

HIZBALLAH INTERNATIONAL FINANCING PREVENTION  
AMENDMENTS ACT OF 2017

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OCTOBER 24, 2017.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

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

R E P O R T

[To accompany H.R. 3329]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 3329) to amend the Hizballah International Financing Prevention Act of 2015 to impose additional sanctions with respect to Hizballah, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend 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; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Hizballah International Financing Prevention Amendments Act of 2017”.

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

Sec. 1. Short title; table of contents.

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

- Sec. 101. Mandatory sanctions with respect to fundraising and recruitment activities for Hizballah.  
 Sec. 102. Modification of report with respect to financial institutions that engage in certain transactions.  
 Sec. 103. Sanctions against foreign states that support Hizballah.  
 Sec. 104. Prohibitions and conditions with respect to certain accounts held by foreign financial institutions.  
 Sec. 105. United States strategy to prevent hostile activities by Iran and disrupt and degrade Hizballah’s illicit networks in the Western Hemisphere.

**TITLE II—NARCOTICS TRAFFICKING AND SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH**

- Sec. 201. Blocking of property of affiliated networks of Hizballah.  
 Sec. 202. Report on racketeering activities engaged in by Hizballah.  
 Sec. 203. Modification of report on activities of foreign governments to disrupt global logistics networks and fundraising, financing, and money laundering activities of Hizballah.  
 Sec. 204. Report on combating the illicit tobacco trafficking networks used by Hizballah and other foreign terrorist organizations.

**TITLE III—GENERAL PROVISIONS**

- Sec. 301. Regulatory authority.  
 Sec. 302. Implementation; penalties; judicial review; exemptions.

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

**SEC. 101. MANDATORY SANCTIONS WITH RESPECT TO FUNDRAISING AND RECRUITMENT ACTIVITIES FOR HIZBALLAH.**

(a) **IN GENERAL.**—Section 101 of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended to read as follows:

**“SEC. 101. MANDATORY SANCTIONS WITH RESPECT TO FUNDRAISING AND RECRUITMENT ACTIVITIES FOR HIZBALLAH.**

“(a) **IN GENERAL.**—The President shall, on or after the date of the enactment of this section, impose the sanctions described in subsection (b) with respect to any foreign person that the President determines knowingly assists, sponsors, or, provides significant financial, material, or technological support for—

“(1) Bayt al-Mal, Jihad al-Bina, the Islamic Resistance Support Association, the Foreign Relations Department of Hizballah, the External Security Organization of Hizballah, or any successor or affiliate thereof;

“(2) al-Manar TV, al Nour Radio, or the Lebanese Media Group, or any successor or affiliate thereof;

“(3) a foreign person determined by the President to be engaged in fundraising or recruitment activities for Hizballah; or

“(4) a foreign person owned or controlled by a foreign person described in paragraph (1), (2), or (3).

“(b) **SANCTIONS DESCRIBED.**—

“(1) **IN GENERAL.**—The sanctions described in this subsection are the following:

“(A) **ASSET BLOCKING.**—The exercise of all powers granted to the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (except that the requirements of section 202 of such Act (50 U.S.C. 1701) shall not apply) to the extent necessary to block and prohibit all transactions in all property and interests in property of a foreign person determined by the President to be subject to subsection (a) if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

“(B) **ALIENS INELIGIBLE FOR VISAS, ADMISSION, OR PAROLE.**—

“(i) **VISAS, ADMISSION, OR PAROLE.**—An alien who the President determines is subject to subsection (a) is—

“(I) inadmissible to the United States;

“(II) ineligible to receive a visa or other documentation to enter the United States; and

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

“(ii) CURRENT VISAS REVOKED.—

“(I) IN GENERAL.—The issuing consular officer, the Secretary of State, or the Secretary of Homeland Security shall revoke any visa or other entry documentation issued to an alien who the President determines is subject to subsection (a), regardless of when issued.

“(II) EFFECT OF REVOCATION.—A revocation under subclause (I) shall take effect immediately and shall automatically cancel any other valid visa or entry documentation that is in the possession of the alien.

“(2) 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)(A) to the same extent that such penalties apply to a person that commits an unlawful act described in subsection (a) of such section 206.

“(c) IMPLEMENTATION.—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out this section.

“(d) WAIVER.—

“(1) IN GENERAL.—The President may, for periods not to exceed 180 days, waive the imposition of sanctions under this section with respect to a foreign person or foreign persons if the President certifies to the appropriate congressional committees that such waiver is in the national security interests of the United States.

“(2) CONSULTATION.—

“(A) BEFORE WAIVER EXERCISED.—Before a waiver under paragraph (1) takes effect with respect to a foreign person, the President shall notify and brief the appropriate congressional committees on the status of the involvement of the foreign person in activities described in subsection (a).

“(B) AFTER WAIVER EXERCISED.—Not later than 90 days after the issuance of a waiver under paragraph (1) with respect to a foreign person, and every 120 days thereafter while the waiver remains in effect, the President shall brief the appropriate congressional committees on the status of the involvement of the foreign person in activities described in subsection (a).

“(e) REPORT.—Not later than 90 days after the date of the enactment of the Hizballah International Financing Prevention Amendments Act of 2017, and every 180 days thereafter, the President shall submit to the appropriate congressional committees a report that lists the foreign persons that the President has credible evidence knowingly assists, sponsors, or provides significant financial, material, or technological support for the foreign persons described in paragraph (1), (2), (3), or (4) of subsection (a).

“(f) DEFINITIONS.—In this section:

“(1) ADMITTED; ALIEN.—The terms ‘admitted’ and ‘alien’ have meanings given those terms in section 101 of the Immigration and Nationality Act (8 U.S.C. 1101).

“(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ‘appropriate congressional committees’ means—

“(A) the Committee on Foreign Affairs, the Committee on Ways and Means, the Committee on the Judiciary, and the Committee on Financial Services of the House of Representatives; and

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

“(3) ENTITY.—The term ‘entity’—

“(A) means a partnership, association, corporation, or other organization, group, or subgroup; and

“(B) includes a governmental entity

“(4) FUNDRAISING OR RECRUITMENT ACTIVITIES.—The term ‘fundraising or recruitment activities’ includes online fundraising and other online commercial activities, or other means of such fundraising, recruitment, and retention, as determined by the President.

“(5) HIZBALLAH.—The term ‘Hizballah’ has the meaning given such term in section 102(f).

“(6) PERSON.—The term ‘person’ means an individual or entity.

“(7) UNITED STATES PERSON.—The term ‘United States person’ means a United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or a person in the United States.”.

(b) CLERICAL AMENDMENT.—The table of contents for the Hizballah International Financing Prevention Act of 2015 is amended by striking the item relating to section 101 and inserting the following new item:

“Sec. 101. Mandatory sanctions with respect to fundraising and recruitment activities for Hizballah.”.

**SEC. 102. MODIFICATION OF REPORT WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.**

(a) IN GENERAL.—Subsection (d) of section 102 of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended to read as follows:

“(d) REPORT ON FINANCIAL INSTITUTIONS ORGANIZED UNDER THE LAWS OF STATE SPONSORS OF TERRORISM.—

“(1) IN GENERAL.—Not later than 90 days after the date of the enactment of the Hizballah International Financing Prevention Amendments Act of 2017, and annually thereafter for a period not to exceed three years, the President shall submit to the appropriate congressional committees a report that—

“(A) identifies each foreign financial institution described in paragraph (2) that the President determines engages in one or more activities described in subsection (a)(2);

“(B) provides a detailed description of each such activity; and

“(C) contains a determination with respect to each such foreign financial institution that is identified under subparagraph (A) as engaging in one or more activities described in subsection (a)(2) as to whether or not such foreign financial institution is in violation of Executive Order 13224 (50 U.S.C. 1701 note; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism) or section 2339B of title 18, United States Code, by reason of engaging in one or more such activities.

“(2) FOREIGN FINANCIAL INSTITUTION DESCRIBED.—

“(A) IN GENERAL.—A foreign financial institution described in this paragraph is a foreign financial institution—

“(i) that, wherever located, is—

“(I) organized under the laws of a state sponsor of terrorism or any jurisdiction within a state sponsor of terrorism;

“(II) owned or controlled by the government of a state sponsor of terrorism;

“(III) located in the territory of a state sponsor of terrorism; or

“(IV) owned or controlled by a foreign financial institution described in subclause (I), (II), or (III); and

“(ii) the capitalization of which exceeds \$10,000,000.

“(B) STATE SPONSOR OF TERRORISM.—In this paragraph, the term ‘state sponsor of terrorism’ means a country the government of which the Secretary of State has determined is a government that has repeatedly provided support for acts of international terrorism for purposes of—

“(i) section 6(j) of the Export Administration Act of 1979 (50 U.S.C. 4605(j)) (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.);

“(ii) section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371);

“(iii) section 40 of the Arms Export Control Act (22 U.S.C. 2780); or

“(iv) any other provision of law.”.

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

(1) all countries should designate the entirety of Hizballah as a terrorist organization; and

(2) the notion of separate Hizballah political and military “wings” is an artificial construct that attempts to legitimize Hizballah members of parliament and Hizballah cabinet officials who are complicit in Hizballah’s use of violence and coercion against its political opponents.

(c) MODIFICATION OF DEFINITION OF HIZBALLAH.—Clause (ii) of section 102(f)(1)(E) of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended—

(1) by striking “(I)” and inserting “(I)(aa)”;

(2) by striking “(II)” and inserting “(bb)”;

(3) by striking “of Hizballah.” and inserting “of Hizballah; or”; and

(4) by adding at the end the following:

“(II) who the President determines is an agent or affiliate of, or is owned or controlled by Hizballah.”.

(d) REPORT.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the President shall transmit to the appropriate congressional committee a report that contains a description of any sanctions described in section 102 of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) apply with respect to a foreign financial institution by reason of engaging in an activity described in subsection (a)(2) of such section with a member of the Lebanese parliament or any cabinet official of the Lebanese Republic who is a member of Hizballah or identifies as such.

(2) FORM.—The report required by this subsection shall be transmitted in unclassified form but may include a classified annex.

**SEC. 103. SANCTIONS AGAINST FOREIGN STATES THAT SUPPORT HIZBALLAH.**

(a) IN GENERAL.—Title I of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended by adding at the end the following:

**“SEC. 103. SANCTIONS AGAINST FOREIGN STATES THAT SUPPORT HIZBALLAH.**

**“(a) SANCTIONS AGAINST CERTAIN AGENCIES AND INSTRUMENTALITIES OF FOREIGN STATES.—**

**“(1) IN GENERAL.—**Not later than 90 days after the date of the enactment of this section, and as appropriate thereafter, the President shall impose the sanctions described in paragraph (3) with respect to any agency or instrumentality of a foreign state described in paragraph (2).

**“(2) AGENCY OR INSTRUMENTALITY DESCRIBED.—**An agency or instrumentality of a foreign state described in this paragraph is an agency or instrumentality of a foreign state that the President determines has, on or after the date of the enactment of this section, knowingly—

**“(A) directly or indirectly conducted combat operations with, or supported combat operations of, Hizballah or an entity owned or controlled by Hizballah; or**

**“(B) directly or indirectly provided significant financial or material support for, or significant arms or related material to, Hizballah or an entity owned or controlled by Hizballah.**

**“(3) SANCTIONS DESCRIBED.—**The sanctions described in this paragraph are the exercise of all powers granted to the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (except that the requirements of section 202 of such Act (50 U.S.C. 1701) shall not apply) to the extent necessary to block and prohibit all transactions in all property and interests in property of an agency or instrumentality of a foreign state if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

**“(b) SANCTIONS AGAINST STATE SPONSORS OF TERRORISM.—**

**“(1) IN GENERAL.—**In the case of an agency or instrumentality of a foreign state that engages in the activities described in subsection (a) that is an agency or instrumentality of a foreign state described in paragraph (2), the President shall, pursuant to section 6 of the Export Administration Act of 1979 (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)), require a license under the Export Administration Regulations to export or re-export to that foreign state any item designated by the Secretary of Commerce as ‘EAR 99’, other than food, medicine, medical devices, or similarly licensed items.

**“(2) FOREIGN STATE DESCRIBED.—**A foreign state described in this paragraph is a foreign state that—

**“(A) the President determines has, on or after the date of the enactment of this section, knowingly provided significant financial or material support for, or arms or related material to—**

**“(i) Hizballah; or**

**“(ii) an entity owned or controlled by Hizballah; and**

**“(B) is a state sponsor of terrorism.**

**“(c) WAIVER.—**

**“(1) IN GENERAL.—**The President may, for periods not to exceed 180 days, waive the imposition of sanctions under this section with respect to a foreign state or an agency or instrumentality of a foreign state if the President certifies to the appropriate congressional committees that such waiver is vital to the national security interests of the United States.

**“(2) CONSULTATION.—**

“(A) BEFORE WAIVER EXERCISED.—Before a waiver under paragraph (1) takes effect with respect to a foreign state or an agency or instrumentality of a foreign state, the President shall notify and brief the appropriate congressional committees on the status of the involvement of the foreign state in activities described in subsection (b)(2) or involvement of the agency or instrumentality of a foreign state in activities described in subsection (a)(2), as the case may be.

