

109TH CONGRESS  
1ST SESSION

# S. 1428

To stop corporations from financing terrorism.

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## IN THE SENATE OF THE UNITED STATES

JULY 20, 2005

Mr. LAUTENBERG (for himself, Mr. CORZINE, Mrs. CLINTON, and Mr. FEINGOLD) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To stop corporations from financing terrorism.

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

### 3   **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Stop Business With  
5   Terrorists Act of 2005”.

### 6   **SEC. 2. DEFINITIONS.**

7       In this Act:

8               (1) CONTROL IN FACT.—The term “control in  
9       fact”, with respect to a corporation or other legal  
10      entity, includes—

11               (A) in the case of—

1 (i) a corporation, ownership or control  
2 (by vote or value) of at least 50 percent of  
3 the capital structure of the corporation;  
4 and

5 (ii) any other kind of legal entity,  
6 ownership or control of interests rep-  
7 resenting at least 50 percent of the capital  
8 structure of the entity; or

9 (B) control of the day-to-day operations of  
10 a corporation or entity.

11 (2) PERSON SUBJECT TO THE JURISDICTION OF  
12 THE UNITED STATES.—The term “person subject to  
13 the jurisdiction of the United States” means—

14 (A) an individual, wherever located, who is  
15 a citizen or resident of the United States;

16 (B) a person actually within the United  
17 States;

18 (C) a corporation, partnership, association,  
19 or other organization or entity organized under  
20 the laws of the United States, or of any State,  
21 territory, possession, or district of the United  
22 States;

23 (D) a corporation, partnership, association,  
24 or other organization, wherever organized or  
25 doing business, that is owned or controlled in

1 fact by a person or entity described in subpara-  
2 graph (A) or (C); and

3 (E) a successor, subunit, or subsidiary of  
4 an entity described in subparagraph (C) or (D).

5 (3) FOREIGN PERSON.—The term “foreign per-  
6 son” means—

7 (A) an individual who is an alien;

8 (B) a corporation, partnership, association,  
9 or any other organization or entity that is orga-  
10 nized under the laws of a foreign country or has  
11 its principal place of business in a foreign coun-  
12 try;

13 (C) a foreign governmental entity oper-  
14 ating as a business enterprise; and

15 (D) a successor, subunit, or subsidiary of  
16 an entity described in subparagraph (B) or (C).

17 **SEC. 3. CLARIFICATION OF SANCTIONS.**

18 (a) PROHIBITIONS ON ENGAGING IN TRANSACTIONS  
19 WITH FOREIGN PERSONS.—

20 (1) IN GENERAL.—In the case of a person sub-  
21 ject to the jurisdiction of the United States that is  
22 prohibited as described in subsection (b) from en-  
23 gaging in a transaction with a foreign person, that  
24 prohibition shall also apply to—

1 (A) each subsidiary and affiliate, wherever  
2 organized or doing business, of the person pro-  
3 hibited from engaging in such a transaction;  
4 and

5 (B) any other entity, wherever organized  
6 or doing business, that is controlled in fact by  
7 that person.

8 (2) PROHIBITION ON CONTROL.—A person sub-  
9 ject to the jurisdiction of the United States that is  
10 prohibited as described in subsection (b) from en-  
11 gaging in a transaction with a foreign person shall  
12 also be prohibited from controlling in fact any for-  
13 eign person that is engaged in such a transaction  
14 whether or not that foreign person is subject to the  
15 jurisdiction of the United States.

16 (b) IEEPA SANCTIONS.—Subsection (a) applies in  
17 any case in which—

18 (1) the President takes action under the Inter-  
19 national Emergency Economic Powers Act (50  
20 U.S.C. 1701 et seq.) or the Trading with the Enemy  
21 Act (50 U.S.C. App.) to prohibit a person subject to  
22 the jurisdiction of the United States from engaging  
23 in a transaction with a foreign person; or

24 (2) the Secretary of State has determined that  
25 the government of a country that has jurisdiction

1 over a foreign person has repeatedly provided sup-  
2 port for acts of international terrorism under section  
3 6(j) of the Export Administration Act of 1979 (as  
4 in effect pursuant to the International Emergency  
5 Economic Powers Act (50 U.S.C. 1701 et seq.)), or  
6 any other provision of law, and because of that de-  
7 termination a person subject to the jurisdiction of  
8 the United States is prohibited from engaging in  
9 transactions with that foreign person.

