld by the Supreme Court of the United States. During his time of imprisonment while he was awaiting trial, he ordered the murder of the then prosecuting attorney and the bombing of Charlotte’s Federal courthouse. He continues to this day to pose no less a threat to our country and our citizens”

In 2009, four individuals in Philadelphia were charged with attempting to provide Hezbollah with funding and weapons. The indictment alleges that they attempted to export machine guns from the U.S. to the Port of Latakia, Syria, and that one of the accused reportedly boasted that the Islamic Republic of Iran manufactured high-quality counterfeit U.S. dollars for Hezbollah. The indictment also alleges that they sold an informant counterfeit money, the proceeds of which they reportedly planned to send to Hezbollah leaders.

Hezbollah’s efforts remain global. Prior to an interrupted attack, it was reported that Hezbollah used Bangkok as a platform for logistics, money laundering and drug trafficking. Authorities have tracked such illegal activities to countries from West Africa to Latin America, in addition to the United States.

In January 2011, the Department of Treasury identified Hezbollah operative Ayman Joumma, along with nearly two dozen individual businesses, as being involved in a massive narcotics smuggling and money laundering scheme. According to the Drug Enforcement Administration, Joumma laundered as much as \$200 million a month from the sale of cocaine in Europe and the Middle East through operations located in the Middle East, West Africa, and Latin America using money-exchange houses and bulk cash smuggling. Joumma’s network laundered money through Lebanese Canadian Bank accounts, which he used to execute sophisticated trade-based money laundering schemes involving used cars and other goods. In April 2013, Treasury designated the Halawi Exchange Co. for facilitating the shipment of over \$200 million of used cars into the West African country of Benin as part of a drug-money laundering scheme, with ties to both Hezbollah and Latin American drug cartels. Concerns remain regarding Hezbollah’s use of Benin as a center for the lucrative smuggling of used or stolen automobiles. When Treasury blacklisted the two Lebanese exchange houses, they noted the international nature of the operation, stating that the “Halawi Exchange, through its network of established international exchange houses, initiated wire transfers from its bank accounts to the United States without using the Lebanese banking system in order to avoid scrutiny associated with Treasury’s designations of Hassan Ayash Exchange, Elissa Exchange, and its Lebanese Canadian Bank Section 311 Action Money was then wire transferred via Halawi’s banking relation-

ships indirectly to the United States through countries that included China, Singapore, and the UAE, which were perceived to receive less scrutiny by the U.S. Government.”

There are many other examples of Hezbollah’s international efforts to finance their illicit activities using criminal enterprises, in addition to the funding they continue to receive from their state sponsors. Successive Administrations have made strong efforts to counter Hezbollah’s activities, but more remains to be accomplished.

Need for Legislation

The United States Government holds Hezbollah responsible for the largest number of American deaths by a terrorist organization prior to the attacks of September 11, 2001. These include the bombing of the United States Embassy in Beirut in April 1983, and the bombing of the United States Marine barracks in Beirut in October 1983. Hezbollah was also behind kidnappings in Beirut throughout the 1980s, international airline hijackings originating in Europe and elsewhere, and efforts to target US military personnel in Saudi Arabia.

In addition, Hezbollah reportedly provided funds and weapons to Iraqi militias, which targeted American personnel during Operation Iraqi Freedom. Based on information obtained following the capture senior Hezbollah operative Ali Musa Daqduq, it appears that the January 20, 2007 attack on the Joint Coordination Center in Karbala, which resulted in the death of four American soldiers, was planned with the help of the Iranian Quds Force and Hezbollah.

Hezbollah’s capabilities have increased exponentially since its inception, and its operations have expanded well outside of the Middle East. Hezbollah-initiated killings and bombings have occurred in Europe, Asia and Latin America. In 2012, Hezbollah carried out a bus bombing in Bulgaria and plotted an attack in Cyprus, leading to the European Union’s designation of Hezbollah’s “military wing” as a terrorist organization. Furthermore, Hezbollah continues to fight on behalf of the Assad regime in Syria’s brutal civil war, which has resulted in the deaths of well over one hundred thousand people.