“(B) AFTER WAIVER EXERCISED.—Not later than 90 days after the issuance of a waiver under paragraph (1) with respect to a foreign state or an agency or instrumentality of a foreign state, and every 120 days thereafter while the waiver remains in effect, the President shall brief the appropriate congressional committees on the status of the involvement of the foreign state in activities described in subsection (b)(2) or involvement of the agency or instrumentality of a foreign state in activities described in subsection (a)(2), as the case may be.

“(d) REPORT ON SUPPLY CHAIN OF HIZBALLAH’S MISSILE PRODUCTION FACILITIES.—  
“(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this subsection, the President shall submit to the appropriate congressional committees a report that contains the following:

“(A) An analysis of the foreign and domestic supply chain that significantly facilitates, supports, or otherwise aids Hizballah’s acquisition or development of missile production facilities.

“(B) A description of the geographic distribution of the foreign and domestic supply chain described in subparagraph (A).

“(C) An assessment of the provision of goods, services, or technology transferred to Hizballah by the Government of Iran or its affiliates to indigenously manufacture or otherwise produce missiles.

“(D) An identification of foreign persons that have, on or after the date of the enactment of this subsection, and based on credible evidence—

“(i) knowingly provided significant financial or material support for, or significant arms or related material to, Hizballah or an entity owned or controlled by Hizballah; or

“(ii) knowingly facilitated the transfer of significant arms or related materiel to Hizballah utilizing commercial aircraft or air carriers.

“(E) A description of the steps that the President is taking to disrupt the foreign and domestic supply chain described in subparagraph (A).

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

“(e) DEFINITIONS.—In this section:

“(1) AGENCY OR INSTRUMENTALITY OF A FOREIGN STATE; FOREIGN STATE.—The terms ‘agency or instrumentality of a foreign state’ and ‘foreign state’ have the meanings given those terms in section 1603 of title 28, United States Code.

“(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ‘appropriate congressional committees’ means—

“(A) the Committee on Foreign Affairs, the Committee on Financial Services, the Committee on Ways and Means, and the Committee on the Judiciary of the House of Representatives; and

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

“(3) ARMS OR RELATED MATERIAL.—The term ‘arms or related material’ means—

“(A) nuclear, biological, chemical, or radiological weapons or materials or components of such weapons;

“(B) ballistic or cruise missile weapons or materials or components of such weapons;

“(C) destabilizing numbers and types of advanced conventional weapons;

“(D) defense articles or defense services, as those terms are defined in paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act (22 U.S.C. 2794); or

“(E) defense information, as that term is defined in section 644 of the Foreign Assistance Act of 1961 (22 U.S.C. 2403).

“(4) EXPORT ADMINISTRATION REGULATIONS.—The term ‘Export Administration Regulations’ means subchapter C of chapter VII of title 15, Code of Federal Regulations (as in effect on the date of the enactment of this Act).

“(5) HIZBALLAH.—The term ‘Hizballah’ has the meaning given that term in section 102(f).

“(6) STATE SPONSOR OF TERRORISM.—In this paragraph, the term ‘state sponsor of terrorism’ means a country the government of which the Secretary of

State has determined is a government that has repeatedly provided support for acts of international terrorism for purposes of—

“(A) section 6(j) of the Export Administration Act of 1979 (50 U.S.C. 4605(j)) (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.);

“(B) section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371);

“(C) section 40 of the Arms Export Control Act (22 U.S.C. 2780); or

“(D) any other provision of law.”

(b) CLERICAL AMENDMENT.—The table of contents for the Hizballah International Financing Prevention Act of 2015 is amended by inserting after the item relating to section 102 the following new item:

“Sec. 103. Sanctions against foreign states that support Hizballah.”

(c) REPORT ON SIGNIFICANT MATERIAL SUPPORT AND ARMS OR RELATED MATERIEL PROVIDED BY THE RUSSIAN FEDERATION TO HIZBALLAH.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report that contains the following:

(A) A description of significant material support and arms or related materiel that the Government of the Russian Federation has, on or after the date of the enactment of this Act, knowingly, directly or indirectly, provided to Hizballah or an entity owned or controlled by Hizballah.

(B) An analysis of the extent to which Russian strategic weapons deployed in Syria, including air defense systems, have provided protection for Hizballah fighters in Syria.

(C) An assessment of whether Russian counter-proliferation safeguards can ensure that any arms or related materiel described in subparagraph (A) will not be used against Israel in the future.

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

(3) DEFINITIONS.—In this subsection:

(A) APPROPRIATE CONGRESSIONAL COMMITTEES.—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.

(B) ARMS OR RELATED MATERIAL.—The term “arms or related materiel” has the meaning given such term in section 103 of the Hizballah International Financing Prevention Act of 2015, as added by this section.

**SEC. 104. PROHIBITIONS AND CONDITIONS WITH RESPECT TO CERTAIN ACCOUNTS HELD BY FOREIGN FINANCIAL INSTITUTIONS.**

Section 104(c)(2)(A)(ii) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(c)(2)(A)(ii)) is amended by inserting before “or support for acts of international terrorism” the following “, including Hizballah (as defined in section 102(f)(1)(E) of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note)), and any affiliates or successors thereof.”

**SEC. 105. UNITED STATES STRATEGY TO PREVENT HOSTILE ACTIVITIES BY IRAN AND DISRUPT AND DEGRADE HIZBALLAH'S ILLICIT NETWORKS IN THE WESTERN HEMISPHERE.**

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of State shall submit to the relevant congressional committees a strategy to prevent hostile activities by Iran and disrupt and degrade Hizballah's illicit networks in the Western Hemisphere that—

(1) identifies Department of State priorities, in coordination with other executive branch agencies, for defining United States policy to protect United States interests from Iranian and Hizballah threats in the Western Hemisphere;

(2) coordinates with other executive branch agencies to ensure that information-sharing, interdictions, arrests, investigations, indictments, sanctions, and designations related to Hizballah individuals or networks in the Western Hemisphere are integrated, coordinated, and publicly communicated by the United States in a manner that supports United States interests;

(3) describes Iranian and Hizballah activities in the Western Hemisphere, their relationships with transnational criminal organizations in the region, their use of the region's commodities trade to engage in illicit activities, and their use of Latin American and Caribbean visas, including through Citizenship by Investment Programs to seek admittance into the United States, as well as a plan to address any security vulnerabilities to the United States;

(4) includes a review of all relevant United States sanctions that relate to Hizballah’s activities in Latin America and the Caribbean and an assessment of their use, effectiveness, and any capability gaps;

(5) includes a review of the use of the Department of State’s rewards program under section 36 of the State Department Basic Authorities Act (22 U.S.C. 2708) to obtain information related to Latin America-based Hizballah operatives and illicit networks and an assessment of the effectiveness of this program for targeting Hizballah in the Western Hemisphere;

(6) includes a review of all relevant United States sanctions on financial institutions in Latin America and the Caribbean that engage in activities outlined by section 102 of Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) and an assessment of the use of the authorities outlined, their effectiveness, and recommendations for improvement;

(7) describes Hizballah criminal support networks, including country facilitation, in the Western Hemisphere and outlines a United States approach to partners in the region to address those illicit networks and build country capacity to combat the transnational criminal activities of Hizballah; and

(8) includes a review of the actions of governments in the Western Hemisphere to identify, investigate, and prosecute Latin America-based Hizballah operatives, and enforce sanctions either personally or to their business interests of Latin America-based Hizballah operatives as well as recommendations for United States action towards governments who refuse to impose sanctions or who willingly facilitate Latin America-based Hizballah illicit activities.

(b) FORM.—The strategy required by subsection (a) shall be submitted in unclassified form to the greatest extent possible but may include a classified annex.

(c) DIPLOMATIC ENGAGEMENT.—

(1) IN GENERAL.—Title I of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 129 Stat. 2206; 50 U.S.C. 1701 note), as amended by section 103 of this Act, is further amended by adding at the end the following:

**“SEC. 104. DIPLOMATIC INITIATIVES.**

“Not later than 90 days after the date of the enactment of this section, the President shall instruct—

“(1) the Secretary of State to increase cooperation with countries in the Western Hemisphere to assist in strengthening the capacity of governments to prevent hostile activity by Iran and disrupt and degrade Hizballah’s illicit networks operating in the region, including diplomatic engagement that involves—

“(A) efforts to target and expose illicit networks, arrest perpetrators, freeze assets, and attack Iran and Hizballah’s use of illicit networks using international trade and banking systems;

“(B) efforts to revoke or deny visas from those implicated in Hizballah’s activity in the region, including lawyers, accountants, business partners, service providers, and politicians who knowingly facilitate or fail to take measures to counter Hizballah’s illicit finance in their own jurisdictions;

“(C) efforts to assist willing nations with the development of counter-organized crime legislation, the strengthening of financial investigative capacity, and a fully-vetted counter-organized crime judicial model in places plagued with corruption; and

“(D) efforts to persuade governments in the region to list Hizballah as a terrorist organization;

“(2) the United States Permanent Representative to the Organization of American States to work to secure support at the Organization of American States for a resolution that would declare Hizballah as a terrorist organization and address Hizballah’s illicit networks operating in the region;

“(3) the United States Ambassador to the Organization for Security and Cooperation in Europe (OSCE) to work to secure a report on compliance by participating states with OSCE Decision Number 1063, the ‘Consolidated Framework for the Fight Against Terrorism’, in regard to Hizballah, with particular focus on the mandate to ‘suppress the financing of terrorism, including its links with money-laundering and illegal economic activities’, especially as it relates transatlantic relations, including with Latin America and the Caribbean; and

“(4) United States diplomats to work with international forums, including the Financial Action Task Force, to identify government entities within Latin America and the Caribbean that provide support, facilitation, or assistance to individuals affiliated with Hizballah in the Western Hemisphere.”.

(2) CLERICAL AMENDMENT.—The table of contents for the Hizballah International Financing Prevention Act of 2015 is amended by inserting after the item related to section 103 the following new item:

“Sec. 104. Diplomatic initiatives.”.

## **TITLE II—NARCOTICS TRAFFICKING AND SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH**

### **SEC. 201. BLOCKING OF PROPERTY OF AFFILIATED NETWORKS OF HIZBALLAH.**

(a) IN GENERAL.—Section 201 of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended to read as follows:

#### **“SEC. 201. IMPOSITION OF SANCTIONS WITH RESPECT TO AFFILIATED NETWORKS OF HIZBALLAH.**

“(a) IN GENERAL.—Not later than 120 days after the date of the enactment of this section, and as appropriate thereafter, the President shall impose the sanctions described in subsection (b) with respect to affiliated networks of Hizballah, including by reason of significant transnational criminal activities of such networks.

“(b) SANCTIONS DESCRIBED.—The sanctions described in this subsection are sanctions applied with respect to a foreign person pursuant to Executive Order 13581 (75 Fed. Reg. 44,757) (as such Executive order was in effect on the day before the date of the enactment of this section).

“(c) DEFINITION.—In this section, the term ‘Hizballah’ has the meaning given such term in section 102(f).”.

(b) CLERICAL AMENDMENTS.—The table of contents for the Hizballah International Financing Prevention Act of 2015 is amended—

(1) by striking the item relating to title II and inserting the following:

“TITLE II—IMPOSITION OF SANCTIONS WITH RESPECT TO AFFILIATED NETWORKS OF HIZBALLAH AND REPORTS AND BRIEFINGS ON NARCOTICS TRAFFICKING AND SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH”;

and

(2) by striking the item relating to section 201 and inserting the following:

“Sec. 201. Imposition of sanctions with respect to affiliated networks of Hizballah.”.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on the date that is 90 days after the date of the enactment of this Act.

### **SEC. 202. REPORT ON RACKETEERING ACTIVITIES ENGAGED IN BY HIZBALLAH.**

(a) IN GENERAL.—Section 202 of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended to read as follows:

#### **“SEC. 202. REPORT ON RACKETEERING ACTIVITIES ENGAGED IN BY HIZBALLAH.**

“(a) IN GENERAL.—Not later than 120 days after the date of the enactment of the Hizballah International Financing Prevention Amendments Act of 2017, and annually thereafter for the following 5 years, the Assistant Attorney General for the Criminal Division of the Department of Justice and the Administrator of the Drug Enforcement Administration, in coordination with the Secretary of the Treasury and the heads of other applicable Federal agencies, shall jointly submit to the appropriate congressional committees a report on the following:

“(1) Activities that Hizballah, and agents and affiliates of Hizballah, have engaged in that are racketeering activities.

“(2) The extent to which Hizballah, and agents and affiliates of Hizballah, engage in a pattern of such racketeering activities.

“(b) FORM OF REPORT.—Each report required under subsection (a) shall be submitted in an unclassified form but may contain a classified annex.

“(c) DEFINITIONS.—In this section:

“(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term ‘appropriate congressional committees’ means—

“(A) the Committee on the Judiciary and the Committee on Foreign Affairs of the House of Representatives; and

“(B) the Committee on the Judiciary and the Committee on Foreign Relations of the Senate.

“(2) HIZBALLAH.—The term ‘Hizballah’ has the meaning given that term in section 102(f).

“(3) RACKETEERING ACTIVITY.—The term ‘racketeering activity’ has the meaning given that term in section 1961(1) of title 18, United States Code.”.

