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JUSTICE FOR FORMER AMERICAN HOSTAGES IN IRAN ACT OF 2013

SEPTEMBER 12, 2013.—Ordered to be printed

Mr. MENENDEZ, from the Committee on Foreign Relations,
submitted the following

R E P O R T

[To accompany S. 559]

The Committee on Foreign Relations, having had under consideration the bill S. 559, to establish a fund to make payments to the Americans held hostage in Iran, and to members of their families, who are identified as members of the proposed class in case number 1:08-CV-00487 (EGS) of the United States District Court for the District of Columbia, and for other purposes, reports favorably thereon with an amendment and an amendment to the title and recommends that the bill, as amended, do pass.

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I. PURPOSE

The purpose of S. 559 is to establish in the Treasury a fund to provide compensation to the 52 Americans held hostage in the United States embassy in Tehran, Iran, between November 3, 1979, and January 20, 1981.

II. COMMITTEE ACTION

S. 559 was introduced on March 13, 2013, by Senator Isakson and co-sponsored by Senators Blumenthal, Heinrich, Coons, Murray, and Wicker. On June 25, 2013, the committee considered S. 559 and ordered it reported favorably, with amendments.

III. DISCUSSION

The bill establishes in the Treasury a fund, to be known as the “American Hostages in Iran Compensation Fund” for the purpose of providing compensation to the 52 Americans held hostage in the United States embassy in Tehran, Iran, between November 3, 1979, and January 20, 1981.

The 1981 Algiers Accords, which ended the hostage crisis, established numerous conditions to secure the hostages’ release including, among other things, a ban on asserting claims against Iran arising from the hostage taking. In 2000, the hostages and their families sued Iran in the United States for compensatory and punitive damages in federal court for their 444-day captivity. The courts have held that United States law, including the provisions of the Foreign Sovereign Immunities Act, does not provide the former hostages with a cause of action against Iran. While ruling against the former hostages, United States District Judge Emmet Sullivan repeatedly noted the compelling nature of the hostages’ claims, stating: “[These are] heart-wrenching, compelling stories. I’ve never heard of such horror . . . No United States citizen should ever suffer like that, and if they do, [the state sponsor of terrorism] should pay the price . . . Someone should pay the price for this.” On May 29, 2012, the Supreme Court denied certiorari in *Roeder v. Islamic Republic of Iran*, letting stand the D.C. Circuit Court of Appeal’s rejection of the former hostages’ claims. As a result, the former hostages appear to have now exhausted all means of judicial relief.

The bill provides for funding for the Fund through the imposition of a surcharge equal to 30 percent of the amount of (1) any fine or other monetary penalty assessed for violations of the United States’ Iran sanctions laws related to activities undertaken on or after the date of enactment; or (2) the monetary amount of a settlement associated with such laws related to activities undertaken on or after the date of enactment. The Secretary of State is authorized to accept contributions to the Fund by individuals, business concerns, foreign governments, or other entities. The Fund is to be administered by the Secretary of State, and payments shall be made from the fund in the following amounts: (1) to each living former hostage, \$150,000, plus \$5,000 for each day of captivity of the former hostage; and (2) to the estate of each deceased former hostage, \$150,000, plus \$5,000 for each day of captivity of the former hostage. Priority of payments shall be first, to each living former hostage and second to the estate of each deceased former hostage.

The bill provides for notification by the Secretary of State to each individual, and allows an individual to submit additional information to the Secretary of State where appropriate. The bill clarifies that the actions of the Secretary of State in identifying individuals qualified to receive payments and in disbursing amounts are not subject to review. A recipient of a payment waives and releases all claims arising out of the hostage events. Any extra money remaining in the Fund after the recipients have been paid shall return to the general fund of the Treasury. Finally, the Secretary of State must submit an annual report to the appropriate committees of Congress on the status of the Fund.

The Chairman noted that the amendments offered retain the innovative framework of the original bill by linking funding to compensate the former hostages with violations of U.S.-Iran sanctions law, and that the compensation amounts are consistent with the past practice in the area of hostage compensation. Noting the importance of the bill, he emphasized that the 52 Americans held hostage in the United States embassy in Tehran faced unique circumstances in seeking appropriate redress in that the Algiers Accords barred them from pursuing legal action.

IV. COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the committee notes that the cost estimate provided by the Congressional Budget Office was not available for inclusion in this report. The estimate will be printed in the Congressional Record when it is available.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has determined that there is no regulatory impact as a result of this legislation.

VI. CHANGES IN EXISTING LAW

In compliance with rule XXVI, paragraph 12 of the Standing Rules of the Senate, the committee notes that no changes in existing legislation will result from the enactment of S. 559.

