

IRANIAN LEADERSHIP ASSET TRANSPARENCY ACT

DECEMBER 7, 2017.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HENSARLING, from the Committee on Financial Services,  
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 1638]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 1638) to require the Secretary of the Treasury to submit a report to the appropriate congressional committees on the estimated total assets under direct or indirect control by certain senior Iranian leaders and other figures, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Iranian Leadership Asset Transparency Act”.

**SEC. 2. FINDINGS.**

The Congress finds the following:

(1) Iran is characterized by high levels of official and institutional corruption, and substantial involvement by Iran’s security forces, particularly the Islamic Revolutionary Guard Corps (IRGC), in the economy.

(2) Many members of Iran’s senior political and military leadership have acquired significant personal and institutional wealth by using their positions to secure control of significant portions of Iran’s national economy.

(3) Sanctions relief provided through the Joint Comprehensive Plan of Action has resulted in the removal of many Iranian entities that are tied to governmental corruption from the list of entities sanctioned by the United States.

(4) The Department of Treasury in 2011 designated the Islamic Republic of Iran’s financial sector as a jurisdiction of primary money laundering concern under section 311 of the USA PATRIOT Act, stating “Treasury has for the first

time identified the entire Iranian financial sector; including Iran’s Central Bank, private Iranian banks, and branches, and subsidiaries of Iranian banks operating outside of Iran as posing illicit finance risks for the global financial system.”.

(5) Iran continues to be listed by the Financial Action Task Force (FATF) among the “Non-Cooperative Countries or Territories”—countries which it perceived to be non-cooperative in the global fight against terror finance and money laundering.

(6) Iran and North Korea are the only countries listed by the FATF as “Non-Cooperative Countries or Territories” against which FATF countries should take measures.

(7) The Transparency International index of perceived public corruption ranks Iran 130th out of 168 countries surveyed.

(8) The State Department identified Iran as a “major money-laundering country” in its International Narcotics Control Strategy Report (INCSR) for 2016.

(9) The State Department currently identifies Iran, along with Sudan and Syria, as a state sponsor of terrorism, “having repeatedly provided support for acts of international terrorism”.

(10) The State Department’s “Country Reports on Terrorism”, published last in July 2017, noted that “Iran continued to sponsor terrorist groups around the world, principally through its Islamic Revolutionary Guard Corps–Qods Force (IRGC–QF). These groups included Lebanese Hizballah, several Iraqi Shia militant groups, Hamas, and Palestine Islamic Jihad. Iran, Hizballah, and other Shia militia continued to provide support to the Assad regime, dramatically bolstering its capabilities, prolonging the civil war in Syria, and worsening the human rights and refugee crisis there.”.

(11) The Iranian Government’s tolerance of corruption and nepotism in business limits opportunities for foreign and domestic investment, particularly given the significant involvement of the IRGC in many sectors of Iran’s economy.

(12) The IRGC and the leadership-controlled bonyads (foundations) control an estimated one-third of Iran’s total economy, including large portions of Iran’s telecommunications, construction, and airport and port operations. These operations give the IRGC and bonyads vast funds to support terrorist organizations such as Hezbollah and Hamas.

(13) By gaining control of major economic sectors, the IRGC and bonyads have also served to further disadvantage the average Iranian.

**SEC. 3. REPORT REQUIREMENT RELATING TO ASSETS OF IRANIAN LEADERS AND CERTAIN SENIOR POLITICAL FIGURES.**

(a) **IN GENERAL.**—Not later than 270 days after the date of enactment of this Act, and annually thereafter (or more frequently if the Secretary of the Treasury determines it appropriate based on new information received by the Secretary) for the following 2 years, the Secretary of the Treasury shall, in furtherance of the Secretary’s efforts to prevent the financing of terrorism, money laundering, or related illicit finance and to make financial institutions’ required compliance with remaining sanctions more easily understood, submit a report to the appropriate congressional committees containing—

(1) the estimated total funds or assets held in accounts at U.S. and foreign financial institutions that are under direct or indirect control by each natural person described in subsection (b) and a description of such assets;

(2) an identification of any equity stake such natural person has in an entity on the Department of the Treasury’s list of Specially Designated Nationals or in any other sanctioned entity;

(3) a description of how such funds or assets or equity interests were acquired, and how they have been used or employed;

(4) a description of any new methods or techniques used to evade anti-money laundering and related laws, including recommendations to improve techniques to combat illicit uses of the U.S. financial system by each natural person described in subsection (b);

(5) recommendations for how U.S. economic sanctions against Iran may be revised to prevent the funds or assets described under this subsection from being used by the natural persons described in subsection (b) to contribute to the continued development, testing, and procurement of ballistic missile technology by Iran;

(6) a description of how the Department of the Treasury assesses the impact and effectiveness of U.S. economic sanctions programs against Iran; and

(7) recommendations for improving the ability of the Department of the Treasury to rapidly and effectively develop, implement, and enforce additional economic sanctions against Iran if so ordered by the President under the International Emergency Economic Powers Act or other corresponding legislation.