(b) CLERICAL AMENDMENT.—The table of contents for the Hizballah International Financing Prevention Act of 2015 is amended by striking the item relating to section 202 and inserting the following:

“Sec. 202. Report on racketeering activities engaged in by Hizballah.”.

**SEC. 203. MODIFICATION OF REPORT ON ACTIVITIES OF FOREIGN GOVERNMENTS TO DISRUPT GLOBAL LOGISTICS NETWORKS AND FUNDRAISING, FINANCING, AND MONEY LAUNDERING ACTIVITIES OF HIZBALLAH.**

(a) IN GENERAL.—Section 204(a)(1) of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note) is amended—

(1) in the matter preceding subparagraph (A), by striking “this Act” and inserting “the Hizballah International Financing Prevention Amendments Act of 2017, and annually thereafter for the following 5 years”;

(2) in subparagraph (D)(ii)(II), by striking “and” at the end;

(3) in subparagraph (E), by striking “and free-trade zones.” and inserting “free-trade zones, business partnerships and joint ventures, and other investments in small and medium-sized enterprises;”; and

(4) by adding at the end the following:

“(F) a list of provinces, municipalities, and local governments outside of Lebanon that expressly consent to, or with knowledge allow, tolerate, or disregard the use of their territory by Hizballah to carry out terrorist activities, including training, financing, and recruitment;

“(G) a description of the total aggregate revenues and remittances that Hizballah receives from the global logistics networks of Hizballah, including—

“(i) a list of Hizballah’s sources of revenue, including sources of revenue based on illicit activity, revenues from Iran, charities, and other business activities; and

“(ii) a list of Hizballah’s expenditures, including expenditures for ongoing military operations, social networks, and external operations;

“(H) a survey of national and transnational legal measures available to target Hizballah’s financial networks;

“(I) a review of Hizballah’s international operational capabilities, including in the United States; and

“(J) a review of—

“(i) the total number and value of Hizballah-related assets seized and forfeited; and

“(ii) the total number of indictments, prosecutions, and extraditions of Hizballah members or affiliates.”.

(b) REPORT ON ESTIMATED NET WORTH OF AND DETERMINATION WITH RESPECT TO SENIOR HIZBALLAH MEMBERS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and not less frequently than annually thereafter for the following 2 years, the President shall submit to the appropriate congressional committees a report that contains—

(A) the estimated total net worth of each individual described in paragraph (2);

(B) a description of how funds of each individual described in paragraph (2) were acquired, and how such funds have been used or employed; and

(C) a determination of whether each individual described in paragraph (2) meets the criteria described in paragraph (3) or (4) of section 1263(a) of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114–328; 22 U.S.C. 2656 note).

(2) INDIVIDUALS DESCRIBED.—The individuals described in this paragraph are the following:

(A) The Secretary General of Hizballah.

(B) Members of the Hizballah Politburo.

(C) Any other individual that the President determines is a senior foreign political figure of Hizballah, is associated with Hizballah, or otherwise provides significant support to Hizballah.

(3) FORM OF REPORT; PUBLIC AVAILABILITY.—

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

(B) PUBLIC AVAILABILITY.—The unclassified portion of the report required under paragraph (1) shall be made available to the public and posted on the website of the Department of State and all United States Embassy websites.

## (4) DEFINITIONS.—In this subsection:

(A) 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.

(B) FUNDS.—The term “funds” means—

- (i) cash;
- (ii) equity;
- (iii) any other intangible asset the value of which is derived from a contractual claim, including bank deposits, bonds, stocks, a security (as defined in section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a))), or a security or an equity security (as those terms are defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))); and
- (iv) anything else of value that the President determines to be appropriate.

(C) SENIOR FOREIGN POLITICAL FIGURE.—The term “senior foreign political figure” has the meaning given that term in section 1010.605 of title 31, Code of Federal Regulations (or any successor regulation).

**SEC. 204. REPORT ON COMBATING THE ILLICIT TOBACCO TRAFFICKING NETWORKS USED BY HIZBALLAH AND OTHER FOREIGN TERRORIST ORGANIZATIONS.**

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report on combating the illicit tobacco trafficking networks used by Hizballah and other foreign terrorist organizations to finance their operations, as described in the report submitted to Congress in December 2015 by the Department of State, the Department of Justice, the Department of the Treasury, the Department of Homeland Security, and the Department of Health and Human Services entitled, “The Global Illicit Trade in Tobacco: A Threat to National Security.”

(b) MATTERS TO BE ADDRESSED.—The report required by subsection (a) shall include the following:

(1) A description of the steps to be taken by Federal agencies to combat the illicit tobacco trafficking networks used by Hizballah, other foreign terrorist organizations, and other illicit actors.

(2) A description of the steps to be taken to engage State and local law enforcement authorities in efforts to combat illicit tobacco trafficking networks operating within the United States.

(3) A description of the steps to be taken to engage foreign government law enforcement and intelligence authorities in efforts to combat illicit tobacco trafficking networks operating outside the United States.

(4) Recommendations for legislative or administrative action needed to address the threat of illicit tobacco trafficking networks.

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

(1) the Committee on Foreign Affairs, the Committee on Armed Services, the Committee on Homeland Security, the Committee on the Judiciary, the Committee on Financial Services, and the Committee on Ways and Means of the House of Representatives; and

(2) the Committee on Foreign Relations, the Committee on Armed Services, the Committee on Homeland Security and Governmental Affairs, the Committee on the Judiciary, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Finance of the Senate.

**TITLE III—GENERAL PROVISIONS****SEC. 301. REGULATORY AUTHORITY.**

(a) IN GENERAL.—The President shall, not later than 180 days after the date of the enactment of this Act, prescribe regulations as necessary for the implementation of this Act and the amendments made by this Act.

(b) BRIEFING TO CONGRESS.—Not later than 10 days before the prescription of regulations under subsection (a), the President shall brief the appropriate congressional committees of the proposed regulations and the provisions of this Act and the amendments made by this Act that the regulations are implementing.

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

- (1) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and
- (2) the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate.

**SEC. 302. IMPLEMENTATION; PENALTIES; JUDICIAL REVIEW; EXEMPTIONS.**

(a) **IN GENERAL.**—Title I of the Hizballah International Financing Prevention Act of 2015 (Public Law 114–102; 50 U.S.C. 1701 note), as amended by sections 103 and 105 of this Act, is further amended by adding at the end the following:

**“SEC. 105. IMPLEMENTATION; PENALTIES; JUDICIAL REVIEW; EXEMPTIONS; RULE OF CONSTRUCTION.**

“(a) **IMPLEMENTATION.**—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out sections 101 and 103.

“(b) **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 to carry out section 101 or 103 to the same extent that such penalties apply to a person that commits an unlawful act described in subsection (a) of such section 206.

“(c) **PROCEDURES FOR JUDICIAL REVIEW OF CLASSIFIED INFORMATION.**—

“(1) **IN GENERAL.**—If a finding, or a prohibition, condition, or penalty imposed as a result of any such finding, is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)) and a court reviews the finding or the imposition of the prohibition, condition, or penalty, the President may submit such information to the court *ex parte* and *in camera*.

“(2) **RULE OF CONSTRUCTION.**—Nothing in this subsection shall be construed to confer or imply any right to judicial review of any finding under section 101 or 103 or any prohibition, condition, or penalty imposed as a result of any such finding.

“(d) **EXEMPTIONS.**—The following activities shall be exempt from sections 101 and 103:

“(1) Any authorized intelligence, law enforcement, or national security activities of the United States.

“(2) 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 States, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, or under the Convention on Consular Relations, done at Vienna April 24, 1963, and entered into force March 19, 1967, or any other United States international agreement.

“(e) **RULE OF CONSTRUCTION.**—Nothing in section 101 or 103 shall be construed to limit the authority of the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or under any other provision of law.”

(b) **CLERICAL AMENDMENT.**—The table of contents for the Hizballah International Financing Prevention Act of 2015 is amended by inserting after the item relating to section 104, as added by section 105(c) of this Act, the following new item:

“Sec. 105. Implementation; penalties; judicial review; exemptions; rule of construction.”

## SUMMARY AND PURPOSE

Hizballah has been designated a Foreign Terrorist Organization by the U.S. Department of State since 1997. Hizballah is responsible for some of the deadliest attacks against American citizens and, as former Secretary of Defense Robert Gates observed, possesses “far more rockets and missiles than most governments in the world.” While Hizballah has been sanctioned under the Hizballah International Financing Prevention Act of 2015 and designated pursuant to multiple executive orders and provisions of law, this legislation specifically expands efforts to target 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 continue to increase the aggregate risk associated with knowingly aiding Hizballah's international operations.

This bipartisan legislation will broaden sanctions against Hizballah's fundraising and recruitment efforts; agencies and instrumentalities of foreign states that provide arms and related material to Hizballah; and imposes sanctions on Hizballah for its involvement in transnational organized crime, including narcotics trafficking. It also contains robust reporting requirements that will focus the administration's information gathering on Hizballah's global logistics and financial network. In doing so, it provides a comprehensive framework for addressing Hizballah's support network and fulfills the objective of the legislation, which is to prevent Hizballah's global logistics and financial network from operating in order to curtail the funding of its international activities.

#### BACKGROUND AND NEED FOR LEGISLATION

In recent years, the U.S. has taken multiple financial steps to counter the ability of Hizballah, a terrorist organization with reputedly sophisticated financial expertise. Nonetheless, Hizballah has been able to exploit the international financial system and move and store illicit assets. Hizballah criminal enterprises—some formal, some informal—span the globe. From narcotics to international used car sales, and from money laundering to procurement front companies, U.S. law enforcement now sees multiple cases where the Hizballah-affiliated criminal operators are themselves acting as “super-facilitators” for a wide range of crimes and clients. With the Treasury Department's designation of Lebanese Canadian Bank SAL in February 2011 as a financial institution of primary money laundering concern, Hizballah's role in Latin American cocaine trafficking (and the laundering of such illicit proceeds through informal value transfer mechanisms), trade-based money laundering schemes that span the globe, and the exploitation of Lebanese exchange houses were publicly revealed.

Since 2011, pressure on the group has persisted through targeted financial sanctions, law enforcement investigations, and judicial prosecutions. On December 18, 2015, the 114th Congress enacted the Hizballah International Financing Prevention Act of 2015 (P.L. 114-102), which requires enhanced restrictions on foreign financial institutions that facilitate financial transactions and services for Hizballah. Adding pressure, the European Union partially designated Hizballah a terrorist organization in 2013 and the Gulf Cooperation Council and the Arab League designated Hizballah a terrorist organization in March 2016.

And yet, Hizballah continues to threaten stability in Lebanon, Syria, throughout the Middle East region, and beyond. Hizballah continues to use its media appendages for propaganda, organizing, recruitment, and fundraising purposes by operating its own television channel, Al-Manar, radio station, Radio Al-Nour, and a media company, the Lebanese Media Group. Each of these were designated as terrorist entities by the U.S. Treasury Department in 2006. Additionally, Hizballah's refining of its online recruitment and fundraising tools require a response from Congress.

*The Iran-Hizballah Relationship*

The 2016 State Department *Country Reports on Terrorism* states that Iran “continued its terrorist-related activity in 2016, including support for Hizballah. Iran used the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) to implement foreign policy goals, provide cover for intelligence operations, and create instability in the Middle East. Iran has acknowledged the involvement of the IRGC-QF in the conflicts in Iraq and Syria and the IRGC-QF is Iran’s primary mechanism for cultivating and supporting terrorists abroad.” Iran’s support for Hizballah is a centerpiece of this effort.

Hizballah acts in support of its own interests as well as those of Iran, including through acts of terrorism and other armed action. The relationship began when Lebanese Shi’a clerics of the pro-Iranian Lebanese Da’wa (Islamic Call) Party began to organize, following the Israeli occupation of Lebanon, into what later was unveiled in 1985 as Hizballah. Iran sent IRGC forces to Lebanon to help develop the group’s military capabilities, and these IRGC forces subsequently evolved into the IRGC-QF. The most recent State Department report on international terrorism says that Hizballah continues to be “capable of operating around the globe.” The report adds that Iran has provided Hizballah with “hundreds of millions of dollars” and has “trained thousands of [Hizballah] fighters at camps in Iran.” It is clear that Iran’s support for Hizballah has helped the organization become a major force in Lebanon’s politics and allowed the group to assert a de facto veto over Lebanese political developments.

Iranian leaders have long worked with Hizballah to pressure and threaten Israel. Hizballah’s attacks on Israeli forces in its self-declared “security zone” in southern Lebanon contributed to an Israeli withdrawal from that territory in May 2000. Hizballah fired Iranian-supplied rockets on Israel’s northern towns and cities during a July-August 2006 war with Israel, and in July 2006 Hizballah damaged an Israeli warship with an Iran-supplied C-802 sea-skimming missile. Since that conflict, Iran has resupplied Hizballah with, according to some sources, over 100,000 rockets and missiles, some capable of reaching nearly all areas in Israel from south Lebanon, as well as upgraded artillery, anti-ship, anti-tank, and anti-aircraft capabilities. In addition, Iran bought significant quantities of C-802s from China in the 1990s.

