

recruits was the July 2011 date President Obama set for the beginning of reductions in U.S. troops in Afghanistan. Even more than the pay increase, which was announced for Afghan troops, Lieutenant General Caldwell said setting that date by President Obama made clear to the Afghan Government and to the Afghan people that President Obama means business when he says our presence in Afghanistan is not an open-ended commitment. Afghan leaders became focused on planning for the shift in principal responsibility from coalition forces to their forces that is highlighted by that July 2011 date, and they took urgent steps to increase recruitment to the Afghan Army. While it is too early to determine if the surge in U.S. combat forces will have the effect President Obama and General McChrystal intend, it is not too early, in other words, to see a positive effect toward accomplishing the mission of strengthening and training the Afghan Army.

A key to the success of that mission will be partnering with the Afghan security forces. In Regional Command South's Kandahar area, which we visited, coalition and Afghan units are partnering on a one-to-one basis at all levels, from planning at the headquarters down to operations at the platoon level, and Afghans are taking the lead in operations. When I visited Helmand Province in the south in September, there were about five U.S. marines for every one Afghan soldier. In the coming months, additional Afghan forces will be arriving in Helmand so, by April, coalition and Afghan units will be partnered on a one-to-one basis as they conduct the key mission of providing security in the Helmand River Valley. We were informed Afghan forces will be leading that vital and dangerous mission.

Senator FRANKEN and I saw up close how partnering of coalition and Afghan forces is being put into operation. This is not just about joint operations, though that is part of it. It is about Afghan and coalition troops living together and integrating their daily lives. This partnering is at the heart of our troops' mission, which is to prepare Afghan security forces to take responsibility for their nation's security. Some fully integrating partnering in the field is already occurring. General Rodriguez promised us he will get data on how many of the units in the field that are planning and operating with coalition units are fully integrated and how often and how many Afghan units are leading significant operations. While we didn't need more combat troops for the partnering mission—the shortfall being in the number of Afghan troops—the increase in Afghan units partnering with us is a significant advance.

Our military leaders often describe our counterinsurgency doctrine as shape, clear, hold, and build. But this falls short by one key goal. To shape, clear, hold, and build must be added

“transition,” meaning our goal must be to transition responsibility for Afghanistan's security to their security forces. The commanders in the field we talked to get this, and their fully integrated partnering with Afghan security forces is the key to this transition.

While I am pleased with the speed with which partnering is occurring in the field, I am disappointed with the shortfall in trainers needed for the Afghan Army and police. Currently, only 37 percent of the required U.S. and NATO trainers for building the Afghan Army and police are on hand in Afghanistan or, numerically, 1,574 out of a requirement for more than 4,235 trainers. Lieutenant General Caldwell's training command has been promised the first 1,000 of the 30,000 U.S. soldiers flowing into the theater with that surge, and 150 of that 1,000 have already arrived. At the same time, NATO countries remain 90 percent short of meeting the ISAF mission requirements for trainers with less than 200 non-U.S. trainers deployed against a non-U.S. NATO commitment of about 2,000. Only 200 have arrived on the scene. Another 200 NATO trainers were pledged by NATO members in December but without a timeline for when those trainers would arrive in theater. That is simply unacceptable. Those NATO countries that are either unwilling or unable to send additional combat troops into the fight in Afghanistan should be able to help provide trainers for basic training who operate away from the frontlines. Lieutenant General Caldwell told us, any well-trained U.S. or coalition soldier could instruct Afghan soldiers in the 8-week course of basic training. A top priority for our NATO allies at the London conference, which I believe is this week, needs to be closing the gap in trainers for the Afghan Army and police.

Another area where there has been progress is on equipping the Afghan security forces, and that is critical to accelerating the growth of the Afghan Army and police.

The training command reports that the equipment requirements for the Army and police have been identified and listed, and actions are underway to meet those needs, including with equipment coming out of Iraq as U.S. forces draw down there. This month, equipment began to flow from the Iraq theater to Afghanistan, and Lieutenant General Caldwell's staff expects that over 250 of over 1,300 humvees from Iraq will begin to arrive this month to meet the needs of the Afghan police. This was made possible by the language in the Fiscal Year 2010 National Defense Authorization Act which authorizes the transfer of nonexcess as well as excess defense equipment from Iraq to Afghanistan as U.S. forces draw down in Iraq.