(b) **PERSONS DESCRIBED.**—The natural persons described in this subsection are the following:

- (1) The Supreme Leader of Iran.
- (2) The President of Iran.
- (3) Members of the Council of Guardians.
- (4) Members of the Expediency Council.
- (5) The Minister of Intelligence and Security.
- (6) The Commander and the Deputy Commander of the IRGC.
- (7) The Commander and the Deputy Commander of the IRGC Ground Forces.
- (8) The Commander and the Deputy Commander of the IRGC Aerospace Force.
- (9) The Commander and the Deputy Commander of the IRGC Navy.
- (10) The Commander of the Basij-e-Mostaz'afin.
- (11) The Commander of the Qods Force.
- (12) The Commander in Chief of the Police Force.
- (13) The head of the IRGC Joint Staff.
- (14) The Commander of the IRGC Intelligence.
- (15) The head of the IRGC Imam Hussein University.
- (16) The Supreme Leader's Representative at the IRGC.
- (17) The Chief Executive Officer and the Chairman of the IRGC Cooperative Foundation.
- (18) The Commander of the Khatam-al-Anbia Construction Head Quarter.
- (19) The Chief Executive Officer of the Basij Cooperative Foundation.
- (20) The head of the Political Bureau of the IRGC.
- (21) The head of the Atomic Energy Organization of Iran.

(c) **FORM OF REPORT; PUBLIC AVAILABILITY.**—

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

(2) **PUBLIC AVAILABILITY.**—The unclassified portion of such report shall be made available to the public and posted on the website of the Department of the Treasury—

(A) in English, Farsi, Arabic, and Azeri; and

(B) in precompressed, easily downloadable versions that are made available in all appropriate formats.

(d) **SOURCES OF INFORMATION.**—In preparing a report described under subsection (a), the Secretary of the Treasury may use any credible publication, database, web-based resource, public information compiled by any government agency, and any information collected or compiled by a nongovernmental organization or other entity provided to or made available to the Secretary, that the Secretary finds credible.

(e) **DEFINITIONS.**—For purposes of this section:

(1) **APPROPRIATE CONGRESSIONAL COMMITTEES.**—The term “appropriate congressional committees” means the Committees on Financial Services and Foreign Affairs of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Foreign Relations of the Senate.

(2) **FUNDS.**—The term “funds” means—

(A) cash;

(B) equity;

(C) any other intangible asset whose value 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 defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)); and

(D) anything else that the Secretary determines appropriate.

#### **SEC. 4. SENSE OF CONGRESS.**

It is the sense of Congress that in preparing the reports required under section 3, the Secretary of the Treasury should consider acquiring information from sources that—

- (1) collect and, if necessary, translate high-veracity, official records; or
- (2) provide search and analysis tools that enable law enforcement to have new insights into commercial and financial relationships.

#### **PURPOSE AND SUMMARY**

On March 20, 2017, Representative Bruce Poliquin introduced H.R. 1638, the “Iranian Leadership Asset Transparency Act” which requires the Secretary of the Treasury to report to Congress on the assets held by Iran’s most senior political, military and business

leaders, and on the probable sources and uses of the assets. The legislation would require the Treasury Department to publish a public version of the report on its website, in English and in the major languages used within Iran. A classified version, if necessary, would be available to Congress. The legislation also contains a “Sense of Congress” that urges the Secretary of the Treasury to seek information for the report from sources that would search and, if necessary, translate publicly available “high-veracity official records” overseas, and provide methods to search and analyze such data in ways that are useful to law enforcement.

#### BACKGROUND AND NEED FOR LEGISLATION

The goal of H.R. 1638 is to assist in efforts to stop money laundering, the financing of terror, and related illicit finance, by making it easier to identify and understand the sources and uses of vast sums of money controlled by top political and military leaders of Iran.