Iran has directed and facilitated Hizballah’s involvement in the Syrian conflict on behalf of the Assad regime, whose continuation in power is in the interests of both Iran and Hizballah. Syria is the key conduit through which the IRGC-QF arms and assists Hizballah. Throughout Syria’s internal conflict, Israel has carried out occasional air strikes inside Syria against Iranian arms shipments to Hizballah. In January 2015, Hizballah attacked an Israeli military convoy near the Lebanon-Israel-Syria tri-border area, killing two Israeli soldiers, but the incident did not escalate. On February 3, 2017, under Executive Order 13224, the United States imposed sanctions on eight IRGC-QF and allied individuals for providing funds to Hizballah and related activities. One of the designated individuals was accused of procuring aviation spare parts for the IRGC-QF.

The committee has strong concerns about the role that Iran and Hizballah could potentially play in a post-ISIS Syria. The United

States, Russia, and Jordan negotiated a de-escalation zone in Southern Syria, which has the potential to create a safe haven for Hizballah and Iranian actors, thereby exacerbating existing tensions and creating a corridor from Tehran to the Mediterranean through Iraq, Syria, and Lebanon.

Additionally, the committee is concerned regarding Iranian efforts to move high-tech materiel to Hizballah in Lebanon, including the reported establishment of production facilities in Lebanon and Syria for Hizballah of sophisticated missiles. U.N. Security Council Resolution (UNSCR) 1701 on Lebanon, adopted in 2006, requires member states to prevent the export of unauthorized arms to Lebanon from or through their territories and authorizes the United Nations Interim Force in Lebanon (UNIFIL) to assist the Lebanese Government in securing its borders at the Lebanese Government's request. The United States and others have provided assistance to the LAF as well as to Lebanon's Internal Security Forces (ISF), designed in part to improve their capability to enforce arms provisions of UNSCR 1701. In September of this year, the UNIFIL mandate was expanded to allow UNIFIL to take all necessary action to stop its area of operations from being used for hostile activities and calls on UNIFIL to establish a more visible presence, stepping up its patrols and inspections to disrupt Hizballah's illicit activities.

Thus, there is a need for the United States to expand and promote the enforcement of UNSCR 1701, with respect to halting the flow of illegal weapons into Lebanon by Hizballah and Iran, in particular.

### *Hizballah's Global Activities and Financing*

#### *Middle East*

Hizballah is based in Lebanon and also has operated extensively in Syria since at least 2013. In Lebanon, the group functions as both an armed militia and a domestic political party. Since its emergence in the 1980s, Hizballah has clashed with Israeli forces in Lebanon—and has continued to target Israeli forces following the latter's withdrawal from Lebanon in 2000. Hizballah's last major clash with Israel occurred in 2006 and highlighted Hizballah's capacity to launch thousands of rockets into Israel. Since then, Israeli officials have sought to draw attention to Hizballah's weapons buildup—including reported upgrades to the range and precision of its projectiles—and its alleged use of Lebanese civilian areas as strongholds. Most recently, reports that Iran and Hizballah have established production lines of sophisticated missiles in southern Lebanon and Syria highlight the need for additional legislation.

Hizballah is also a prominent political force in Lebanon. As a member of the March 8 political coalition, it is allied with Christian political parties such as that of Lebanese President Michel Aoun. Hizballah has participated in elections since 1992 and currently holds two cabinet posts. It has also fared well in municipal elections, winning seats in conjunction with allied Shi'a Amal party representatives in many areas of southern and eastern Lebanon. Hizballah operates a vast network of schools, clinics, youth programs, private businesses, and provides local security—leading some to describe the group as “a state within a state.” Hizballah

leader Hassan Nasrallah has stated that the group receives its funding from Iran and that this funding has not been disrupted by recent U.S. legislation.

Hizballah personnel have played significant roles in battles inside Syria, including in the Syrian military campaign that eventually recaptured the city of Aleppo from opposition control in late 2016. In addition to conducting military operations, Hizballah trains Syrian paramilitary forces, known as National Defense Forces (NDF), to improve their capacity to hold cleared terrain. Hizballah reportedly maintains between 4,000 and 8,000 fighters in Syria, although it has reportedly lost over a thousand fighters in Syria to date, including several senior leaders.

Hizballah reportedly maintains a limited presence in Yemen, and Yemen's Government has accused Hizballah of training Houthi rebels and in some cases fighting alongside them. In 2013, the U.S. Department of the Treasury imposed sanctions on Hizballah member Khalil Harb, who it described as responsible for Hizballah's activities in Yemen. According to the designation, "Since the summer of 2012, Harb has been involved in the movement of large amounts of currency to Yemen through Saudi Arabia and the UAE, and in late 2012, Harb advised the leader of a Yemeni political party that the party's monthly Hizballah funding of \$50,000 was ready for pick up." The United States and Saudi Arabia jointly imposed sanctions on Hashem Safieddine, a key member of Hizballah's executive council, which oversees their group's political, organizational, social and educational activities. It was the first time that the U.S. and Saudi Arabia coordinated such an action. However, more action is necessary.

### *Africa*

Although Hizballah does not appear to have carried out armed activities in Africa, the State Department says that it receives "financial support from Lebanese Shia communities" on the continent, among other locations. The laundered proceeds of certain organized crime activities in West Africa, which is home to sizable Lebanese diaspora populations, are a reported financing source. Notably, under Executive Order 13224 in 2009, the U.S. Treasury Department designated two alleged West Africa-based Hizballah supporters for targeted financial sanctions including Kassim Tajideen, a dual Lebanese-Belgian citizen who settled in Sierra Leone in the 1970s and later moved to Côte d'Ivoire. He is described as "an important financial contributor to Hizballah who operates a network of businesses in Lebanon and Africa." Lebanese national Abd al Menhem Qubaysi is described as "a Côte d'Ivoire-based Hizballah supporter and . . . the personal representative of Hizballah Secretary General Hassan Nasrallah." Treasury also identified Qubaysi as helping to "recruit new members for Hizballah's military ranks in Lebanon" through a Côte d'Ivoire-based foundation. Treasury further designated two brothers and business partners of Tajideen in 2010, one of whom was described as "a primary Hizballah fundraiser and prominent Hizballah supporter in The Gambia." In March 2017, Moroccan authorities arrested Tajideen while he was transiting through Morocco en route to Lebanon from Guinea. He was extradited to the United States,

where he has pled not guilty to conspiracy, fraud, and money laundering.

In 2013, in designating two Lebanon-based financial institutions as being “of primary money-laundering concern,” U.S. Treasury and Drug Enforcement Agency (DEA) officials described a “drug-money-laundering network” in which the proceeds of drug trafficking from South America through West Africa to Europe were allegedly being laundered “for the benefit of Hizballah.” Reports of Hizballah links in the region emerge periodically—in 2013, for example, Nigerian authorities arrested three Lebanese on suspicion of being members of the group, reportedly uncovering a stash of heavy weapons in one of their residences. The trio was later acquitted of charges that they were plotting attacks against Western and Israeli targets inside Nigeria, although one was found guilty on weapons charges.

Iran has reportedly smuggled arms to both Hamas and Hizballah through East Africa. Sudan, until recently, was widely viewed as a significant transit country for Iranian smuggling to the groups, but it reportedly ceased cooperation with the trafficking in 2014, according to U.S. and Israeli officials.

#### *Western Hemisphere*

U.S. policymakers have had concerns since the 1990s about the activities of Hizballah and Iran in Latin America. Both groups carried out two bombings in Buenos Aires—the 1992 bombing of the Israeli Embassy in Buenos Aires that killed 29 people and the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) that killed 85 people. The State Department asserted in its June 2016 *Country Reports on Terrorism* that Hizballah “continued to maintain a presence in the region, with members, facilitators, and supporters engaging in activity in support of the organization,” including efforts to build the organization’s “infrastructure in South America and fundraising, both through licit and illicit means.”

This characterization was reiterated in April 2017 by Admiral Kurt Tidd, Commander of the U.S. Southern Command (SOUTHCOM), in presenting the command’s 2017 posture statement to Congress. According to Admiral Tidd, “Hizballah members, facilitators, and supporters engage in licit and illicit activities in support of the organization, moving weapons, cash, and other contraband to raise funds and build Hizballah’s infrastructure in the region.” Other contraband includes the trafficking of illicit drugs. Because of Hizballah’s role in the two bombings in Argentina in the 1990s, Admiral Tidd maintained that Hizballah is probably the most dangerous terrorist group in the region.

The State Department’s terrorism report noted Hizballah fundraising activities in the tri-border area (TBA) of Argentina, Brazil, and Paraguay and the presence of Hizballah supporters and sympathizers in Venezuela. The TBA has long been used for arms and drug trafficking, contraband smuggling, document and currency fraud, money laundering, and the manufacture and movement of pirated goods.

The Treasury Department has imposed sanctions (utilizing anti-terrorism and anti-drug sanctions programs) on numerous individuals and companies in Latin America over the years for providing support to Hizballah. These have included sanctions against indi-

viduals and entities in the TBA countries of Argentina, Brazil, and Paraguay as well as in Colombia, Panama, and Venezuela. In February 2016, the DEA announced enforcement actions against a Hizballah network reported to be working with South American drug cartels responsible for supplying large amounts of cocaine to U.S. and European markets. A DEA operation in October 2016 reportedly uncovered a money laundering ring linked to Colombian drug traffickers and alleged Hizballah associates.

For more than a decade, U.S. policymakers have had concerns about the Venezuelan Government's permissive environment that has allowed for activities benefiting known terrorist groups, including Hizballah. In February 2017, a bipartisan group of Members of Congress wrote a letter to President Trump expressing several concerns about current Venezuelan Vice President Tareck El Aissami, including that he may have provided support for Hizballah. Later that month, the Treasury Department imposed financial sanctions on El Aissami and an associate for playing a significant role in drug trafficking associated with Colombian, Mexican, and Venezuelan drug traffickers, although not with Hizballah.

### *Europe*

Terrorism experts assert that Hizballah has been active in Europe for decades. In the 1980s and 1990s, Hizballah operatives carried out bombings in France and Spain as well as assassinations in Germany and Italy. Hizballah has sought to recruit members in Europe and has used Europe as a launching pad for operatives seeking to infiltrate Israel. In 1997, for example, a German convert to Islam was recruited and trained by Hizballah and sent to Israel (using his own German passport) to conduct surveillance on prospective targets for attack.

According to the Bulgarian Interior Ministry, Hizballah was responsible for the July 2012 bombing at the airport in Burgas, Bulgaria that killed five Israeli tourists and their Bulgarian bus driver. The group may have been planning similar attacks against Israeli tourists in Cyprus. In separate cases in 2013 and 2015, two individuals were convicted in Cypriot courts of being Hizballah operatives. Both admitted that Hizballah was intending to mount attacks in Cyprus targeting Israeli or Jewish interests. In the 2015 case, one of the Hizballah operatives was found to be stockpiling tons of ammonium nitrate fertilizer, a potential explosive. Israeli investigators reportedly believe that Hizballah may have been using Cyprus as a "point of export" from which to funnel explosives to other European countries.

Analysts also contend that Hizballah has used Europe as a primary base for fundraising and financial services for years, and has developed an extensive web of fundraising and logistical support cells in several European countries. In 2014, for example, Germany shut down the Orphan Children Project Lebanon for being a Hizballah fundraising front organization. Europe is also considered to be a transit point for Hizballah money derived from drug trafficking and money laundering, and concerns appear to be growing about alleged Hizballah weapons and technology procurement operations in Europe. In 2014, the U.S. Treasury Department imposed sanctions on a Lebanese consumer electronic business for functioning as a "key Hizballah procurement network," suspected of

purchasing technology and equipment from companies in Europe and elsewhere to develop drones for Hizballah to use over Israel and Syria. In February 2016, the U.S. Drug Enforcement Authority arrested several members of Hizballah, including the reported leaders of Hizballah's European operations, on charges related to using millions of dollars from the sale of cocaine in the U.S. and Europe to purchase weapons in Syria.

In July 2013, the European Union (EU) added Hizballah's military wing to its so-called "common terrorist list," thereby requiring all EU member states to freeze the group's assets and ensure that financial resources are not made available (within EU jurisdiction). The designation also requires EU member states to provide law enforcement assistance to each other in related police investigations and legal proceedings. The EU had been under considerable pressure for years (from the United States, Israel, and some EU member states) to include the whole Hizballah organization on its common terrorist list, but previously, EU consensus had proved elusive. There are concerns that the EU has not actually used the legal authority of the Hizballah ban to go after the group in a meaningful way.

#### *Southeast Asia*

Hizballah activities in Southeast Asia during the 2010s appear to continue but to be few in number. In January 2012, Thai police arrested Hussein Atris, a Lebanese Hizballah member, who was suspected of being involved in preparations for a terrorist attack on a tourist site in Bangkok. Some analysts surmised, however, that bomb-making materials found at a site rented by Atris indicated that Bangkok is more of a center for Hizballah smuggling and planning rather than a target for attacks. No completed bombs or weapons were found at the site.