Despite its significant capabilities, Hezbollah remains vulnerable to financial sanctions. The Hezbollah International Financing Prevention Act of 2014 builds on the existing sanctions regime by placing Hezbollah’s sources of financing under additional scrutiny. In addition to targeting Hezbollah’s diverse financial network, the Act also requires the U.S. government to report on Hezbollah’s global logistics networks and its transnational organized criminal enterprises, including drug smuggling. By requiring such reporting, this legislation seeks to focus additional resources on existing intelligence gaps regarding Hezbollah, and provide a platform for the United States to improve coordination and cooperation with allies and other responsible countries in confronting the increasing threat posed by Hezbollah.

HEARINGS

During the present Congress, the committee has continued its active oversight regarding Hezbollah, including multiple hearings related to the content of H.R. 4411, such as:

July 16, 2014, full committee hearing on “Iran’s Destabilizing Role in the Middle East” (Mr. Scott Modell, Senior Associate, Burke Chair in Strategy, Center for Strategic and International Studies; Mr. Ray Takeyh, Senior Fellow for Middle Eastern Studies, Middle East Program, Council on Foreign Relations; Natan B. Sachs, Ph.D., Fellow, Saban Center for Middle East Policy, the Brookings Institution);

April 8, 2014, subcommittee hearing on “Lebanon’s Security Challenges and U.S. Interests” (Mr. Lawrence Silverman, Deputy Assistant Secretary, Bureau of Near Eastern Affairs, U.S. Department of State; Matthew Spence, Ph.D., Deputy Assistant Secretary of Defense for Middle East Policy, U.S. Department of Defense);

March 4, 2014, subcommittee hearing on “Iran’s Support for Terrorism Worldwide” (The Honorable Pete Hoekstra, Shillman Senior Fellow, The Investigative Project on Terrorism, Former Chairman of the U.S. House Permanent Select Committee on Intelligence; Matthew Levitt, Ph.D., Director and Fromer-Wexler Fellow, Stein Program on Counterterrorism and Intelligence, The Washington Institute for Near East Policy; Mr. J. Matthew McInnis, Resident Fellow, American Enterprise Institute);

November 20, 2013, subcommittee hearing on “Terrorist Groups in Syria” (Mr. Brian Michael Jenkins, Senior Adviser to the President, RAND Corporation; Mr. Phillip Smyth, Middle East Research Analyst, University of Maryland; Mr. Barak Barfi, Research Fellow, The New America Foundation; Mr. Andrew J. Tabler, Senior Fellow, The Washington Institute for Near East Policy);

August 1, 2013, subcommittee hearing on “Examining the State Department’s Report on Iranian Presence in the Western Hemisphere 19 Years After AMIA Attack” (Matthew Levitt, Ph.D., Director and Senior Fellow, Stein Program on Counterterrorism and Intelligence, The Washington Institute for Near East Policy; Mr. Michael A. Braun, Co-Founder and Managing Partner, Spectre Group International, LLC, Former Chief of Operations, Drug Enforcement Administration; Mr. Eric Farnsworth, Vice President; Council of the Americas and Americas Society);

July 31, 2013, subcommittee hearing “The Iran-Syria Nexus and Its Implications for the Region” (The Honorable John Bolton, Senior Fellow, American Enterprise Institute, Former United States Permanent Representative to the United Nations; Mr. Mark Dubowitz, Executive Director, Foundation for Defense of Democracies; Daniel Brumberg, Ph.D., Senior Program Officer, Center for Conflict Management, United States Institute of Peace);

March 20, 2013, subcommittee hearing “Hezbollah’s Strategic Shift: A Global Terrorist Threat” (Mr. Will Fulton, Iran

Analyst, Critical Threats Project, American Enterprise Institute; Matthew Levitt, Ph.D., Director, Stein Program on Counterterrorism and Intelligence, The Washington Institute for Near East Policy; The Honorable Roger Noriega, Founder and Managing Director, Vision Americas LLC, Former Assistant Secretary of State for Western Hemisphere Affairs and Former Ambassador to the Organization of American States).

COMMITTEE CONSIDERATION

On June 26, 2014, the Foreign Affairs Committee marked up the bill, H.R. 4411, pursuant to notice, in open session. An amendment in the nature of a substitute was offered by the Chairman, along with 2 other amendments, both of which were considered en bloc. The bill, as amended, was agreed to by voice vote.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of House Rule XIII, the committee reports that the findings and recommendations of the committee, based on oversight activities under clause 2(b)(1) of House Rule X, are incorporated in the descriptive portions of this report, particularly the "Summary and Purpose," "Background and Need for Legislation," and "Section-by-Section Analysis" sections.