Finally, relative to plans for the reintegration of lower level Taliban fighters, the Karzai government has been working closely with General McChrystal's staff, under the leader-

ship of a British major general, to construct a plan offering incentives to low- and mid-level Taliban fighters who are willing to lay down their weapons and recognize the Afghan Government's authority. Incentives would include amnesty and jobs programs for reintegrating former fighters. President Karzai has said he will be ready to issue this plan within a month or so, and U.S. officials expect to be fully supportive. It will take a few months after that to make the plan operational. While there is apparently no progress to negotiate with higher level Taliban to end the violence and become politically active, it does not reduce the need to chip away at that lower level Taliban group.

We read in the press today that progress is being made, as a matter of fact, with local leaders in Afghanistan in that endeavor.

In conclusion, we saw some signs of progress on our visit in a number of critical ways—in training and equipping Afghan security forces; in partnering closely in the field with the Afghan security forces; in a perception and reality of optimism among the military, civilian officials, and the Afghan people; and in devising a plan for reintegrating Taliban fighters who lay down their arms. We have the right strategy and mission for stabilizing the security situation and transitioning responsibility for Afghanistan's future to the Afghan Army and people. While we are on the right track now, we have a long way to go before we can feel confident that the tide has turned.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMPREHENSIVE IRAN SANCTIONS, ACCOUNTABILITY, AND DIVESTMENT ACT OF 2009

Mr. REID. Madam President, this has been a long time in coming—I think 7 or 8 months—and I have had the distinguished Republican leader contact me on more than one occasion asking when we were going to be able to move this bill. I appreciate his continuing to press to move this bill forward. We are at a point now where we think we have an opportunity to complete this today.

I also want to express my appreciation to my friend from the class of 1982 in the House of Representatives, JOHN MCCAIN, who has worked on this as hard as anyone and has pushed this as much as anyone, for his understanding as to how we should move forward.

So, Madam President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calender No. 215, S. 2799; that the bill be

read three times, passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection?

The Senator from Arizona.

Mr. MCCAIN. Madam President, I reserve the right to object, though I will not object, but I just want to point out the importance of this legislation. I think it deserves a rollcall vote. In discussions with the majority leader and the Republican leader, we will hopefully get a rollcall vote on the conference report.

This situation in Iran is terrible, and it is worsening. People are dying in the streets of Iran as we speak. The amendment I had proposed and that I had hoped for—and maybe we can have the conferees include it—would have required the President to draw up a list of persons in Iran who have committed human rights abuses or actions of violence against Iranian civilians engaging in peaceful political activity. The amendment I would have proposed would require that the list be made public so the enemies and oppressors of the Iranian people can't hide from their crimes—the world would know their names—and then we could impose visa bans, asset freezes, financial and banking sanctions, et cetera.

In the streets of Iran today the Iranian students are chanting: Obama, Obama, are you with us or are you with them? I appreciate the President's recent statements in support of democracy in Iran. I am pleased to hear that. I am pleased to see articles, such as this one in *Newsweek* magazine—“Enough Is Enough”—and other support for serious action against Iran that some months ago did not support such action.

The time of the majority leader and the Republican leader is valuable, so I would just summarize by saying: This is an important issue, Madam President. We have a country on the road to acquisition of nuclear weapons. We have brutality and oppression in the streets. We have unspeakable brutality taking place in the prisons, and people have been killed. A young woman by the name of Neda bled to death on the street of Tehran before the entire world.

So I hope we will be able to impose these and other necessary actions against this tyrannical, oppressive, brutal regime in Iran that I think is coming apart. We want to be on their side, and we want the Iranian people to know we are on their side.

I appreciate the accommodation of the majority leader as well as the Republican leader, and I know they share my commitment, as does my esteemed and wonderful friend from Connecticut, Senator LIEBERMAN.

So I will not object.

The PRESIDING OFFICER. The majority leader.

Mr. REID. The Senator from Arizona has the assurance of the two leaders—REID and MCCONNELL—that there will

be a vote when this matter comes back from conference, and I am committed to getting it back just as quickly as we can.

The PRESIDING OFFICER. The Republican leader.

Mr. MCCONNELL. Obviously, I will not be objecting. I just want to associate myself with the remarks of the Senator from Arizona and to thank him, as well as Senator LIEBERMAN, for their involvement in this issue, as well as the majority leader, and just make one comment.