#### *Hizballah International Financing Prevention Act of 2015*

In December 2015, the 114th Congress enacted a sanctions bill targeting parties that facilitate financial transactions for Hizballah's benefit (H.R. 2297, P.L. 114-102). The Hizballah International Financing Prevention Act of 2015 requires, inter alia, that the President 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 knowingly: Facilitates a transaction or transactions for Hizballah; facilitates a significant transaction or transactions of a person on specified lists of specially designated nationals and blocked persons, property, and property interests for acting on behalf of or at the direction of, or being owned or controlled by, Hizballah; engages in money laundering to carry out such an activity; or facilitates a significant transaction or provides significant financial services to carry out such an activity. The President, however, is authorized to waive the application of sanctions if he finds it in the national security interests of the United States to do so.

In addition to substantial Iranian support, Hizballah has for decades helped fund its terrorist and social service initiatives through a diverse portfolio of commercial activities. On May 3, 2016, the Banque du Liban (BdL), Lebanon's central bank—in compliance with new U.S. legislation—issued a circular ordering banks to close

accounts belonging to individuals and institutions associated with the organization. Hundreds of such Hizballah-linked accounts have since been closed, according to BdL, threatening the militia's social support network and commercial interests. It is widely believed that in response to these financial pressures, Hizballah detonated a bomb on June 12, 2016, outside the headquarters of Blom Bank in central Beirut, injuring two and substantially damaging the bank's offices. BdL's circular, issued May 3, builds on Basic Circular 126 of 2012, which called on Lebanese financial institutions to "deal with [foreign correspondents] in conformity with the laws, regulations, procedures, sanctions and restrictions adopted . . . by the sovereign authorities in the correspondents' home countries." Beyond reminding banks of Basic Circular 126, the May 3 circular mandates that banks report account closures to the Special Investigation Commission, or SIC, Lebanon's Financial Intelligence Unit. The May 3 circular itself does not indicate that banks need BdL approval to close accounts.

While the U.S. regulations present a fairly high bar for action against foreign banks, press reporting and anecdotal accounts claim that Lebanese banks were closing scores of accounts for undesignated individuals, including Hizballah-affiliated hospitals, members of parliament, and even family members. Western banks have adopted no-tolerance policies with regard to foreign correspondents in the wake of large sanctions-related enforcement actions in recent years.

#### HEARINGS

During the present Congress, the committee has continued its active oversight regarding Hizballah, including multiple hearings related to the content of H.R. 3329, such as:

October 11, 2017, Subcommittee on the Middle East and North Africa hearing, "U.S. Policy Toward Lebanon" (Mr. Michael Ratney, Deputy Assistant Secretary, Bureau of Near Eastern Affairs, U.S. Department of State; Ms. Jeanne Pryor, Acting Deputy Assistant Administrator, Bureau for the Middle East, U.S. Agency for International Development).

October 4, 2017, Subcommittee on Terrorism, Nonproliferation, and Trade hearing, "Iranian Backed Militias: Destabilizing the Middle East" (Michael Knights, Ph.D., Lafer Fellow, The Washington Institute for Near East Policy; Mr. Aram Nerguizian, Senior Associate, Burke Chair in Strategy, Center for Strategic and International Studies; Kenneth Pollack, Ph.D., Resident Scholar, American Enterprise Institute; Ms. Melissa Dalton, Senior Fellow and Deputy Director, International Security Program, Center for Strategic and International Studies).

June 8, 2017, full committee hearing, "Attacking Hezbollah's Financial Network: Policy Options" (Matthew Levitt, Ph.D., Director and Fromer-Wexler Fellow, Stein Program on Counterterrorism and Intelligence, The Washington Institute for Near East Policy; David Asher, Ph.D., Member, Board of Directors, Center on Sanctions and Illicit Finance, Foundation for Defense of Democracies; Mr. Derek Maltz, Executive Director, Governmental Relations, Pen-Link, Ltd; Mara Karlin, Ph.D., Associate Professor of Practice and Associate Director of Stra-

tegic Studies, School for Advanced International Studies, Johns Hopkins University).

May 24, 2017, Subcommittee on Terrorism, Nonproliferation, and Trade hearing, “Nuclear Deal Fallout: The Global Threat of Iran” (Mr. Ilan Berman, Senior Vice President, American Foreign Policy Council; Ray Takeyh, Ph.D., Hasib J. Sabbagh Senior Fellow for Middle East Studies, Council on Foreign Relations; Daniel L. Byman, Ph.D., Senior Fellow, Center for Middle East Policy, Brookings Institution).

March 29, 2017, Subcommittee on the Middle East and North Africa hearing, “Testing the Limits: Iran’s Ballistic Missile Program, Sanctions, and the Islamic Revolutionary Guard Corps” (Kenneth Katzman, Ph.D., Specialist in Middle Eastern Affairs, Congressional Research Service; Mr. Michael Eisenstadt, Kahn Fellow, Director of Military and Security Studies Program, The Washington Institute for Near East Policy; Ms. Elizabeth Rosenberg, Senior Fellow and Director, Energy, Economics and Security Program, Center for a New American Security).

February 16, 2017, full committee hearing, “Iran on Notice” (Mr. Scott Modell, Managing Director, The Rapidan Group; Ms. Katherine Bauer, Blumenstein-Katz Family Fellow, The Washington Institute for Near East Policy; Mr. David Albright, Founder and President, Institute for Science and International Security; Andrew Exum, Ph.D., Contributing Editor, The Atlantic).

#### COMMITTEE CONSIDERATION

On September 28, 2017, the Committee on Foreign Affairs marked up H.R. 3329 in open session, pursuant to notice. An amendment in the nature of a substitute (offered by Chairman Royce) and five amendments to that amendment in the nature of a substitute (offered, respectively, by Mr. Boyle, Mr. Cicilline, Mr. Duncan, Ms. Ros-Lehtinen, and Mr. Schneider) were considered *en bloc* with the underlying bill, and were agreed to by voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of rules of the House of Representatives, the committee reports that 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 in the “Background and Purpose of 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, October 19, 2017.

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. 3329, the Hizballah International Financing Prevention Amendments Act of 2017.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jacob Fabian, who can be reached at 226-2860.

Sincerely,

KEITH HALL.

Enclosure

cc: Honorable Eliot L. Engel  
 Ranking Member

*H.R. 3329—Hizballah International Financing Prevention Amendments Act of 2017.*

As ordered reported by the House Committee on Foreign Affairs on September 28, 2017.

H.R. 3329 would expand federal sanctions and reporting requirements related to illicit interactions with Hizballah, a foreign terrorist organization based in Lebanon. It would direct the President to identify and impose sanctions on foreign people and entities engaged in fundraising and recruitment activities for Hizballah. The bill also would require the President to apply the sanctions in Executive Order 13581 to affiliated networks of Hizballah. That executive order blocked the U.S. held assets of certain criminal organizations from being transferred, paid, exported, or withdrawn. Finally, federal agencies would be required to develop policies and prepare multiple reports related to Hizballah, including reports on certain diplomatic matters as well as on illicit transactions with foreign financial institutions, cooperation with foreign governments, racketeering, and trafficking in tobacco.

Based on an analysis of information from the Administration and the costs of similar activities, CBO estimates that administering the sanctions and implementing the reporting requirements would cost about \$1 million over the 2018–2022 period, subject to the availability of appropriated funds.

Enacting H.R. 3329 would increase the number of people and entities that would be subject to civil or criminal penalties and the number of people who would be denied visas by the Department of State. Penalties are recorded in the budget as revenues and a portion of those penalties can be spent without further appropriation. Most visa fees are retained by the Department of State and spent without further appropriation, but some fees are deposited in the Treasury as revenues. Pay-as-you-go procedures apply to this legislation because enacting it would affect direct spending and revenues. However, CBO estimates that implementing those sanctions

would affect very few additional people or entities and thus have insignificant effects on both revenues and direct spending because of the broad scope of restrictions in existing law and regulation that address illicit activities involving Hizballah.

CBO estimates that enacting H.R. 3329 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3329 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If the sanctions imposed by the President under the bill prevent U.S. entities from gaining access to property or from engaging in transactions that would otherwise be permitted under current law, the bill would impose a private-sector mandate as defined in UMRA. The cost of the mandate would be any forgone income directly related to the newly prohibited transactions or blocked property. Because of the broad scope of existing U.S. sanctions involving Hizballah, CBO expects the number of entities and individuals in the United States that could be affected by the legislation would be small. Further, CBO expects that the loss of income from any restrictions in the bill would be relatively low. Therefore, CBO estimates that the aggregate cost of the mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Jacob Fabian (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

#### DIRECTED RULE MAKING

Pursuant to clause 3(c) of House Rule XIII, as modified by section 3(i) of H. Res. 5 during the 115th Congress, the committee notes that H.R. 3329 contains no directed rule-making provisions.

#### NON-DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of House Rule XIII, 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 Hizballah, force other critical designations regarding that terrorist organization, and target its media appendages, which aid in Hizballah's financing and logistics networks. The overriding goal is to prevent Hizballah'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 Hizballah’s ability to fundraise or otherwise transfer funds through foreign financial institutions, or businesses operating as financial institutions.
- A verifiable decrease in Hizballah’s ability to carry out operations against targets internationally.
- An increase in U.S. Government and allied action taken against Hizballah’s illicit networks.

#### CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 3329 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. 3329 does not establish or authorize any new advisory committees.

#### EARMARK IDENTIFICATION

H.R. 3329 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.

#### SECTION-BY-SECTION ANALYSIS

*Section 1. Short Title and Table of Contents.* States that the bill may be cited as the “Hizballah International Financing Prevention Amendments Act of 2017” and divides the bill into three corresponding titles.

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

*Section 101. Mandatory Sanctions with Respect to Fundraising and Recruitment Activities for Hizballah.* Targets Hizballah’s grassroots outreach by imposing mandatory, third-party sanctions in the form of property blocking and visa denials against anyone that provides significant financial, material, or technological support for Hizballah’s fundraising and recruitment efforts. In response to existing U.S. sanctions, including the underlying Hizballah International Financing Prevention Act, Hizballah has increased grassroots fundraising efforts in an effort to make its revenue streams more resistant to U.S. pressure. For example, Hizballah launched an online crowdsourcing campaign entitled “Equip a Mujahid,” which called for donations, large or small, payable all at once or in installments, to equip Hizballah fighters.

*Section 102. Modification of Report with Respect to Financial Institutions that Engage in Certain Transactions.* Requires the President to provide additional reporting on the role that banks and other financial institutions connected to state-sponsors of terrorism play in supporting Hizballah. Also calls for sanctions on financial institutions that serve Lebanese Government officials affiliated with Hizballah. Despite its increasing reliance on grassroots fundraising and criminal activity, Hizballah still receives significant funding from Iran and Syria, with payments often laundered through banks and other financial institutions in those countries.

*Section 103. Sanctions Against Foreign States that Support Hizballah.* Imposes sanctions against agencies of foreign governments that provide Hizballah with financial support, arms, or other assistance. Stiffer sanctions are imposed on designated state-sponsors of terrorism—such as Iran and Syria. Hizballah has received sophisticated military, training, and financial assistance from Iran, Syria, and Russia.

*Section 104. Prohibitions and Conditions with Respect to Certain Accounts Held by Foreign Financial Institutions.* Amends existing law to sanction foreign financial institutions that facilitate Iran and its Revolutionary Guards' (IRGC) support for Hizballah. Iran and the IRGC remain a key source of military and financial support for Hizballah, facilitating many of the group's destabilizing activities.

*Section 105. United States Strategy to Prevent Hostile Activities by Iran and Disrupt and Degrade Hizballah's Illicit Networks in the Western Hemisphere.* This provision requires the establishment of a regional strategy to push back against Iranian influence in the Western Hemisphere. Additionally, this provision highlights and recognizes the designation by the Gulf Cooperation Council of Hizballah as a terrorist organization. The U.S. should help amplify this designation by working through the Terrorist Financing Targeting Center. It also calls on the US to take additional measures with respect to the Europeans and within the Organization of American States to further designate Hizballah as a terrorist organization.

TITLE II—NARCOTICS TRAFFICKING AND SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH

*Section 201. Blocking of Property of Hizballah.* Identifies Hizballah's networks as a transnational criminal organization, and applies existing sanctions that block the property of persons who are affiliated with or provide assistance to Hizballah. Hizballah has turned to organized crime as an important funding source, to include drug trafficking, selling counterfeit currency and cigarettes, and money laundering via the Lebanese banking system. In 2016, U.S. Government investigations exposed Hizballah's efforts to move large quantities of cocaine into the U.S. and Europe. The U.S. is actively pursuing the group's various criminal funding mechanisms. These efforts target the drug smuggling and money laundering operations through which Hizballah obtains funds, and features inter-agency cooperation to seize assets and develop targeted sanctions. This provision is intended to further aid those processes.

*Section 202. Report on Racketeering Activities Engaged in by Hizballah.* Requires the Department of Justice and Drug Enforcement Agency, in coordination with the Departments of the Treasury and State, to prepare a report on Hizballah activities that may be considered racketeering. This will provide greater insight into how the U.S. can more effectively leverage law enforcement tools to target Hizballah's international financial networks. Hizballah's extensive criminal activities appear to constitute racketeering, which would provide new avenues for U.S. policy to counter Hizballah's financial networks.