NEW BUDGET AUTHORITY, TAX EXPENDITURES, AND FEDERAL MANDATES

In compliance with clause 3(c)(2) of House Rule XIII and the Unfunded Mandates Reform Act (P.L. 104-4), the committee adopts as its own the estimate of new budget authority, entitlement authority, tax expenditure or revenues, and Federal mandates contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 11, 2014.

Hon. EDWARD R. ROYCE, *Chairman,*
Committee on Foreign Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4411, the Hezbollah International Financing Prevention Act of 2014.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sunita D'Monte, who can be reached at 226-2840.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure

cc: Honorable Eliot L. Engel
Ranking Member

H.R. 4411—Hezbollah International Financing Prevention Act of 2014.

As ordered reported by the House Committee on Foreign Affairs on June 26, 2014.

H.R. 4411 would impose sanctions on foreign financial institutions that facilitate transactions or money laundering on behalf of Hezbollah—a terrorist organization—or its agents. It would require several reports and briefings on Hezbollah and the Administration’s efforts to deter its activities. CBO estimates that implementing the bill would cost \$3 million over the 2015–2019 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues; however, CBO estimates that those effects would not be significant.

Provisions of H.R. 4411 would increase the administrative costs of several departments, primarily the Department of the Treasury and the Department of State. Based on information from the Administration, CBO estimates that implementing the bill would cost \$1 million in 2015 and less than \$500,000 each year over the 2016–2019 period.

Because the bill would expand the types of prohibited activities involving Hezbollah that are subject to civil and criminal penalties under current law, it could increase revenues and direct spending from the collection of those penalties; however, CBO estimates that the net budgetary effect of any additional penalties would be negligible for each year.

H.R. 4411 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. H.R. 4411 would impose a private-sector mandate, as defined in UMRA, on financial institutions by prohibiting them from opening or maintaining certain types of financial accounts for entities that are knowingly affiliated with Hezbollah. The cost of the mandate would be the foregone income from opening or maintaining such accounts. Because there are already existing sanctions in place against Hezbollah and the number of entities that are knowingly affiliated with Hezbollah is probably small, CBO expects that the cost of the mandate would fall below the annual threshold established in UMRA (\$152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D’Monte, Pamela Greene, and Matthew Pickford (for federal costs) and Marin Burnett (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

DIRECTED RULE MAKING

Pursuant to clause 3(c) of House Rule XIII, as modified by section 3(k) of H. Res. 5 during the 113th Congress, the committee notes that the reported text of the bill contains two directed rule-making provisions: Section 102(a)(4) and section 302.

NON-DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c) of House Rule XIII, as modified by section 3(j)(2) of H.Res. 5 during the 113th Congress, the committee

states that no provision of this bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

PERFORMANCE GOALS AND OBJECTIVES

The objective of this legislation is to broaden financial sector sanctions against Hezbollah, force other critical designations regarding that terrorist organization, and target its media appendages, which aid in Hezbollah’s financing and logistics networks. The overriding goal is to prevent Hezbollah’s global logistics and financial network from operating, in order to curtail the funding of its international activities. Performance goals associated with these objectives include, but are not limited to, the following:

- A verifiable decrease in Hezbollah’s ability to fundraise or otherwise transfer funds through foreign financial institutions, or businesses operating as financial institutions.
- A verifiable decrease in Hezbollah’s ability to carry out operations against targets internationally.
- An increase in U.S. Government and allied action taken against Hezbollah’s illicit networks.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 4411 does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

NEW ADVISORY COMMITTEES

H.R. 4411 does not establish or authorize any new advisory committees.

EARMARK IDENTIFICATION

H.R. 4411 contains no congressional earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of House Rule XXI.