Frequently, these kinds of unilateral sanction measures make little or no difference. This measure, however, is crafted in such a way that it could actually become effective, with America alone not having to depend on the cooperation of the other countries that tend to be less concerned about whether Iran ultimately becomes armed with nuclear weapons.

So this is an important piece of legislation, as the majority leader said, as Senator MCCAIN has said, and Senator LIEBERMAN has said. It can actually make a difference.

The time to act on this measure is long overdue.

A year ago, the administration came into office with the idea it would try to engage Tehran diplomatically in order to get it to halt its uranium enrichment program. And yet the past year has shown us that the Iranian regime is intent on acquiring the ability to develop a nuclear weapon. This is now abundantly clear.

Our straightforward proposal to provide Iran with nuclear fuel for civilian purposes in exchange for its stockpile of low enriched uranium failed to produce any concessions.

The Iranian regime has shown no interest in limiting its nuclear ambitions. And an entire year was lost as Iran moved closer and closer to its goal.

Some recent highlights from that lost year:

In September, the world learned of Iran's covert uranium enrichment facility in Qom.

That same month, Iran test fired a series of medium and longer range missiles that put U.S. bases in the gulf and our ally, Israel, within range.

In October, the U.N. Security Council and Germany offered to enrich Iran's uranium abroad—an offer that was met by more delay and obfuscation by Tehran.

Deadlines came and went. And just a few days ago, the U.N. Security Council failed to agree on a new round of sanctions.

So here we are, a year later. And what has been the result of diplomatic engagement?

Iran is closer to realizing its nuclear aspirations, and the U.S. has nothing to show for the outreach.

And here is what is at stake:

Standing by and permitting Tehran to satisfy its nuclear ambitions would pose a grave threat to American inter-

ests in the Middle East and South Asia. The Iranian government is already a profoundly destabilizing influence in the region. It supports proxies in Iraq and Afghanistan that have killed U.S. and allied troops. It has threatened to wipe one of our closest allies, Israel, off the map. It supports terrorist organizations like Hezbollah and Hamas. It ruthlessly suppresses its own citizens for peaceful demonstrations.

If the Obama administration will not take action against this regime, then Congress must.

That is why we are proposing the Iran Refined Petroleum Sanctions Act.

This act would direct sanctions at one of Iran's biggest vulnerabilities: its low level refining capacity.

This is a point of leverage we must use sooner rather than later. Time is of the essence.

This legislation cleared the Republican side of the aisle several weeks ago.

We are eager for this measure to pass.

So I urge the Democratic leadership to call this legislation up immediately.

We have lost a year already. We can't afford any further delay.

I urge my colleagues to pass this bill.

Mr. DODD. Madam President, today we consider important legislation to confront a serious threat to the security of the U.S., of our close ally Israel, and of our other allies in the Middle East and Europe—the prospect of a nuclear-armed Iran. This is one of the most serious foreign policy challenges facing the United States today.

Before we move forward on this measure, let me outline briefly where we have been. In 2008, after careful consideration, the Banking Committee reported out a bipartisan bill to put pressure on the Iranian regime to come clean on its nuclear program, and end its illicit nuclear activities. Unfortunately, that bill never was considered on the Senate floor because of the obstruction of a handful of Senators.

In recent months, all of us have been deeply troubled to see the Iranian regime violently punishing its own citizens for pressing for fair elections.

And we have watched with growing concern the activities of the leaders of this troubled regime, including the continuing repression of their people, their deception about the previously secret nuclear enrichment facility at Qom, and their more recent threats to expand substantially Iran's uranium enrichment activity, in defiance of the demands of the international community and the U.N. Security Council.

Last fall, the committee held additional hearings, where we considered the views of a wide range of outside witnesses, and relevant administration officials, on policy options toward Iran. Senator SHELBY and I then worked with our committee colleagues to craft a comprehensive, bipartisan bill that was reported out of the Banking Committee unanimously in late October, by a vote of 23-0. The bill is comprehensive, and includes tougher sanctions;

provisions which enable divestment by States and local governments from firms working in Iran's energy sector; and measures to combat the black market diversion of sensitive technology to Iran. On December 15, the House acted to approve overwhelmingly a more limited package of sanctions. I am pleased we will be able to finally act today on this comprehensive measure, also with the overwhelming support of this body.