According to the non-governmental organization (NGO) *Transparency International*, Iran’s economy is characterized by high levels of official and institutional corruption, and by substantial involvement in the economy of Iran’s security forces, particularly the Islamic Revolutionary Guard Corps (IRGC). Many members of Iran’s senior political and military leadership have acquired significant personal and institutional wealth by using their positions to secure control of major portions of the Iranian economy.

Sanctions relief provided through the Joint Comprehensive Plan of Action (JCPOA) resulted in the removal of many Iranian entities that are tied to government corruption from the list of entities sanctioned by the United States, although many remain sanctioned and the Trump Administration has, in recent months, levied a number of new sanctions on Iranian individuals and entities.

However, the *Transparency International* index of perceived public corruption is higher than ever, and the State Department has identified Iran as a country of ‘primary concern’ for money laundering. Separately, the U.S. Department of State has identified Iran as a country that has “repeatedly provided support for acts of international terrorism,” and in its June 2016 “country report” noted the country “continues to sponsor terrorist groups around the world, principally through its Islamic Revolutionary Guard Corps-Qods Force (IRGC).”

The Iranian government’s tolerance of corruption in business limits opportunities for individual Iranians to improve their lot in life, particularly given the significant involvement of the IRGC in many sectors of the Iranian economy. The ‘bonyads’ (foundations) controlled by top Iranian political and military leaders control an estimated one-third of the total economy, including large portions of the telecommunications, construction, airport and seaport sectors, which gives the IRGC and its leaders vast funds to support terrorism, and terrorist proxies such as Hezbollah, at a time when the average Iranian citizen earns about \$15,000 a year.

The “Iranian Leadership Asset Transparency Act” requires the Treasury Department to list the known assets of senior Iranian officials in a form that is easily understandable and accessible to individual Iranians, as well as to those in the financial or business sector who might be concerned about inadvertently doing business

with a corrupt Iranian entity. Any reports prepared under H.R. 1638 would be available in a form that would be accessible to the average Iranian so that they might better understand the nature of their nation's economy.

#### HEARINGS

The Committee on Financial Services Subcommittee on Monetary Policy and Trade held a hearing examining matters relating to H.R. 1638 on April 4, 2017.

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on November 14, 2017, and ordered H.R. 1638 to be reported favorably to the House, as amended, by a recorded vote of 43 yeas to 16 nays (Record vote no. FC-96), a quorum being present. Before the motion to report was offered, the Committee adopted an amendment in the nature of a substitute offered by Mr. Poliquin, by voice vote.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole recorded vote was on a motion by Chairman Hensarling to report the bill favorably to the House, as amended. The motion was agreed to by a recorded vote of 43 yeas to 16 nays (Record vote no. FC-96), a quorum being present.

## Record vote no. FC-96

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling .....	X			Ms. Maxine Waters (CA) .....		X	
Mr. McHenry .....				Mrs. Carolyn B. Maloney (NY) .....		X	
Mr. King .....	X			Ms. Velázquez .....		X	
Mr. Royce (CA) .....	X			Mr. Sherman .....	X		
Mr. Lucas .....	X			Mr. Meeks .....		X	
Mr. Pearce .....	X			Mr. Capuano .....		X	
Mr. Posey .....	X			Mr. Clay .....		X	
Mr. Luetkemeyer .....	X			Mr. Lynch .....	X		
Mr. Huizenga .....	X			Mr. David Scott (GA) .....	X		
Mr. Duffy .....	X			Mr. Al Green (TX) .....		X	
Mr. Stivers .....	X			Mr. Cleaver .....		X	
Mr. Hultgren .....	X			Ms. Moore .....		X	
Mr. Ross .....	X			Mr. Ellison .....		X	
Mr. Pittenger .....	X			Mr. Perlmutter .....		X	
Mrs. Wagner .....	X			Mr. Himes .....		X	
Mr. Barr .....	X			Mr. Foster .....		X	
Mr. Rothfus .....	X			Mr. Kildee .....		X	
Mr. Messer .....	X			Mr. Delaney .....	X		
Mr. Tipton .....	X			Ms. Sinema .....	X		
Mr. Williams .....	X			Mrs. Beatty .....		X	
Mr. Potiquin .....	X			Mr. Heck .....		X	
Mrs. Love .....	X			Mr. Vargas .....	X		
Mr. Hill .....	X			Mr. Gottheimer .....	X		
Mr. Emmer .....	X			Mr. Gonzalez (TX) .....	X		
Mr. Zeldin .....	X			Mr. Crist .....	X		
Mr. Trott .....	X			Mr. Kihuen .....	X		
Mr. Loudermilk .....	X						
Mr. Mooney (WV) .....	X						
Mr. MacArthur .....	X						
Mr. Davidson .....	X						
Mr. Budd .....	X						
Mr. Kustoff (TN) .....	X						
Ms. Tenney .....	X						
Mr. Hollingsworth .....	X						

## COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

## PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 1638 will assist in the combatting of money laundering, the financing of terror, and related illicit finance by providing for a public report of the assets held by, and the sources and uses of massive funds controlled by, the top political and military leaders of Iran.

## NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues 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 ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, December 1, 2017.*

Hon. JEB HENSARLING,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1638, the Iranian Leadership Asset Transparency Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

MARK P. HADLEY  
(For Keith Hall, *Director*).

Enclosure.

*H.R. 1638—Iranian Leadership Asset Transparency Act*

H.R. 1638 would require the Department of the Treasury to report to the Congress on the financial assets held by specific Iranian political and military leaders in 2018 and 2019. The reports would describe how their assets were acquired and any unclassified portions of those reports would be posted on the Treasury's website in multiple languages. The bill would require the department to pro-

vide recommendations on improving the effectiveness of financial sanctions against Iran.

CBO is not aware of any comprehensive, detailed information regarding the financial assets of Iranian leaders. If such information is collected by the Office of Foreign Asset Control or the Office of Intelligence and Analysis in the Department of Treasury, or by any other federal agency, CBO expects it would probably be classified. Less comprehensive information about the assets of those Iranian leaders may be available in the public domain but we have not found it. However, based on the costs of similar reporting efforts, CBO estimates that the cost of compiling any information on the subject would total less than \$500,000 in 2018 and 2019; such spending would be subject to the availability of appropriated funds. Costs could be substantially higher if this type of financial information is not currently collected by the federal government.

Enacting H.R. 1638 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1638 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1638 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995.

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

#### EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

#### DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision

of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

#### DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, (115th Congress), the following statement is made concerning directed rulemakings: The Committee estimates that the bill requires no directed rulemakings within the meaning of such section.

#### SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

##### *Section 1. Short title*

This section cites H.R. 1638 as the “Iranian Leadership Asset Transparency Act”.

##### *Section 2. Findings*

This section finds that Iran is perceived to be one of the most corrupt societies in the world, that a handful of top military and political leaders control at least a third of the country’s wealth while the average Iranian earns about \$15,000 a year, and that the corrupt leadership of the country probably uses portions of its wealth to foment unrest at least through the Mideast if not worldwide.

##### *Section 3. Report requirement relating to assets of Iranian leaders and certain senior political figures*

This section requires the Treasury Secretary to report to Congress on the assets, and the sources and uses of such assets, held by Iran’s top political and military leaders. It lists the senior leaders by title, and requires that a non-classified version of such a report be posted on the Treasury Department’s website in English and translated into the top three languages spoken in Iran.

##### *Section 4. Sense of Congress*

This section expresses the sense of Congress that in preparing the report described in Section 3, the Secretary should consider acquiring information from sources that collect and if necessary translate “high-veracity official records” and make such data available in ways that can be searched and analyzed by law enforcement.

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

H.R. 1638 does not repeal or amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report contemplated by Clause 3(e)(1)(B) of Rule XIII of the House of Representatives.

COMMITTEE CORRESPONDENCE

JEB HENSARLING, TX, CHAIRMAN

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

MAXINE WATERS, CA, RANKING MEMBER

December 7, 2017

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

Dear Chairman Royce:

Thank you for your December 6<sup>th</sup> letter regarding H.R. 1638, the "Iranian Leadership Asset Transparency Act", as amended.

I am most appreciative of your decision to forego action on H.R. 1638 so that it may move expeditiously to the House floor. I acknowledge that although you are waiving action on the bill, the Committee on Foreign Affairs is in no way waiving its jurisdictional interest in this or similar legislation. In addition, if a conference is necessary on this legislation, I will support any request that your committee be represented therein.

Finally, I shall be pleased to include your letter and this letter in our committee's report on H.R. 1638 and in the *Congressional Record* during floor consideration of the same.

Sincerely,



JEB HENSARLING  
Chairman

cc: The Honorable Paul Ryan  
The Honorable Maxine Waters  
The Honorable Eliot L. Engel  
Mr. Thomas J. Wickham, Jr.