LETTERS OF JURISDICTION

BOB GOODLATTE, Virginia
 CHAIRMAN
 J. JAMES SPRADEN, Illinois
 ROBERT COBLE, North Carolina
 JAMES SMITH, Texas
 STEVE DRAHELA, Ohio
 SPENCER BACUS, Alabama
 JEFFREY L. BLUM, Indiana
 J. FRANK CROWLEY, Virginia
 STEVE KING, Iowa
 "BOB" ROBERTS, Kansas
 JIMMY GONZALEZ, Texas
 JIM JOHNSON, Ohio
 "BOB" LUTZ, Texas
 JIMMYE C. "JIM" LITZKE
 TOM MARSHALL, Pennsylvania
 "BOB" ROBERTS, North Carolina
 PAUL J. LAFORTUNE, Maine
 BLAKE FARRER-THORPE, Texas
 GEORGE HOLDEN, New York
 DONALD COLLIER, Georgia
 DON DEBBARTIS, Florida
 JASON SMITH, Missouri
 VACANCY

ONE HUNDRED THIRTIETH CONGRESS

Congress of the United States
House of Representatives
COMMITTEE ON THE JUDICIARY

2138 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6216

(202) 225-3961

<http://www.house.gov/judiciary>

JOHN CONYERS, JR., Michigan
 JENNIFER TOLSON
 JEROLD HANCOCK, New York
 HARRY E. "HARRY" REID, Virginia
 ZOE LOFGREN, California
 SHARON JACKSON LEE, Texas
 STEVE COHEN, Tennessee
 HENRY C. "HANK" JOHNSON, JR., Georgia
 HILARY A. PERKINS, North Carolina
 JIMMY CARL, Tennessee
 TED CRUZ, Florida
 LARRY L. CROWDER, Illinois
 ROBERT BRASS, Kentucky
 DEAN L. BUCHANAN, Louisiana
 ALLOAN T. JAMES, Washington
 JOE CANNON, Florida
 HARVEY E. LEFFERT, New York
 DREW COULSON, North Carolina

July 8, 2014

The Honorable Ed Royce
 Chairman
 Committee on Foreign Affairs
 2170 Rayburn House Office Building
 Washington, D.C. 20515

Dear Chairman Royce,

I am writing concerning H.R. 4411, the "Hezbollah International Financing Prevention Act of 2014," which your Committee ordered reported on June 26, 2014.

As a result of your having consulted with the Committee on the provisions in our jurisdiction and in order to expedite the House's consideration of H.R. 4411, the Committee on the Judiciary will not assert its jurisdictional claim over this bill by seeking a sequential referral. However, this is conditional on our mutual understanding and agreement that doing so will in no way diminish or alter the jurisdiction of the Committee on the Judiciary with respect to the appointment of conferees or to any future jurisdictional claim over the subject matters contained in the bill or similar legislation.

I would appreciate your response to this letter confirming this understanding, and would request that you include a copy of this letter and your response in the Committee Report and in the *Congressional Record* during the floor consideration of this bill.

Sincerely,


 Bob Goodlatte
 Chairman

cc: The Honorable John Boehner, Speaker
 The Honorable John Conyers
 The Honorable Eliot L. Engel
 The Honorable Thomas J. Wickham, Jr., Parliamentarian

EDWARD R. ROYCE, CALIFORNIA
CHAIRMAN

AMY POECKER, CHIEF OF STAFF
THOMAS SHIPPY, JR., DEPUTY CHIEF OF STAFF



ELIOT L. ENGEL, New York
RANKING DEMOCRATIC MEMBER

JASON S. HILGUM, CHIEF OF STAFF

One Hundred Thirtieth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515
www.foreignaffairs.house.gov

July 9, 2014

The Honorable Bob Goodlatte
Chairman, Committee on the Judiciary
2138 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Goodlatte:

Thank you for consulting with the Committee on Foreign Affairs on H.R. 4411, the Hezbollah International Financing Prevention Act, and for agreeing to forgo a sequential referral request so that the bill may proceed expeditiously to the Floor.

I agree that your forgoing further action on this measure does not in any way diminish or alter the jurisdiction of the Committee on the Judiciary, or prejudice its jurisdictional prerogatives on this bill or similar legislation in the future.

I will seek to place our letters on H.R. 4411 into our Committee Report and into the *Congressional Record* during floor consideration of the bill. I appreciate your cooperation regarding this legislation and look forward to continuing to work with the Committee on the Judiciary as this measure moves through the legislative process.