Madam President, when he took office, President Obama adopted a two-track policy of engagement backed by the prospect of further sanctions, and I have supported his approach. He has worked tirelessly with our allies to try to bring Iran's leaders to the table to negotiate an end to their illicit nuclear activities or, failing that, to impose a range of new sanctions in hopes of changing Iran's behavior through more coercive diplomatic efforts.

Our legislation strengthens what has come to be known as the "pressure track." Today we must send a clear signal to Iran's leaders that if they continue to defy the will of the international community, our Nation and other nations are prepared to confront them with tough new sanctions. I believe that the administration shares this conviction and applaud their work with our allies to develop multilateral agreements on a powerful new set of sanctions, should ongoing diplomatic efforts toward Iran fall short.

We must convince Iran's leaders that they face a clear choice. They can end the suppression of their people, come clean on their nuclear program, suspend enrichment, and stop supporting terrorists around the world. Or they can face sustained, progressively intensifying multilateral economic and diplomatic pressure—including tougher sanctions—and deepen their international isolation. And if they continue to refuse, they will then face the unilateral sanctions contained in this bill.

Our approach acknowledges the gross human rights abuses that Iran's people continue to suffer at the hands of Iran's security forces and the widening chasm that has opened between the regime and the people of Iran, as we witnessed again recently in the violent reaction of security forces to peaceful demonstrations. It contains a number of important human rights provisions, including Senator SCHUMER's measure to impose a sweeping ban on U.S. Government contracts on companies which provide communications monitoring or jamming technology to the government of Iran. Iran has reportedly expanded its monitoring and suppression activities, employing them widely again this month. This bill makes clear that those who help Iran's government to suppress the everyday speech and internet communications of its people will be punished. That same point was made in the resolution adopted by the Senate just before Christmas, which I cosponsored, expressing our support for the human

rights of the Iranian people. Senator MCCAIN has also raised with me today the prospect of his offering some additional human rights language, and I intend to work with him as we move toward conference on that issue.

Our bill also takes direct aim at Iran's illicit nuclear activities. It is clear that Iran's leaders are beginning to feel the heat of increased international pressure and the specter of biting sanctions, but more must be done. Following its public disclosure, Tehran has provided international inspectors with access to the nuclear site at Qum, but has taken other steps to limit cooperation with the IAEA. Iran's government had committed to sending most of its low-enriched uranium abroad for processing for medical purposes in October, but now rejects that approach and has decided to further provoke the international community by expanding its enrichment activities.

I suspect that only the prospect of intensified, sustained pressure by a coalition of countries will prompt these leaders to reconsider their position.

In order to maximize that pressure, just as we did last year, we have incorporated a number of ideas from our Senate colleagues into one committee bill.

Senators BAYH, LIEBERMAN, and KYL proposed penalties on companies that support Iran's import of refined petroleum products or bolster its domestic capacity.

Senators BROWBACK and CASEY proposed authorizing state and local governments to divest from companies involved in critical business with Iran.

As I mentioned, Senator SCHUMER proposed banning government contracts to firms that provide technology used by the Iranian regime to monitor or disrupt communications of its citizens with one another and the outside world.

Senator MENENDEZ proposed targeting sanctions against Iran's Revolutionary Guard Corps, its affiliates and front organizations for supporting terrorism and contributing to proliferation, and Senator JOHANNES pressed for renewed targeting of Iran's proxy Hezbollah in the same way. Senator BUNNING urged tighter reporting requirements on sanctions.

In addition, we have incorporated our own proposals to tighten our trade embargo, enhance Treasury's mandate to freeze assets tied to terrorism and proliferation, crack down on the black market export of technology to the regime, expand the scope of other sanctions, and take other measures.

Madam President, instead of finalizing the preliminary agreement on low-enriched uranium struck between Iranian negotiators and the P5 + 1 group in October, Iran's leadership now appears to have definitively rejected that offer, and has continued a pattern of belligerent behavior that is almost certain to result in tougher sanctions being imposed soon.

While some have argued that increased economic sanctions are unlikely to change the behavior of Iran's leaders, I believe a comprehensive approach coordinated with our allies—including the Europeans, moderate Arab states throughout the Middle East, India, and Russia and China who hold great sway with Iran's leaders—must contain a tough sanctions component if it is to succeed. I recognize that sanctions alone are not sufficient, and that multilateral sanctions are likely to be more effective than those we impose unilaterally.