10 (c) CESSATION OF APPLICABILITY BY DIVESTITURE  
11 OR TERMINATION OF BUSINESS.—

12 (1) IN GENERAL.—In any case in which the  
13 President has taken action described in subsection  
14 (b) and such action is in effect on the date of enact-  
15 ment of this Act, the provisions of this section shall  
16 not apply to a person subject of the jurisdiction of  
17 the United States if such person divests or termi-  
18 nates its business with the government or person  
19 identified by such action within 90 days after the  
20 date of enactment of this Act.

21 (2) ACTIONS AFTER DATE OF ENACTMENT.—In  
22 any case in which the President takes action de-  
23 scribed in subsection (b) on or after the date of en-  
24 actment of this Act, the provisions of this section  
25 shall not apply to a person subject to the jurisdiction

1 of the United States if such person divests or termi-  
 2 nates its business with the government or person  
 3 identified by such action within 90 days after the  
 4 date of such action.

5 (d) PUBLICATION IN FEDERAL REGISTER.—Not  
 6 later than 90 days after the date of enactment of this Act,  
 7 the President shall publish in the Federal Register a list  
 8 of persons with respect to whom there is in effect a sanc-  
 9 tion described in section 3(b) and shall publish notice of  
 10 any change to that list in a timely manner.

11 **SEC. 4. NOTIFICATION OF CONGRESS OF TERMINATION OF**  
 12 **INVESTIGATION BY OFFICE OF FOREIGN AS-**  
 13 **SETS CONTROL.**

14 (a) REQUIREMENT FOR NOTIFICATION.—The Office  
 15 of Federal Procurement Policy Act (41 U.S.C. 403 et seq.)  
 16 is amended by adding at the end the following new section:

17 **“SEC. 42. NOTIFICATION OF CONGRESS OF TERMINATION**  
 18 **OF INVESTIGATION BY OFFICE OF FOREIGN**  
 19 **ASSETS CONTROL.**

20 “The Director of the Office of Foreign Assets Control  
 21 shall notify Congress upon the termination of any inves-  
 22 tigation by the Office of Foreign Assets Control of the  
 23 Department of the Treasury if any sanction is imposed  
 24 by the Director of such office as a result of the investiga-  
 25 tion.”.

1 (b) CLERICAL AMENDMENT.—The table of contents  
 2 in subsection (b) of such Act is amended by adding at  
 3 the end the following new item:

“Sec. 42. Notification of Congress of termination of investigation by Office  
 of Foreign Assets Control.”.

4 **SEC. 5. ANNUAL REPORTING.**

5 (a) SENSE OF CONGRESS.—It is the sense of the Con-  
 6 gress that investors and the public should be informed of  
 7 activities engaged in by a person that may threaten the  
 8 national security, foreign policy, or economy of the United  
 9 States, so that investors and the public can use the infor-  
 10 mation in their investment decisions.

11 (b) REGULATIONS.—

12 (1) IN GENERAL.—Not later than 120 days  
 13 after the date of enactment of this Act, the Securi-  
 14 ties and Exchange Commission shall issue regula-  
 15 tions that require any person subject to the annual  
 16 reporting requirements of section 13 of the Securi-  
 17 ties Exchange Act of 1934 (15 U.S.C. 78m) to dis-  
 18 close in that person’s annual reports—

19 (A) any ownership stake of at least 10 per-  
 20 cent (or less if the Commission deems appro-  
 21 priate) in a foreign person that is engaging in  
 22 a transaction prohibited under section 3(a) of  
 23 this Act or that would be prohibited if such per-

1 son were a person subject to the jurisdiction of  
2 the United States; and

3 (B) the nature and value of any such  
4 transaction.

5 (2) PERSON DESCRIBED.—A person described  
6 in this section is an issuer of securities, as that term  
7 is defined in section 3 of the Securities Exchange  
8 Act of 1934 (15 U.S.C. 78c), that is subject to the  
9 jurisdiction of the United States and to the annual  
10 reporting requirements of section 13 of the Securi-  
11 ties Exchange Act of 1934 (15 U.S.C. 78m).

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