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114TH CONGRESS
2D SESSION

H. R. 5308

To require the Secretary of the Treasury to confiscate interest paid on certain frozen bank accounts, to require the Secretary to confiscate certain frozen assets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2016

Mr. DONOVAN (for himself, Mr. SIRES, Mr. POE of Texas, and Mr. MCCAUL) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Homeland Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To require the Secretary of the Treasury to confiscate interest paid on certain frozen bank accounts, to require the Secretary to confiscate certain frozen assets, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Terrorist Asset Seizure Reform Act of 2016''.

SEC. 2. CONFISCATION OF ASSETS.

(a) CONFISCATION OF INTEREST.—

(1) INITIAL CONFISCATION.—As soon as practicable after the date of the enactment of this Act, but in no case later than 18 months after the date of the enactment of this Act, the Secretary shall require each financial institution to transfer to the Secretary all amounts of interest paid by such financial institution on frozen bank accounts.

(2) ONGOING CONFISCATION.—One year after the initial confiscation under paragraph (1), and annually thereafter, the Secretary shall require each financial institution to transfer to the Secretary all amounts of interest paid by such financial institution on frozen bank accounts in the previous year.

(3) INTEREST DEPOSITED INTO CONFISCATED ASSETS FUND.—The Secretary shall deposit all amounts received under this subsection into the Confiscated Assets Fund.

(4) RULE OF CONSTRUCTION.—Paragraphs (1) and (2) shall only apply to interest paid on an account after the account became a frozen bank account.

(b) CONFISCATIONS RELATED TO NON-STATE TERRORISM.—

(1) SPECIAL RULE FOR CONFISCATIONS RELATED TO NON-STATE TERRORISM.—

(A) IN GENERAL.—With respect to a frozen asset of a person described in subparagraph (B)—

(i) at the time such asset is frozen or otherwise blocked, or within 6 months of the date of the enactment of this Act with respect to an asset frozen or otherwise blocked before such date of enactment, the Secretary shall—

(I) publish public notice that the asset is being frozen or otherwise blocked; and

(II) provide the owner of the asset and other interested parties with a 1-year period to challenge such freezing or blocking; and

(ii) if such asset remains frozen or otherwise blocked after the 1-year period described under clause (i)(II), the Secretary shall require the financial institution holding the frozen asset to transfer such asset to the Secretary.

(B) COVERED PERSONS.—A person described in this subparagraph is a person that is—

(i) designated as a foreign terrorist organization under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a));

(ii) designated as a Specially Designated Global Terrorist by the Department of the Treasury under Executive Order 13224 (50 U.S.C. 1701); or

(iii) a specially designated terrorist, as that term is defined in section 595.311 of title 31, Code of Federal Regulations (or any successor thereto).

(2) ASSETS DEPOSITED INTO CONFISCATED ASSETS FUND.—The Secretary shall—

(A) deposit all money received under this subsection into the Confiscated Assets Fund; and

(B) sell any non-monetary assets received under this subsection and deposit the amounts received from such sales into the Confiscated Assets Fund.

(c) SAFE HARBOR.—Compliance with this section and any regulation, instruction, or direction issued pursuant to this section shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, this section, or any regulation, instruction, or direction issued pursuant to this section.

(d) DEFINITIONS.—For purposes of this section:

(1) FINANCIAL INSTITUTION.—The term ''financial institution'' has the meaning given that term under section 5312 of title 31, United States Code.

(2) FOREIGN PERSON.—The term ''foreign person'' has the meaning given that term under section 14 of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note).

(3) FROZEN ASSET.—The term ''frozen asset''—

(A) means an asset of a foreign person or foreign country that has been frozen or otherwise blocked pursuant to sanctions under any provision of United States law, as determined by the Secretary; and

(B) does not include—

(i) any asset subject to the Vienna Convention on Consular Relations (done at Vienna, April 24, 1963); or

(ii) the blocked assets of a terrorist party that are subject to execution and attachment pursuant to section 201 of the Terrorism Risk Insurance Act of 2002 (28 U.S.C. 1610 note).

(4) FROZEN BANK ACCOUNT.—The term ''frozen bank account'' means a deposit account maintained at a financial institution that consists of frozen assets.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

SEC. 3. CONFISCATED ASSETS FUND.

(a) ESTABLISHMENT.—The Secretary of the Treasury shall establish a fund to be known as the ''Confiscated Assets Fund''.

(b) USE OF FUND.—Amounts in the Confiscated Assets Fund shall be made available to the Administrator of the Federal Emergency Management Agency to provide grants under the Urban Area Security Initiative under section 2003 of the Homeland Security Act of 2002 (6 U.S.C. 604).

SEC. 4. REPORTS TO CONGRESS.

(a) GAO STUDY AND REPORT.—

(1) IN GENERAL.—Not later than the end of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General of the United States shall initiate a study on how the Office of Foreign Assets Control of the Department of the Treasury can better track frozen assets, manage data relating to such frozen assets, and improve reporting to Congress regarding frozen assets across all sanctions programs administered by the Office of Foreign Assets Control.

(2) REPORT.—Upon the completion of the study required under paragraph (1), the Comptroller General shall issue a report to the Congress and the Office of Foreign Assets Control of the Department of the Treasury containing—

(A) all findings and determinations made in carrying out the study required under paragraph (1); and

(B) such recommendations that the Comptroller General may determine appropriate.

(b) SECRETARY OF THE TREASURY REPORT.—

(1) IN GENERAL.—The Secretary of the Treasury, in consultation with the Attorney General, the Secretary of State, and the heads of other appro-

priate Federal agencies, shall issue an annual report to the Congress containing—

(A) comprehensive and detailed data regarding frozen assets across all sanctions programs administered by the Office of Foreign Assets Control, including, with respect to each sanctions program for the prior calendar year—

(i) tables that show changes in frozen assets totals;

(ii) the total amount of frozen assets;

(iii) the total amount of frozen assets that were unblocked;

(iv) how many licenses were issued;

(v) how many names were added to each list of sanctioned persons; and

(vi) how many names were removed from each list of sanctioned persons; and

(B) a detailed justification for each removal of a name from a list of sanctioned persons under each sanctions program for the prior calendar year.

(2) CLASSIFIED ANNEXES.—A report issued under paragraph (1) may contain a classified annex when necessary.

(3) CONSIDERATION OF GAO STUDY.—Before issuing a report under paragraph (1), the Secretary of the Treasury shall review any recommendations made by the Comptroller General in the report issued under subsection (a)(2) and include in such report any plans for addressing such recommendations.

(c) DEFINITION.—In this section, the term ‘‘frozen asset’’ has the meaning given that term in section 2(d) of this Act.

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