Sanctions must be used as effective leverage, undertaken as part of a coherent, coordinated, comprehensive diplomatic and political strategy which tips the scale such that it is more beneficial for Iran to forswear its nuclear weapons ambitions and other behaviors that are undermining regional peace and stability.

We have worked closely with administration officials as we developed and refined this measure. They support much of what is in the bill. Even so, I recognize there are still some lingering concerns. Before we left for the holidays, the State Department sent a letter to Foreign Relations Committee Chairman KERRY, describing some of these concerns. They sought a general exemption from sanctions for companies from countries that are closely cooperating with the U.S. on multilateral efforts on Iran, a mechanism which could provide an additional incentive for certain countries to work with us on imposing tougher sanctions. I am open to discussing such an incentive mechanism as we move toward conference, as long as it would contain strict criteria for the President to make a determination about what, precisely, constitutes "close cooperation." There have been a number of discussions in recent weeks on how to craft such an exception, and we have made some progress. There are diplomatic efforts underway, led by the U.S. and others, to achieve a united approach at the U.N. Security Council on sanctions. I believe we can come to some agreement with the other body, and with the administration, on the remaining issues on this bill. I know that the administration shares our belief that we must augment current economic sanctions, and will continue to work with us on an appropriate mix of pressure tools as this process moves forward and the final version of the bill is developed.

Madam President, ultimately, I expect that different layers of additional sanctions—from the U.N. Security Council, from a U.S.-led coalition of like-minded allies, and unilaterally from the U.S.—may prove necessary if we are to actually have a powerful effect on Iran's behavior. And even then there are no guarantees that they will be persuaded to reverse course. I hope our legislation will complement and reinforce ongoing diplomatic efforts, and send a clear signal to Iran's leaders of

what is in store if they continue to flout the will of the international community.

I am grateful to Senator SHELBY and all of my colleagues on the Banking Committee, and those off the committee who have worked so hard in recent months to ensure that ours is a smart, targeted, yet comprehensive approach to Iran policy. Overwhelming Senate support for passage of this bill will send a clear signal of our resolve to bring an end to Iran's illicit nuclear activities, as the President continues to build a broad coalition of nations who share our concerns about Iran, and who are willing to join with us in imposing a tough, comprehensive regime of new sanctions. I know there are still some differences to be worked out with the House version, which is less comprehensive, and I look forward to working with my colleagues to develop a final version that will enjoy broad bipartisan support within both bodies, and the support of the President, as soon as possible. I thank my colleagues.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The question is on the passage of the bill.

The bill (S. 2799) was passed, as follows:

S. 2799

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Sense of Congress regarding illicit nuclear activities and violations of human rights in Iran.

TITLE I—SANCTIONS

- Sec. 101. Definitions.
- Sec. 102. Expansion of sanctions under the Iran Sanctions Act of 1996.
- Sec. 103. Economic sanctions relating to Iran.
- Sec. 104. Liability of parent companies for violations of sanctions by foreign subsidiaries.
- Sec. 105. Prohibition on procurement contracts with persons that export sensitive technology to Iran.
- Sec. 106. Increased capacity for efforts to combat unlawful or terrorist financing.
- Sec. 107. Reporting requirements.
- Sec. 108. Sense of Congress regarding the imposition of sanctions on the Central Bank of Iran.
- Sec. 109. Policy of the United States regarding Iran's Revolutionary Guard Corps and its affiliates.
- Sec. 110. Policy of the United States with respect to Iran and Hezbollah.
- Sec. 111. Sense of Congress regarding the imposition of multilateral sanctions with respect to Iran.

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

- Sec. 201. Definitions.

- Sec. 202. Authority of State and local governments to divest from certain companies that invest in Iran.
- Sec. 203. Safe harbor for changes of investment policies by asset managers.
- Sec. 204. Sense of Congress regarding certain ERISA plan investments.

TITLE III—PREVENTION OF TRANSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN

- Sec. 301. Definitions.
- Sec. 302. Identification of locations of concern with respect to transshipment, reexportation, or diversion of certain items to Iran.
- Sec. 303. Destinations of Possible Diversion Concern and Destinations of Diversion Concern.
- Sec. 304. Report on expanding diversion concern system to countries other than Iran.

TITLE IV—EFFECTIVE DATE; SUNSET

- Sec. 401. Effective date; sunset.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The illicit nuclear activities of the Government of Iran and its support for international terrorism represent threats to the security of the United States, its strong ally Israel, and other allies of the United States around the world.