*Section 203. Modification of Report on Activities of Foreign Governments to Disrupt Global Logistics Networks and Fundraising,*

*Financing, and Money Laundering Activities of Hizballah.* Expands reporting on Hizballah’s fundraising ventures, financial safe havens, income, assets, expenses, operational capabilities, and efforts the administration is pursuing to effectively dismantle Hizballah’s financial networks. Requires the President to submit a report on the estimated net worth of Hizballah’s senior leadership, supporters, and associates, in addition to a determination as to whether they should be sanctioned for their activities for corruption. The committee believes that this may involve certain elements within the March 8th Coalition, to include individuals associated with Amal and the Free Patriotic Movement who are key Hizballah supporters, among others. As Hizballah’s fundraising and logistics networks is diverse—to include both support from state-sponsors of terror and criminal activity—the United States, our allies, and partners must adapt efforts to disrupt these destabilizing activities. Additionally, this section includes language demonstrating a need to fund and reinvigorate the multi-agency task force that had considerable success tracking Hizballah networks in the late 2000s.

*Section 204. Report on Combating the Illicit Tobacco Trafficking Networks Used by Hizballah and Other Foreign Terrorist Organizations.* Requires the President to prepare a report on steps the United States is taking to combat the illicit tobacco trafficking networks used by Hizballah, foreign terrorist organizations, and other illicit actors.

#### TITLE III—GENERAL PROVISIONS

*Section 301. Regulatory Authority.* This section requires the creation of the regulations necessary to implement this act, and to brief Congress on these regulations.

*Section 302. Implementation; Penalties; Judicial Review; Exemptions; Rule of Construction.* This section contains administrative provisions related to the implementation and penalties described in this act. U.S. intelligence, law enforcement, and national security activities are exempt from these penalties, as are transactions to complete U.S. treaty obligations.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

### **HIZBALLAH INTERNATIONAL FINANCING PREVENTION ACT OF 2015**

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

(a) **SHORT TITLE.**—This Act may be cited as the “Hizballah International Financing Prevention Act of 2015”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Statement of policy.

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

**【Sec. 101. Report on imposition of sanctions on certain satellite providers that carry al-Manar TV.】**

*Sec. 101. Mandatory sanctions with respect to fundraising and recruitment activities for Hizballah.*

Sec. 102. Sanctions with respect to financial institutions that engage in certain transactions.

*Sec. 103. Sanctions against foreign states that support Hizballah.*

*Sec. 104. Diplomatic initiatives.*

*Sec. 105. Implementation; penalties; judicial review; exemptions; rule of construction.*

【TITLE II—REPORTS AND BRIEFINGS ON NARCOTICS TRAFFICKING AND  
SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH】

TITLE II—IMPOSITION OF SANCTIONS WITH RESPECT TO AFFILIATED NET-  
WORKS OF HIZBALLAH AND REPORTS AND BRIEFINGS ON NARCOTICS  
TRAFFICKING AND SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVI-  
TIES OF HIZBALLAH

**【Sec. 201. Report and briefing on narcotics trafficking by Hizballah.】**

*Sec. 201. Imposition of sanctions with respect to affiliated networks of Hizballah.*

**【Sec. 202. Report and briefing on significant transnational criminal activities of Hizballah.】**

*Sec. 202. Report on racketeering activities engaged in by Hizballah.*

\* \* \* \* \*

**TITLE I—PREVENTION OF ACCESS BY  
HIZBALLAH TO INTERNATIONAL FI-  
NANCIAL AND OTHER INSTITUTIONS**

**【SEC. 101. REPORT ON IMPOSITION OF SANCTIONS ON CERTAIN SAT-  
ELLITE PROVIDERS THAT CARRY AL-MANAR TV.】**

**【(a) 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 and leadership a report on the following:

**【(1) The activities of all satellite, broadcast, Internet, or other providers that have knowingly entered into a contractual relationship with al-Manar TV, and any affiliates or successors thereof.**

**【(2) With respect to all providers described in paragraph (1)—**

**【(A) an identification of those providers that have been sanctioned pursuant to Executive Order 13224 (50 U.S.C. 1701 note; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism); and**

**【(B) an identification of those providers that have not been sanctioned pursuant to Executive Order 13224 and, with respect to each such provider, any information indicating that the provider has knowingly entered into a contractual relationship with al-Manar TV, and any affiliates or successors of al-Manar TV.**

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

**[(c) APPROPRIATE CONGRESSIONAL COMMITTEES AND LEADERSHIP DEFINED.—**In this section, the term “appropriate congressional committees and leadership” means—

**[(1)** the Speaker, the minority leader, 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 majority leader, the minority leader, the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, and the Select Committee on Intelligence of the Senate.]

**SEC. 101. MANDATORY SANCTIONS WITH RESPECT TO FUNDRAISING AND RECRUITMENT ACTIVITIES FOR HIZBALLAH.**

*(a) IN GENERAL.—The President shall, on or after the date of the enactment of this section, impose the sanctions described in subsection (b) with respect to any foreign person that the President determines knowingly assists, sponsors, or, provides significant financial, material, or technological support for—*

*(1) Bayt al-Mal, Jihad al-Bina, the Islamic Resistance Support Association, the Foreign Relations Department of Hizballah, the External Security Organization of Hizballah, or any successor or affiliate thereof;*

*(2) al-Manar TV, al Nour Radio, or the Lebanese Media Group, or any successor or affiliate thereof;*

*(3) a foreign person determined by the President to be engaged in fundraising or recruitment activities for Hizballah; or*

*(4) a foreign person owned or controlled by a foreign person described in paragraph (1), (2), or (3).*

*(b) SANCTIONS DESCRIBED.—*

*(1) IN GENERAL.—The sanctions described in this subsection are the following:*

*(A) ASSET BLOCKING.—The exercise of all powers granted to the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (except that the requirements of section 202 of such Act (50 U.S.C. 1701) shall not apply) to the extent necessary to block and prohibit all transactions in all property and interests in property of a foreign person determined by the President to be subject to subsection (a) if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.*

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

*(i) VISAS, ADMISSION, OR PAROLE.—An alien who the President determines is subject to subsection (a) is—*

*(I) inadmissible to the United States;*

*(II) ineligible to receive a visa or other documentation to enter the United States; and*

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

*(ii) CURRENT VISAS REVOKED.—*

(I) *IN GENERAL.*—The issuing consular officer, the Secretary of State, or the Secretary of Homeland Security shall revoke any visa or other entry documentation issued to an alien who the President determines is subject to subsection (a), regardless of when issued.

(II) *EFFECT OF REVOCATION.*—A revocation under subclause (I) shall take effect immediately and shall automatically cancel any other valid visa or entry documentation that is in the possession of the alien.

(2) *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)(A) to the same extent that such penalties apply to a person that commits an unlawful act described in subsection (a) of such section 206.

(c) *IMPLEMENTATION.*—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out this section.

(d) *WAIVER.*—

(1) *IN GENERAL.*—The President may, for periods not to exceed 180 days, waive the imposition of sanctions under this section with respect to a foreign person or foreign persons if the President certifies to the appropriate congressional committees that such waiver is in the national security interests of the United States.

(2) *CONSULTATION.*—

(A) *BEFORE WAIVER EXERCISED.*—Before a waiver under paragraph (1) takes effect with respect to a foreign person, the President shall notify and brief the appropriate congressional committees on the status of the involvement of the foreign person in activities described in subsection (a).

(B) *AFTER WAIVER EXERCISED.*—Not later than 90 days after the issuance of a waiver under paragraph (1) with respect to a foreign person, and every 120 days thereafter while the waiver remains in effect, the President shall brief the appropriate congressional committees on the status of the involvement of the foreign person in activities described in subsection (a).

(e) *REPORT.*—Not later than 90 days after the date of the enactment of the Hizballah International Financing Prevention Amendments Act of 2017, and every 180 days thereafter, the President shall submit to the appropriate congressional committees a report that lists the foreign persons that the President has credible evidence knowingly assists, sponsors, or provides significant financial, material, or technological support for the foreign persons described in paragraph (1), (2), (3), or (4) of subsection (a).

(f) *DEFINITIONS.*—In this section:

(1) *ADMITTED; ALIEN.*—The terms “admitted” and “alien” have meanings given those terms in section 101 of the Immigration and Nationality Act (8 U.S.C. 1101).

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

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

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

(3) *ENTITY.*—The term “entity”—

(A) means a partnership, association, corporation, or other organization, group, or subgroup; and

(B) includes a governmental entity

(4) *FUNDRAISING OR RECRUITMENT ACTIVITIES.*—The term “fundraising or recruitment activities” includes online fundraising and other online commercial activities, or other means of such fundraising, recruitment, and retention, as determined by the President.

(5) *HIZBALLAH.*—The term “Hizballah” has the meaning given such term in section 102(f).

(6) *PERSON.*—The term “person” means an individual or entity.

(7) *UNITED STATES PERSON.*—The term “United States person” means a United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or a person in the United States.

**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 President shall prescribe regulations to 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 President determines, on or after such date of enactment, 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 Hizballah;

(B) knowingly facilitates a significant transaction or transactions of a person identified on the list of specially designated nationals and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury and the property and interests in property of which are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) for acting on behalf of or at the direction of, or being owned or controlled by, Hizballah;

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

(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).

(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 this subsection to the same extent that such penalties apply to a person that commits an unlawful act described in subsection (a) of such section 206.

(4) PROCEDURES FOR JUDICIAL REVIEW OF CLASSIFIED INFORMATION.—

(A) IN GENERAL.—If a finding under this subsection, or a prohibition, condition, or penalty imposed as a result of any such finding, is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)) and a court reviews the finding or the imposition of the prohibition, condition, or penalty, the President may submit such information to the court *ex parte* and *in camera*.

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to confer or imply any right to judicial review of any finding under this subsection or any prohibition, condition, or penalty imposed as a result of any such finding.

(b) WAIVER.—

(1) IN GENERAL.—The President 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 the waiver for additional periods of not more than 180 days, on and after the date on which the President—

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

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

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

(c) SPECIAL RULE TO ALLOW FOR TERMINATION OF SANCTIONABLE ACTIVITY.—The President shall not be required to apply sanctions to a foreign financial institution described in subsection (a) if the President certifies in writing to the appropriate congressional committees that—

(1) the foreign financial institution—

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

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

(2) the President 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) REPORT ON FOREIGN CENTRAL BANKS.—

[(1) IN GENERAL.—Not later than 90 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) FORM OF REPORT.—Each report required by paragraph (1) shall be submitted in unclassified form, but may include a classified annex.]

(d) REPORT ON FINANCIAL INSTITUTIONS ORGANIZED UNDER THE LAWS OF STATE SPONSORS OF TERRORISM.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of the Hizballah International Financing Prevention Amendments Act of 2017, and annually thereafter for a period not to exceed three years, the President shall submit to the appropriate congressional committees a report that—

(A) identifies each foreign financial institution described in paragraph (2) that the President determines engages in one or more activities described in subsection (a)(2);

(B) provides a detailed description of each such activity; and

(C) contains a determination with respect to each such foreign financial institution that is identified under subparagraph (A) as engaging in one or more activities described in subsection (a)(2) as to whether or not such foreign financial institution is in violation of Executive Order 13224 (50 U.S.C. 1701 note; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism) or section 2339B of title 18, United States Code, by reason of engaging in one or more such activities.

(2) FOREIGN FINANCIAL INSTITUTION DESCRIBED.—

(A) IN GENERAL.—A foreign financial institution described in this paragraph is a foreign financial institution—

(i) that, wherever located, is—

(I) organized under the laws of a state sponsor of terrorism or any jurisdiction within a state sponsor of terrorism;

(II) owned or controlled by the government of a state sponsor of terrorism;

(III) located in the territory of a state sponsor of terrorism; or

(IV) owned or controlled by a foreign financial institution described in subclause (I), (II), or (III); and

(ii) the capitalization of which exceeds \$10,000,000.

(B) STATE SPONSOR OF TERRORISM.—In this paragraph, the term “state sponsor of terrorism” means a country the government of which the Secretary of State has determined is a government that has repeatedly provided support for acts of international terrorism for purposes of—

(i) section 6(j) of the Export Administration Act of 1979 (50 U.S.C. 4605(j)) (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.));

(ii) section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371);

(iii) section 40 of the Arms Export Control Act (22 U.S.C. 2780); or

(iv) any other provision of law.

(e) IMPLEMENTATION.—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out this section.

(f) 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) 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.

(C) 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.

(D) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the meaning given that term in section 1010.605 of title 31, Code of Federal Regulations.

(E) HIZBALLAH.—The term “Hizballah” means—

(i) the entity known as Hizballah and 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); or

(ii) any person—

(I)(aa) the property 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)] (bb) who is identified on the list of specially designated nationals and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury as an agent, instrumentality, or affiliate [of Hizballah.] of Hizballah; or

(II) who the President determines is an agent or affiliate of, or is owned or controlled by Hizballah.

(F) MONEY LAUNDERING.—The term “money laundering” includes the movement of illicit cash or cash equivalent proceeds into, out of, or through a country, or into, out of, or through a financial institution.