Sincerely,

EDWARD R. ROYCE
Chairman

cc: The Honorable Eliot L. Engel
The Honorable John Conyers, Jr.
The Honorable John Boehner, Speaker
Mr. Thomas J. Wickham, Jr., Parliamentarian

EDWARD R. ROYCE, CALIFORNIA
CHAIRMAN

AMY POKER
CHIEF OF STAFF

THOMAS BRISNEY
STAFF DIRECTOR



ELIOT L. ENGEL, NEW YORK
RANKING DEMOCRATIC MEMBER

JASON STEINSMITH
DEMOCRATIC STAFF DIRECTOR

One Hundred Thirteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515
www.foreignaffairs.house.gov

July 11, 2014

The Honorable Jeb Hensarling
Chairman, Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Hensarling:

Thank you for consulting with the Committee on Foreign Affairs on H.R. 4411, the Hezbollah International Financing Prevention Act, and for agreeing to be discharged from further consideration of that bill so that it may proceed expeditiously to the House Floor. The suspension text contains edits to portions of the bill within the Rule X jurisdiction of the Committee on Financial Services that you have requested.

I agree that your forgoing further action on this measure does not in any way diminish or alter the jurisdiction of the Committee on Financial Services, or prejudice its jurisdictional prerogatives on this bill or similar legislation in the future. I would support your effort to seek appointment of an appropriate number of conferees to any House-Senate conference involving this legislation.

I will seek to place our letters on H.R. 4411 into our Committee Report and into the *Congressional Record* during floor consideration of the bill. I appreciate your cooperation regarding this legislation and look forward to continuing to work with the Committee on Financial Services as this measure moves through the legislative process.

Sincerely,

EDWARD R. ROYCE
Chairman

cc: The Honorable Eliot L. Engel
The Honorable John Conyers, Jr.
The Honorable John Boehner, Speaker
Mr. Thomas J. Wickham, Jr., Parliamentarian

JEB HENSARLING, TX, CHAIRMAN

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MAXINE WATERS, CA, RANKING MEMBER

July 15, 2014

HAND-DELIVERED

Hon. Edward R. Royce
Chairman, House Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Royce:

On June 26, 2014, the Committee on Foreign Affairs ordered H.R. 4411, the Hezbollah International Financing Prevention Act of 2014, to be reported favorably to the House with an amendment. As a result of your having consulted with the Committee on Financial Services concerning provisions of the bill that fall within our Rule X jurisdiction, I agree to discharge our committee from further consideration of the bill so that it may proceed expeditiously to the House Floor.

The Committee on Financial Services takes this action with our mutual understanding that by foregoing consideration of H.R. 4411, as amended, at this time, we do not waive any jurisdiction over the subject matter contained in this or similar legislation, and that our committee will be appropriately consulted and involved as the bill or similar legislation moves forward so that we may address any remaining issues that fall within our Rule X jurisdiction. Our committee also reserves the right to seek appointment of an appropriate number of conferees to any House-Senate conference involving this or similar legislation, and requests your support for any such request.

Finally, I appreciate your July 11 letter confirming this understanding with respect to H.R. 4411, as amended, and your inclusion of a copy of our exchange of letters on this matter be included in your committee's report to accompany the legislation and in the *Congressional Record* during floor consideration thereof.

Sincerely,


JEB HENSARLING
Chairman

cc: The Honorable John A. Boehner
The Honorable Maxine Waters
The Honorable Eliot L. Engel
Mr. Thomas J. Wickham, Jr.

SECTION-BY-SECTION ANALYSIS

Section 1; Short Title. The Hezbollah International Financing Prevention Act of 2014

Section 2. Findings and Statement of Policy.

TITLE I—PREVENTION OF ACCESS BY HEZBOLLAH TO INTERNATIONAL FINANCIAL AND OTHER INSTITUTIONS

Section 101. Imposition of Sanctions on Certain Satellite Providers that Carry al-Manar TV. Al-Manar (the beacon) is the official television station of Hezbollah. It is the propaganda arm of a listed terrorist organization, complicit in the full range of Hezbollah’s activities. Al-Manar, the Lebanese Communication Group, and the Lebanese Media Group have been designated as Specially-Designated Global Terrorists (SDGT)—a designation authorized under Executive Order 13224. EO 13224 prohibits persons from taking measures “to assist in, sponsor, or provide financial, material, or technological support for, or financial or other services to or in support of, such acts of terrorism or those persons listed in the Annex to this order or determined to be subject to this order.” The broadcast of al-Manar by satellite providers constitute the provision of “financial or other services” at the very least. As a result, this provision forces the Administration to supply Congress with a list of such providers, and justify why they have not been designated for providing material support to a terrorist organization.