(2) The United States and other responsible countries have a vital interest in working together to prevent the Government of Iran from acquiring a nuclear weapons capability.

(3) The International Atomic Energy Agency has repeatedly called attention to Iran's illicit nuclear activities and, as a result, the United Nations Security Council has adopted a range of sanctions designed to encourage the Government of Iran to cease those activities and comply with its obligations under the Treaty on Non-Proliferation of Nuclear Weapons, done at Washington, London, and Moscow July 1, 1968, and entered into force March 5, 1970 (commonly known as the “Nuclear Non-Proliferation Treaty”).

(4) The serious and urgent nature of the threat from Iran demands that the United States work together with its allies to prevent Iran from acquiring a nuclear weapons capability.

(5) The United States and its major European allies, including the United Kingdom, France, and Germany, have advocated that sanctions be strengthened should international diplomatic efforts fail to achieve verifiable suspension of Iran's uranium enrichment program and an end to its illicit nuclear activities.

(6) There is an increasing interest by States, local governments, educational institutions, and private institutions to seek to disassociate themselves from companies that conduct business activities in the energy sector of Iran, since such business activities may directly or indirectly support the efforts of the Government of Iran to achieve a nuclear weapons capability.

(7) Black market proliferation networks continue to flourish in the Middle East, allowing countries like Iran to gain access to sensitive dual-use technologies.

(8) The Government of Iran continues to engage in serious, systematic, and ongoing violations of human rights and religious freedom, including illegitimate prolonged detention, torture, and executions. Such violations have increased in the aftermath of the presidential election in Iran on June 12, 2009.

SEC. 3. SENSE OF CONGRESS REGARDING ILLICIT NUCLEAR ACTIVITIES AND VIOLATIONS OF HUMAN RIGHTS IN IRAN.

It is the sense of Congress that—

(1) international diplomatic efforts to address Iran's illicit nuclear efforts and support for international terrorism are more likely to be effective if the President is empowered with the explicit authority to impose additional sanctions on the Government of Iran;

(2) additional measures should be adopted by the United States to prevent the diversion and transshipment of sensitive dual-use technologies to Iran;

(3) the concerns of the United States regarding Iran are strictly the result of the actions of the Government of Iran;

(4) the people of the United States—

(A) have a long history of friendship and exchange with the people of Iran;

(B) regret that developments in recent decades have created impediments to that friendship;

(C) hold the people of Iran, their culture, and their ancient and rich history in the highest esteem; and

(D) remain deeply concerned about continuing human rights abuses in Iran;

(5) the President should—

(A) continue to press the Government of Iran to respect the internationally recognized human rights and religious freedoms of its citizens;

(B) identify the officials of the Government of Iran that are responsible for continuing and severe violations of human rights and religious freedom in Iran; and

(C) take appropriate measures to respond to such violations, including by—

(i) prohibiting officials the President identifies as being responsible for such violations from entry into the United States; and

(ii) freezing the assets of those officials; and

(6) additional funding should be provided to the Secretary of State to document, collect, and disseminate information about human rights abuses in Iran, including serious abuses that have taken place since the presidential election in Iran conducted on June 12, 2009.

TITLE I—SANCTIONS

SEC. 101. DEFINITIONS.

In this title:

(1) AGRICULTURAL COMMODITY.—The term “agricultural commodity” has the meaning given that term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).

(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” has the meaning given that term in section 14(2) of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).

(3) EXECUTIVE AGENCY.—The term “executive agency” has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

(4) FAMILY MEMBER.—The term “family member” means, with respect to an individual, the spouse, children, grandchildren, or parents of the individual.

(5) INFORMATION AND INFORMATIONAL MATERIALS.—The term “information and informational materials” includes publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

(6) INVESTMENT.—The term “investment” has the meaning given that term in section 14(9) of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).

(7) IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—The term “Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran” has the meaning given that term in section 14(11)

of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).

(8) **MEDICAL DEVICE.**—The term “medical device” has the meaning given the term “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

(9) **MEDICINE.**—The term “medicine” has the meaning given the term “drug” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

SEC. 102. EXPANSION OF SANCTIONS UNDER THE IRAN SANCTIONS ACT OF 1996.