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

**SEC. 103. SANCTIONS AGAINST FOREIGN STATES THAT SUPPORT HIZBALLAH.**

(a) SANCTIONS AGAINST CERTAIN AGENCIES AND INSTRUMENTALITIES OF FOREIGN STATES.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this section, and as appropriate thereafter, the President shall impose the sanctions described in paragraph (3) with respect to any agency or instrumentality of a foreign state described in paragraph (2).

(2) AGENCY OR INSTRUMENTALITY DESCRIBED.—An agency or instrumentality of a foreign state described in this paragraph is an agency or instrumentality of a foreign state that the President determines has, on or after the date of the enactment of this section, knowingly—

(A) directly or indirectly conducted combat operations with, or supported combat operations of, Hizballah or an entity owned or controlled by Hizballah; or

(B) directly or indirectly provided significant financial or material support for, or significant arms or related material to, Hizballah or an entity owned or controlled by Hizballah.

(3) SANCTIONS DESCRIBED.—The sanctions described in this paragraph are the exercise of all powers granted to the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (except that the requirements of section 202 of such Act (50 U.S.C. 1701) shall not apply) to the extent necessary to block and prohibit all transactions in all property and interests in property of an agency or instrumentality of a foreign state if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(b) SANCTIONS AGAINST STATE SPONSORS OF TERRORISM.—

(1) IN GENERAL.—In the case of an agency or instrumentality of a foreign state that engages in the activities described in subsection (a) that is an agency or instrumentality of a foreign state described in paragraph (2), the President shall, pursuant to section 6 of the Export Administration Act of 1979 (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)), require a license

*under the Export Administration Regulations to export or re-export to that foreign state any item designated by the Secretary of Commerce as “EAR 99”, other than food, medicine, medical devices, or similarly licensed items.*

*(2) FOREIGN STATE DESCRIBED.—A foreign state described in this paragraph is a foreign state that—*

*(A) the President determines has, on or after the date of the enactment of this section, knowingly provided significant financial or material support for, or arms or related material to—*

*(i) Hizballah; or*

*(ii) an entity owned or controlled by Hizballah;*

*and*

*(B) is a state sponsor of terrorism.*

*(c) WAIVER.—*

*(1) IN GENERAL.—The President may, for periods not to exceed 180 days, waive the imposition of sanctions under this section with respect to a foreign state or an agency or instrumentality of a foreign state if the President certifies to the appropriate congressional committees that such waiver is vital to the national security interests of the United States.*

*(2) CONSULTATION.—*

*(A) BEFORE WAIVER EXERCISED.—Before a waiver under paragraph (1) takes effect with respect to a foreign state or an agency or instrumentality of a foreign state, the President shall notify and brief the appropriate congressional committees on the status of the involvement of the foreign state in activities described in subsection (b)(2) or involvement of the agency or instrumentality of a foreign state in activities described in subsection (a)(2), as the case may be.*

*(B) AFTER WAIVER EXERCISED.—Not later than 90 days after the issuance of a waiver under paragraph (1) with respect to a foreign state or an agency or instrumentality of a foreign state, and every 120 days thereafter while the waiver remains in effect, the President shall brief the appropriate congressional committees on the status of the involvement of the foreign state in activities described in subsection (b)(2) or involvement of the agency or instrumentality of a foreign state in activities described in subsection (a)(2), as the case may be.*

*(d) REPORT ON SUPPLY CHAIN OF HIZBALLAH’S MISSILE PRODUCTION FACILITIES.—*

*(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this subsection, the President shall submit to the appropriate congressional committees a report that contains the following:*

*(A) An analysis of the foreign and domestic supply chain that significantly facilitates, supports, or otherwise aids Hizballah’s acquisition or development of missile production facilities.*

*(B) A description of the geographic distribution of the foreign and domestic supply chain described in subparagraph (A).*

(C) An assessment of the provision of goods, services, or technology transferred to Hizballah by the Government of Iran or its affiliates to indigenously manufacture or otherwise produce missiles.

(D) An identification of foreign persons that have, on or after the date of the enactment of this subsection, and based on credible evidence—

(i) knowingly provided significant financial or material support for, or significant arms or related material to, Hizballah or an entity owned or controlled by Hizballah; or

(ii) knowingly facilitated the transfer of significant arms or related materiel to Hizballah utilizing commercial aircraft or air carriers.

(E) A description of the steps that the President is taking to disrupt the foreign and domestic supply chain described in subparagraph (A).

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

(e) DEFINITIONS.—In this section:

(1) AGENCY OR INSTRUMENTALITY OF A FOREIGN STATE; FOREIGN STATE.—The terms “agency or instrumentality of a foreign state” and “foreign state” have the meanings given those terms in section 1603 of title 28, United States Code.

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

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

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

(3) ARMS OR RELATED MATERIAL.—The term “arms or related material” means—

(A) nuclear, biological, chemical, or radiological weapons or materials or components of such weapons;

(B) ballistic or cruise missile weapons or materials or components of such weapons;

(C) destabilizing numbers and types of advanced conventional weapons;

(D) defense articles or defense services, as those terms are defined in paragraphs (3) and (4), respectively, of section 47 of the Arms Export Control Act (22 U.S.C. 2794); or

(E) defense information, as that term is defined in section 644 of the Foreign Assistance Act of 1961 (22 U.S.C. 2403).

(4) EXPORT ADMINISTRATION REGULATIONS.—The term “Export Administration Regulations” means subchapter C of chapter VII of title 15, Code of Federal Regulations (as in effect on the date of the enactment of this Act).

(5) HIZBALLAH.—The term “Hizballah” has the meaning given that term in section 102(f).

(6) *STATE SPONSOR OF TERRORISM.*—*In this paragraph, the term “state sponsor of terrorism” means a country the government of which the Secretary of State has determined is a government that has repeatedly provided support for acts of international terrorism for purposes of—*

(A) *section 6(j) of the Export Administration Act of 1979 (50 U.S.C. 4605(j)) (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.));*

(B) *section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371);*

(C) *section 40 of the Arms Export Control Act (22 U.S.C. 2780); or*

(D) *any other provision of law.*

**SEC. 104. DIPLOMATIC INITIATIVES.**

*Not later than 90 days after the date of the enactment of this section, the President shall instruct—*

(1) *the Secretary of State to increase cooperation with countries in the Western Hemisphere to assist in strengthening the capacity of governments to prevent hostile activity by Iran and disrupt and degrade Hizballah’s illicit networks operating in the region, including diplomatic engagement that involves—*

(A) *efforts to target and expose illicit networks, arrest perpetrators, freeze assets, and attack Iran and Hizballah’s use of illicit networks using international trade and banking systems;*

(B) *efforts to revoke or deny visas from those implicated in Hizballah’s activity in the region, including lawyers, accountants, business partners, service providers, and politicians who knowingly facilitate or fail to take measures to counter Hizballah’s illicit finance in their own jurisdictions;*

(C) *efforts to assist willing nations with the development of counter-organized crime legislation, the strengthening of financial investigative capacity, and a fully-vetted counter-organized crime judicial model in places plagued with corruption; and*

(D) *efforts to persuade governments in the region to list Hizballah as a terrorist organization;*

(2) *the United States Permanent Representative to the Organization of American States to work to secure support at the Organization of American States for a resolution that would declare Hizballah as a terrorist organization and address Hizballah’s illicit networks operating in the region;*

(3) *the United States Ambassador to the Organization for Security and Cooperation in Europe (OSCE) to work to secure a report on compliance by participating states with OSCE Decision Number 1063, the “Consolidated Framework for the Fight Against Terrorism”, in regard to Hizballah, with particular focus on the mandate to “suppress the financing of terrorism, including its links with money-laundering and illegal economic activities”, especially as it relates transatlantic relations, including with Latin America and the Caribbean; and*

(4) *United States diplomats to work with international forums, including the Financial Action Task Force, to identify*

*government entities within Latin America and the Caribbean that provide support, facilitation, or assistance to individuals affiliated with Hizballah in the Western Hemisphere.*

**SEC. 105. IMPLEMENTATION; PENALTIES; JUDICIAL REVIEW; EXEMPTIONS; RULE OF CONSTRUCTION.**

(a) **IMPLEMENTATION.**—*The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out sections 101 and 103.*

(b) **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 to carry out section 101 or 103 to the same extent that such penalties apply to a person that commits an unlawful act described in subsection (a) of such section 206.*

(c) **PROCEDURES FOR JUDICIAL REVIEW OF CLASSIFIED INFORMATION.**—

(1) **IN GENERAL.**—*If a finding, or a prohibition, condition, or penalty imposed as a result of any such finding, is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)) and a court reviews the finding or the imposition of the prohibition, condition, or penalty, the President may submit such information to the court ex parte and in camera.*

(2) **RULE OF CONSTRUCTION.**—*Nothing in this subsection shall be construed to confer or imply any right to judicial review of any finding under section 101 or 103 or any prohibition, condition, or penalty imposed as a result of any such finding.*

(d) **EXEMPTIONS.**—*The following activities shall be exempt from sections 101 and 103:*

(1) *Any authorized intelligence, law enforcement, or national security activities of the United States.*

(2) *Any transaction necessary to comply with United States obligations under the Agreement between the United States and the United States of America regarding the Headquarters of the United States, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, or under the Convention on Consular Relations, done at Vienna April 24, 1963, and entered into force March 19, 1967, or any other United States international agreement.*

(e) **RULE OF CONSTRUCTION.**—*Nothing in section 101 or 103 shall be construed to limit the authority of the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or under any other provision of law.*

## **TITLE II—REPORTS AND BRIEFINGS ON NARCOTICS TRAFFICKING AND SIG- NIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH**

### **[SEC. 201. REPORT AND BRIEFING ON NARCOTICS TRAFFICKING BY HIZBALLAH.**

#### **[(a) REPORT.—**

**[(1) IN GENERAL.—**Not later than 120 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees and leadership a report on the activities of Hizballah related to narcotics trafficking worldwide.

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

**[(b) BRIEFING.—**Not later than 30 days after the submission of the report required by subsection (a), the President shall provide to the appropriate congressional committees and leadership a briefing on—

**[(1) the report;**

**[(2) procedures for designating Hizballah as a significant foreign narcotics trafficker under the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.); and**

**[(3) Government-wide efforts to combat the narcotics trafficking activities of Hizballah.**

**[(c) APPROPRIATE CONGRESSIONAL COMMITTEES AND LEADERSHIP DEFINED.—**In this section, the term “appropriate congressional committees and leadership” means—

**[(1) the Speaker, the minority leader, the Committee on Foreign Affairs, the Committee on Financial Services, the Committee on the Judiciary, and the Permanent Select Committee on Intelligence of the House of Representatives; and**

**[(2) the majority leader, the minority leader, the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, the Committee on Finance, the Committee on the Judiciary, and the Select Committee on Intelligence of the Senate.**

### **[SEC. 202. REPORT AND BRIEFING ON SIGNIFICANT TRANSNATIONAL CRIMINAL ACTIVITIES OF HIZBALLAH.**

#### **[(a) REPORT.—**

**[(1) IN GENERAL.—**Not later than 120 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees and leadership a report on the significant transnational criminal activities of Hizballah, including human trafficking.

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

**[(b) BRIEFING.—**Not later than 30 days after the submission of the report required by subsection (a), the President shall provide to the appropriate congressional committees and leadership a briefing on—

[(1) the report;

[(2) procedures for designating Hizballah as a significant transnational criminal organization under Executive Order 13581 (75 Fed. Reg. 44,757); and

[(3) Government-wide efforts to combat the transnational criminal activities of Hizballah.

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

[(1) the Speaker, the minority leader, the Committee on Foreign Affairs, the Committee on Financial Services, the Committee on the Judiciary, and the Permanent Select Committee on Intelligence of the House of Representatives; and

[(2) the majority leader, the minority leader, the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, the Committee on Finance, the Committee on the Judiciary, and the Select Committee on Intelligence of the Senate.]

**SEC. 201. IMPOSITION OF SANCTIONS WITH RESPECT TO AFFILIATED NETWORKS OF HIZBALLAH.**

(a) *IN GENERAL.*—Not later than 120 days after the date of the enactment of this section, and as appropriate thereafter, the President shall impose the sanctions described in subsection (b) with respect to affiliated networks of Hizballah, including by reason of significant transnational criminal activities of such networks.

(b) *SANCTIONS DESCRIBED.*—The sanctions described in this subsection are sanctions applied with respect to a foreign person pursuant to Executive Order 13581 (75 Fed. Reg. 44,757) (as such Executive order was in effect on the day before the date of the enactment of this section).

(c) *DEFINITION.*—In this section, the term “Hizballah” has the meaning given such term in section 102(f).

**SEC. 202. REPORT ON RACKETEERING ACTIVITIES ENGAGED IN BY HIZBALLAH.**

(a) *IN GENERAL.*—Not later than 120 days after the date of the enactment of the Hizballah International Financing Prevention Amendments Act of 2017, and annually thereafter for the following 5 years, the Assistant Attorney General for the Criminal Division of the Department of Justice and the Administrator of the Drug Enforcement Administration, in coordination with the Secretary of the Treasury and the heads of other applicable Federal agencies, shall jointly submit to the appropriate congressional committees a report on the following:

(1) *Activities that Hizballah, and agents and affiliates of Hizballah, have engaged in that are racketeering activities.*

(2) *The extent to which Hizballah, and agents and affiliates of Hizballah, engage in a pattern of such racketeering activities.*

(b) *FORM OF REPORT.*—Each report required under subsection (a) shall be submitted in an unclassified form but may contain a classified annex.