EDWARD R. ROYCE, CALIFORNIA  
CHAIRMAN

AMY PORTER  
CHIEF OF STAFF

THOMAS SHEEHY  
STAFF DIRECTOR



ELIOT L. ENGEL, NEW YORK  
RANKING DEMOCRATIC MEMBER

JASON STEINBAUM  
DEMOCRATIC STAFF DIRECTOR

One Hundred Fifteenth Congress  
U.S. House of Representatives  
Committee on Foreign Affairs  
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Washington, DC 20515  
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December 6, 2017

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

Dear Chairman Hensarling:

Thank you for consulting with the Committee on Foreign Affairs on H.R. 1638, the Iranian Leadership Asset Transparency Act.

I agree that the Foreign Affairs Committee may be discharged from further action on this bill so that it may proceed expeditiously to the Floor, subject to the understanding that this waiver does not in any way diminish or alter the jurisdiction of the Foreign Affairs Committee, or prejudice its jurisdictional prerogatives on this bill or similar legislation in the future. The Committee also reserves the right to seek an appropriate number of conferees to any House-Senate conference involving this bill, and would appreciate your support for any such request.

I ask that you place our exchange of letters into the *Congressional Record* during floor consideration of the bill. I appreciate your cooperation regarding this legislation and look forward to continuing to work with you as this measure moves through the legislative process.

Sincerely,

A handwritten signature in cursive script that reads "Ed Royce".

EDWARD R. ROYCE  
Chairman

cc: The Honorable Paul Ryan  
The Honorable Eliot L. Engel  
The Honorable Maxine Waters  
Mr. Thomas J. Wickham, Jr., Parliamentarian

## MINORITY VIEWS

H.R. 1638, the *Iranian Leadership Asset Transparency Act*, would require the Secretary of the Treasury to report to Congress on the estimated total assets under direct or indirect control of certain senior Iranian leaders and other figures, along with a description of how these assets were acquired and are employed, regardless of whether such individuals are subject to U.S. sanctions.

Although increasing transparency into corrupt regimes is a laudable goal, H.R. 1638 would not promote U.S. national security interests. First, the level of scrutiny that would be needed to produce a credible report would place a very real strain on the Treasury Department, diverting significant resources away from Treasury investigators who are tasked with targeting sanctionable conduct, implementing existing sanctions on Iran, and uncovering illicit conduct across the globe, including, importantly, efforts to identify the web of business interests that continue to enable North Korea to evade U.S. and international sanctions. Moreover, the bill's requirement to report on "any equity stake" natural persons have in certain entities exceeds the commonly used metric of "controlling equity interest" for identifying meaningful ownership interests and, thus, would add substantially to the resource burden associated with the report with little added value.

The bill's required report would have little use as a compliance tool, given that much of the most important parts of the report would be classified, which notably undercuts the argument advanced by supporters that the legislation would help make "financial institutions" required compliance with remaining sanctions more easily understood." In fact, the creation of such a list that is not tied to any prohibition or legal action would more likely create confusion among OFAC's regulated public, and also mislead companies to believe that the Treasury list replaces the due diligence efforts that they should otherwise be doing prior to engaging in business in Iran.

Moreover, because the report would be largely classified, the bill would do little to draw the Iranian public's attention to the corruption and unjust enrichment of their leaders, despite claims by the bill's proponents. And, any unclassified portion would inevitably be rejected as U.S. propaganda by both the Iranian regime and by its people as a predictable attack on the country's government by the United States.

The true intent of the legislation is to gin up prospects of reputational risks for companies that might seek to do legitimate business with Iran. For this reason, the bill would be a strategic mistake. The report would undoubtedly be seized upon by Iran as an intentional effort to discourage international investment in Iran, which would be viewed by Iran—and likely by the major world powers who joined us in the JCPOA as well—as a violation of the

expressed U.S. commitment under the nuclear deal not to interfere with the full realization of the relief provided to Iran under the accord. In fact, when the House considered nearly identical legislation last Congress, the Obama White House issued a veto threat, noting, in part, the negative impact the measure could have on the “continued viability” of the JCPOA.

In light of the bill’s limited practical utility; its failure to meet its own stated objectives; its diversion of critical resources away from Treasury investigations; the report’s lack of usefulness as a compliance tool; and the negative impact the legislation would have on the continued viability of the nuclear deal, which to date is widely viewed as a success, we oppose this bill.

MAXINE WATERS.  
MICHAEL E. CAPUANO.  
VICENTE GONZALEZ.  
JOYCE BEATTY.  
WM. LACY CLAY.  
DANIEL T. KILDEE.  
KEITH ELLISON.  
AL GREEN.  
GREGORY W. MEEKS.

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