(a) **IN GENERAL.**—Section 5 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note) is amended by striking subsection (a) and inserting the following:

“(a) **SANCTIONS WITH RESPECT TO THE DEVELOPMENT OF PETROLEUM RESOURCES OF IRAN, PRODUCTION OF REFINED PETROLEUM PRODUCTS IN IRAN, AND EXPORTATION OF REFINED PETROLEUM PRODUCTS TO IRAN.**—

“(1) **DEVELOPMENT OF PETROLEUM RESOURCES OF IRAN.**—

“(A) **IN GENERAL.**—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6(a) with respect to a person if the President determines that the person, with actual knowledge, on or after the effective date of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009—

“(i) makes an investment described in subparagraph (B) of \$200,000 or more; or

“(ii) makes a combination of investments described in subparagraph (B) in a 12-month period if each such investment is at least \$5,000,000 and such investments equal or exceed \$20,000,000 in the aggregate.

“(B) **INVESTMENT DESCRIBED.**—An investment described in this subparagraph is an investment that directly and significantly contributes to the enhancement of Iran’s ability to develop petroleum resources.

“(2) **PRODUCTION OF REFINED PETROLEUM PRODUCTS.**—

“(A) **IN GENERAL.**—Except as provided in subsection (f), the President shall impose the sanctions described in section 6(b) (in addition to any other sanctions imposed under this subsection) with respect to a person if the President determines that the person, with actual knowledge, on or after the effective date of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009, sells, leases, or provides to Iran any goods, services, technology, information, or support described in subparagraph (B)—

“(i) any of which has a fair market value of \$200,000 or more; or

“(ii) that, during a 12-month period, have an aggregate fair market value of \$1,000,000 or more.

“(B) **GOODS, SERVICES, TECHNOLOGY, INFORMATION, OR SUPPORT DESCRIBED.**—Goods, services, technology, information, or support described in this subparagraph are goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of Iran’s domestic production of refined petroleum products, including any assistance with respect to construction, modernization, or repair of petroleum refineries.

“(3) **EXPORTATION OF REFINED PETROLEUM PRODUCTS TO IRAN.**—

“(A) **IN GENERAL.**—Except as provided in subsection (f), the President shall impose the sanctions described in section 6(b) (in addition to any other sanctions imposed under this subsection) with respect to a person if the President determines that the person, with actual knowledge, on or after the effective date of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009—

“(i) provides Iran with refined petroleum products—

“(I) that have a fair market value of \$200,000 or more; or

“(II) that, during a 12-month period, have an aggregate fair market value of \$1,000,000 or more; or

“(ii) sells, leases, or provides to Iran any goods, services, technology, information, or support described in subparagraph (B)—

“(I) any of which has a fair market value of \$200,000 or more; or

“(II) that, during a 12-month period, have an aggregate fair market value of \$1,000,000 or more.

“(B) **GOODS, SERVICES, TECHNOLOGY, INFORMATION, OR SUPPORT DESCRIBED.**—Goods, services, technology, information, or support described in this subparagraph are goods, services, technology, or support that could directly and significantly contribute to the enhancement of Iran’s ability to import refined petroleum products, including—

“(i) underwriting or otherwise providing insurance or reinsurance for the sale, lease, or provision of such goods, services, technology, information, or support;

“(ii) financing or brokering such sale, lease, or provision; or

“(iii) providing ships or shipping services to deliver refined petroleum products to Iran.”

(b) **DESCRIPTION OF SANCTIONS.**—Section 6 of such Act is amended—

(1) by striking “The sanctions to be imposed on a sanctioned person under section 5 are as follows:” and inserting the following:

“(a) **IN GENERAL.**—The sanctions to be imposed on a sanctioned person under subsections (a)(1) and (b) of section 5 are as follows:”; and

(2) by adding at the end the following:

“(b) **ADDITIONAL SANCTIONS.**—The sanctions to be imposed on a sanctioned person under paragraphs (2) and (3) of section 5(a) are as follows:

“(1) **FOREIGN EXCHANGE.**—The President shall, pursuant to such regulations as the President may prescribe, prohibit any transactions in foreign exchange by the sanctioned person.

“(2) **BANKING TRANSACTIONS.**—The President shall, pursuant to such regulations as the President may prescribe, prohibit any transfers of credit or payments between, by, through, or to any financial institution, to the extent that such transfers or payments involve any interest of the sanctioned person.