(c) *DEFINITIONS.*—In this section:

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

(A) *the Committee on the Judiciary and the Committee on Foreign Affairs of the House of Representatives; and*

(B) *the Committee on the Judiciary and the Committee on Foreign Relations of the Senate.*

(2) *HIZBALLAH.—The term “Hizballah” has the meaning given that term in section 102(f).*

(3) *RACKETEERING ACTIVITY.—The term “racketeering activity” has the meaning given that term in section 1961(1) of title 18, United States Code.*

\* \* \* \* \*

**SEC. 204. REPORT ON ACTIVITIES OF FOREIGN GOVERNMENTS TO DISRUPT GLOBAL LOGISTICS NETWORKS AND FUNDRAISING, FINANCING, AND MONEY LAUNDERING ACTIVITIES OF HIZBALLAH.**

(a) **REPORT.—**

(1) **IN GENERAL.—**Not later than 90 days after the date of the enactment of **[this Act]** *the Hizballah International Financing Prevention Amendments Act of 2017, and annually thereafter for the following 5 years*, the President shall submit to the appropriate congressional committees a report that includes—

(A) a list of countries that support Hizballah or in which Hizballah 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 Hizballah 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 such networks—

(I) an assessment of the reasons that government is not taking such adequate measures; and

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

(C) a list of countries in which Hizballah, 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 Hizballah 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 such activities—

(I) an assessment of the reasons that government is not taking such adequate measures; and

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

**[and]**

(E) a list of methods that Hizballah, 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.] *free-trade zones, business partnerships and joint ventures, and other investments in small and medium-sized enterprises;*

(F) *a list of provinces, municipalities, and local governments outside of Lebanon that expressly consent to, or with knowledge allow, tolerate, or disregard the use of their territory by Hizballah to carry out terrorist activities, including training, financing, and recruitment;*

(G) *a description of the total aggregate revenues and remittances that Hizballah receives from the global logistics networks of Hizballah, including—*

*(i) a list of Hizballah's sources of revenue, including sources of revenue based on illicit activity, revenues from Iran, charities, and other business activities; and*

*(ii) a list of Hizballah's expenditures, including expenditures for ongoing military operations, social networks, and external operations;*

(H) *a survey of national and transnational legal measures available to target Hizballah's financial networks;*

(I) *a review of Hizballah's international operational capabilities, including in the United States; and*

(J) *a review of—*

*(i) the total number and value of Hizballah-related assets seized and forfeited; and*

*(ii) the total number of indictments, prosecutions, and extraditions of Hizballah members or affiliates.*

(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 HIZBALLAH.—In this subsection, the term “global logistics networks of Hizballah”, “global logistics networks”, or “networks” means financial, material, or technological support for, or financial or other services in support of, Hizballah.

(b) BRIEFING ON HIZBALLAH'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 shall provide to the appropriate congressional committees a briefing on the disposition of Hizballah'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.

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**COMPREHENSIVE IRAN SANCTIONS, ACCOUNTABILITY,  
AND DIVESTMENT ACT OF 2010**

\* \* \* \* \*

**TITLE I—SANCTIONS**

\* \* \* \* \*

**SEC. 104. MANDATORY SANCTIONS WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.**

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

(1) The Financial Action Task Force is an intergovernmental body whose purpose is to develop and promote national and international policies to combat money laundering and terrorist financing.

(2) Thirty-three countries, plus the European Commission and the Cooperation Council for the Arab States of the Gulf, belong to the Financial Action Task Force. The member countries of the Financial Action Task Force include the United States, Canada, most countries in western Europe, Russia, the People’s Republic of China, Japan, South Korea, Argentina, and Brazil.

(3) In 2008 the Financial Action Task Force extended its mandate to include addressing “new and emerging threats such as proliferation financing”, meaning the financing of the proliferation of weapons of mass destruction, and published “guidance papers” for members to assist them in implementing various United Nations Security Council resolutions dealing with weapons of mass destruction, including United Nations Security Council Resolutions 1737 (2006) and 1803 (2008), which deal specifically with proliferation by Iran.

(4) The Financial Action Task Force has repeatedly called on members—

(A) to advise financial institutions in their jurisdictions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions;

(B) to apply effective countermeasures to protect their financial sectors from risks relating to money laundering and financing of terrorism that emanate from Iran;

(C) to protect against correspondent relationships being used by Iran and Iranian companies and financial institutions to bypass or evade countermeasures and risk-mitigation practices; and

(D) to take into account risks relating to money laundering and financing of terrorism when considering re-

quests by Iranian financial institutions to open branches and subsidiaries in their jurisdictions.

(5) At a February 2010 meeting of the Financial Action Task Force, the Task Force called on members to apply countermeasures “to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks” emanating from Iran.

(b) SENSE OF CONGRESS REGARDING THE IMPOSITION OF SANCTIONS ON THE CENTRAL BANK OF IRAN.—Congress—

(1) acknowledges the efforts of the United Nations Security Council to impose limitations on transactions involving Iranian financial institutions, including the Central Bank of Iran; and

(2) urges the President, in the strongest terms, to consider immediately using the authority of the President to impose sanctions on the Central Bank of Iran and any other Iranian financial institution engaged in proliferation activities or support of terrorist groups.

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

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to 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 finds knowingly 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) facilitates the efforts of the Government of Iran (including efforts of Iran’s Revolutionary Guard Corps or any of its agents or affiliates)—

(i) to acquire or develop weapons of mass destruction or delivery systems for weapons of mass destruction; or

(ii) to provide support for organizations designated as foreign terrorist organizations under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)), including *Hizballah* (as defined in section 102(f)(1)(E) of the *Hizballah International Financing Prevention Act of 2015* (Public Law 114–102; 50 U.S.C. 1701 note)), and any affiliates or successors thereof, or support for acts of international terrorism (as defined in section 14 of the Iran Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note));

(B) facilitates the activities of—

(i) a person subject to financial sanctions pursuant to United Nations Security Council Resolution 1737 (2006), 1747 (2007), 1803 (2008), or 1929 (2010), or any other resolution that is agreed to by the Security Council and imposes sanctions with respect to Iran; or

(ii) a person acting on behalf of or at the direction of, or owned or controlled by, a person described in clause (i);

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

(D) facilitates efforts by the Central Bank of Iran or any other Iranian financial institution to carry out an activity described in subparagraph (A) or (B); or

(E) facilitates a significant transaction or transactions or provides significant financial services for—

(i) Iran's Revolutionary Guard Corps or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); or

(ii) a person whose property or interests in property are blocked pursuant to that Act in connection with—

(I) Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction; or

(II) Iran's support for international terrorism.

(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) DETERMINATIONS REGARDING NIOC AND NITC.—

(A) DETERMINATIONS.—For purposes of paragraph (2)(E), the Secretary of the Treasury shall, not later than 45 days after the date of the enactment of the Iran Threat Reduction and Syria Human Rights Act of 2012—

(i) determine whether the NIOC or the NITC is an agent or affiliate of Iran's Revolutionary Guard Corps; and

(ii) submit to the appropriate congressional committees a report on the determinations made under clause (i), together with the reasons for those determinations.

(B) FORM OF REPORT.—A report submitted under subparagraph (A)(ii) shall be submitted in unclassified form but may contain a classified annex.

(C) APPLICABILITY WITH RESPECT TO PETROLEUM TRANSACTIONS.—

(i) APPLICATION OF SANCTIONS.—Except as provided in clause (ii), if the Secretary of the Treasury determines that the NIOC or the NITC is a person described in clause (i) or (ii) of paragraph (2)(E), the regulations prescribed under paragraph (1) shall apply with respect to a significant transaction or transactions or significant financial services knowingly facilitated or provided by a foreign financial institution for the NIOC or the NITC, as applicable, for the purchase of petroleum or petroleum products from Iran, only if a determination of the President under section

1245(d)(4)(B) of the National Defense Authorization Act for Fiscal Year 2012 (22 U.S.C. 8513a(d)(4)(B)) that there is a sufficient supply of petroleum and petroleum products produced in countries other than Iran to permit purchasers of petroleum and petroleum products from Iran to reduce significantly their purchases from Iran is in effect at the time of the transaction or the provision of the service.

(ii) EXCEPTION FOR CERTAIN COUNTRIES.—If the Secretary of the Treasury determines that the NIOC or the NITC is a person described in clause (i) or (ii) of paragraph (2)(E), the regulations prescribed under paragraph (1) shall not apply to a significant transaction or transactions or significant financial services knowingly facilitated or provided by a foreign financial institution for the NIOC or the NITC, as applicable, for the purchase of petroleum or petroleum products from Iran if an exception under paragraph (4)(D) of section 1245(d) of the National Defense Authorization Act for Fiscal Year 2012 (22 U.S.C. 8513a(d)) applies to the country with primary jurisdiction over the foreign financial institution at the time of the transaction or the provision of the service.

(iii) RULE OF CONSTRUCTION.—The exceptions in clauses (i) and (ii) shall not be construed to limit the authority of the Secretary of the Treasury to impose sanctions pursuant to the regulations prescribed under paragraph (1) for an activity described in paragraph (2) to the extent the activity would meet the criteria described in that paragraph in the absence of the involvement of the NIOC or the NITC.

(D) DEFINITIONS.—In this paragraph:

(i) NIOC.—The term “NIOC” means the National Iranian Oil Company.

(ii) NITC.—The term “NITC” means the National Iranian Tanker Company.

(d) PENALTIES FOR DOMESTIC FINANCIAL INSTITUTIONS FOR ACTIONS OF PERSONS OWNED OR CONTROLLED BY SUCH FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit any person owned or controlled by a domestic financial institution from knowingly engaging in a transaction or transactions with or benefitting Iran’s Revolutionary Guard Corps or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

(2) PENALTIES.—The penalties provided for in section 206(b) of the International Emergency Economic Powers Act (50 U.S.C. 1705(b)) shall apply to a domestic financial institution to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act if—

(A) a person owned or controlled by the domestic financial institution violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection; and

(B) the domestic financial institution knew or should have known that the person violated, attempted to violate, conspired to violate, or caused a violation of such regulations.

(e) REQUIREMENTS FOR FINANCIAL INSTITUTIONS MAINTAINING ACCOUNTS FOR FOREIGN FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall prescribe regulations to require a domestic financial institution maintaining a correspondent account or payable-through account in the United States for a foreign financial institution to do one or more of the following:

(A) Perform an audit of activities described in subsection (c)(2) that may be carried out by the foreign financial institution.

(B) Report to the Department of the Treasury with respect to transactions or other financial services provided with respect to any such activity.

(C) Certify, to the best of the knowledge of the domestic financial institution, that the foreign financial institution is not knowingly engaging in any such activity.

(D) Establish due diligence policies, procedures, and controls, such as the due diligence policies, procedures, and controls described in section 5318(i) of title 31, United States Code, reasonably designed to detect whether the Secretary of the Treasury has found the foreign financial institution to knowingly engage in any such activity.

(2) PENALTIES.—The penalties provided 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) of this subsection, in the same manner and to the same extent as such penalties would apply to any person that is otherwise subject to such section 5321(a) or 5322.

(f) WAIVER.—The Secretary of the Treasury may waive the application of a prohibition or condition imposed with respect to a foreign financial institution pursuant to subsection (c) or section 104A or the imposition of a penalty under subsection (d) with respect to a domestic financial institution on and after the date that is 30 days after the Secretary—

(1) determines that such a waiver is necessary to the national interest of the United States; and

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

(g) PROCEDURES FOR JUDICIAL REVIEW OF CLASSIFIED INFORMATION.—

(1) IN GENERAL.—If a finding under paragraph (1) or (4) of subsection (c) or section 104A, a prohibition, condition, or penalty imposed as a result of any such finding, or a penalty imposed under subsection (d), is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)) and a court reviews the finding or the imposition of the prohibition, condition, or penalty, the Sec-

retary of the Treasury may submit such information to the court *ex parte* and *in camera*.

(2) **RULE OF CONSTRUCTION.**—Nothing in this subsection shall be construed to confer or imply any right to judicial review of any finding under paragraph (1) or (4) of subsection (c) or section 104A, any prohibition, condition, or penalty imposed as a result of any such finding, or any penalty imposed under subsection (d).

(h) **CONSULTATIONS IN IMPLEMENTATION OF REGULATIONS.**—In implementing this section and the regulations prescribed under this section, the Secretary of the Treasury—

(1) shall consult with the Secretary of State; and

(2) may, in the sole discretion of the Secretary of the Treasury, consult with such other agencies and departments and such other interested parties as the Secretary considers appropriate.

(i) **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) **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.

(D) **FOREIGN FINANCIAL INSTITUTION; DOMESTIC FINANCIAL INSTITUTION.**—The terms “foreign financial institution” and “domestic financial institution” shall have the meanings of those terms as determined by the Secretary of the Treasury.

(E) **MONEY LAUNDERING.**—The term “money laundering” means the movement of illicit cash or cash equivalent proceeds into, out of, or through a country, or into, out of, or through a financial institution.

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

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