Section 102. Sanctions with Respect to Financial Institutions that Engage in Certain Transactions. This provision provides the Administration the ability to relentlessly pursue foreign banks, including foreign Central Banks, knowingly engage in business with entities facilitating Hezbollah’s activities. The provision would require the Secretary of the Treasury to prohibit from or impose severe limitations on U.S. correspondent banking for foreign financial institutions, if that institution knowingly engages in certain financial transactions to aid Hezbollah. The Act contains a waiver if the President determines that exercising this waiver is vital to the national security interests of the United States. It also contains a special rule to allow foreign financial institutions to wind down or cease all such operations if they are knowingly engaged in sanctionable behavior, in order to avoid sanctions.

TITLE II—DESIGNATION OF HEZBOLLAH AS A MAJOR DRUG SMUGGLING ENTERPRISE AND A TRANSNATIONAL CRIMINAL ORGANIZATION

Section 201: Designation of Hezbollah as Significant Foreign Narcotics Traffickers. Also referred to as the “Kingpin Designation,” this provision requires the President to submit a report to Congress within 30 days of enactment determining whether Hezbollah meets the criteria of “Kingpin,” under the Foreign Narcotics Kingpin Designation Act; and if it does not, what criteria has not been met. The effects of this designation would be two-fold: first, it would undermine Hezbollah’s attempts to brand itself as a charitable and political organization in Europe, an image that is upheld by some and has assisted in Hezbollah’s ability to raise funds through charitable donations; and second, it would equip U.S. law enforcement agencies with the tools they need to pursue Hezbollah operatives

around the world, even in those countries which do not currently designate all, or any, parts of Hezbollah as a terrorist organization.

Section 202: Designation of Hezbollah as a Transnational Criminal Organization. Similar to a “Kingpin Designation” this provision requires the President to submit a report to Congress within 30 days of enactment with a determination as to whether Hezbollah meets the criteria set forth in Executive Order 13581 as a Transnational Criminal Organization (TCO). The designation of Hezbollah as a TCO would further empower U.S. law enforcement agencies to counter Hezbollah’s other criminal enterprises, such as money laundering, counterfeit goods and pharmaceuticals, and other illicit operations from which it funds its terrorist activities.

Section 203: Report on Hezbollah’s Involvement in the Trade of Conflict Diamonds. Given Hezbollah’s past and current criminal activities and global footprint, the provision requires a report from the Secretary of State detailing Hezbollah’s involvement in the trade of conflict diamonds—those outside of the Kimberley Process Certification Scheme.

Section 204: Rewards for Justice and Hezbollah’s Fundraising, Financing, and Money Laundering Activities. This provision requires the Administration to submit a one-time report that details actions taken by the State Department through its rewards program (known as “Rewards for Justice”) to obtain information on Hezbollah’s fundraising, financing and money laundering networks. It also requires the State Department to provide annual briefings to Congress on these efforts.

Section 205: Report on Activities of Foreign Governments to Disrupt Global Logistics Networks and Fundraising, Financing, and Money Laundering Activities of Hezbollah. The purpose of the report in this section is to provide a comprehensive overview of countries that support Hezbollah, or in which Hezbollah maintains important portions of its global logistics networks. It requires a list of countries in which Hezbollah conducts significant fundraising, financing or money laundering. This includes those governments that are not taking adequate efforts to disrupt Hezbollah’s networks. It also includes transnational means to conduct these activities, to include the use of trade based money laundering networks. Finally, the provision requires the Administration to provide briefings to the appropriate congressional committees every six months on the disposition of Hezbollah’s assets and financing activities worldwide.

Sec. 206. Appropriate Congressional Committees Defined. It includes the Committee on Foreign Affairs, the Committee on Financial Services, and the Committee on the Judiciary of the House of Representatives; and the Committee on Foreign Relations, the Committee on Finance, and the Committee on the Judiciary of the Senate.

TITLE III—MISCELLANEOUS PROVISIONS

Section 301. Rule of Construction. This provision states that nothing in this Act or any amendment made by this Act shall apply to the authorized intelligence activities of the United States.

Section 302. Regulatory Authority. This section provides for the promulgation of regulations, and the notification to Congress of such regulations.

Section 303. Termination. This provides for a termination authority if the President certifies that Hezbollah is no longer designated as a terrorist organization, and poses no significant threat to the United States or our allies.