“(3) **PROPERTY TRANSACTIONS.**—The President shall, pursuant to such regulations as the President may prescribe and subject to the jurisdiction of the United States, prohibit any person from—

“(A) acquiring, holding, withholding, using, transferring, withdrawing, transporting, importing, or exporting any property with respect to which the sanctioned person has any interest;

“(B) dealing in or exercising any right, power, or privilege with respect to such property; or

“(C) conducting any transactions involving such property.”

(c) **REPORT RELATING TO PRESIDENTIAL WAIVER.**—Section 9(c)(2) of such Act is amended by striking subparagraph (C) and inserting the following:

“(C) an estimate of the significance of the conduct of the person in contributing to the ability of Iran to, as the case may be—

“(i) develop petroleum resources, produce refined petroleum products, or import refined petroleum products; or

“(ii) acquire or develop—

“(I) chemical, biological, or nuclear weapons or related technologies; or

“(II) destabilizing numbers and types of advanced conventional weapons; and”.

(d) **CLARIFICATION AND EXPANSION OF DEFINITIONS.**—Section 14 of such Act is amended—

(1) in paragraph (13)(B)—

(A) by inserting “financial institution, insurer, underwriter, guarantor, and any other business organization, including any foreign subsidiary, parent, or affiliate thereof,” after “trust,”; and

(B) by inserting “, such as an export credit agency” before the semicolon at the end;

(2) in paragraph (14), by striking “petroleum and natural gas resources” and inserting “petroleum, refined petroleum products, oil or liquefied natural gas, natural gas resources, oil or liquefied natural gas tankers, and products used to construct or maintain pipelines used to transport oil or liquefied natural gas”;;

(3) by redesignating paragraphs (15) and (16) as paragraphs (16) and (17), respectively; and

(4) by inserting after paragraph (14) the following:

“(15) **REFINED PETROLEUM PRODUCTS.**—The term ‘refined petroleum products’ means diesel, gasoline, jet fuel (including naphthatype and kerosene-type jet fuel), and aviation gasoline.”.

(e) **CONFORMING AMENDMENT.**—Section 4 of such Act is amended—

(1) in subsection (b)(2), by striking “(in addition to that provided in subsection (d))”;;

(2) by striking subsection (d); and

(3) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.

(a) **IN GENERAL.**—Notwithstanding any other provision of law, and in addition to any other sanction in effect, beginning on the date that is 15 days after the effective date of this Act, the economic sanctions described in subsection (b) shall apply with respect to Iran.

(b) **SANCTIONS.**—The sanctions described in this subsection are the following:

(1) **PROHIBITION ON IMPORTS.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), no article of Iranian origin may be imported directly or indirectly into the United States.

(B) **EXCEPTION.**—The prohibition in subparagraph (A) does not apply to imports from Iran of information and informational materials.

(2) **PROHIBITION ON EXPORTS.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), no article of United States origin may be exported directly or indirectly to Iran.

(B) **EXCEPTIONS.**—The prohibition in subparagraph (A) does not apply to exports to Iran of—

(i) agricultural commodities, food, medicine, or medical devices;

(ii) articles exported to Iran to provide humanitarian assistance to the people of Iran;

(iii) except as provided in subparagraph (C), information or informational materials;

(iv) goods, services, or technologies necessary to ensure the safe operation of commercial passenger aircraft produced in the United States if the exportation of such goods, services, or technologies is approved by the Secretary of the Treasury, in consultation with the Secretary of Commerce, pursuant to regulations promulgated by the Secretary of the Treasury regarding the exportation of such goods, services, or technologies, if appropriate; or

(v) goods, services, or technologies that—

(I) are provided to the International Atomic Energy Agency and are necessary to support activities of that Agency in Iran;

(II) are necessary to support activities, including the activities of nongovernmental

organizations, relating to promoting democracy in Iran; or

(III) the President determines to be necessary to the national interest of the United States.

(C) SPECIAL RULE WITH RESPECT TO INFORMATION AND INFORMATIONAL MATERIALS.—Notwithstanding subparagraph (B)(iii), information and informational materials of United States origin may not be exported directly or indirectly to Iran—

(i) if the exportation of such information or informational materials is otherwise controlled—

(I) under section 5 of the Export Administration Act of 1979 (50 U.S.C. App. 2404) (as in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)); or

(II) under section 6 of that Act (50 U.S.C. App. 2405), to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States; or

(ii) if such information or informational materials are information or informational materials with respect to which acts are prohibited by chapter 37 of title 18, United States Code.

(3) FREEZING ASSETS.—

(A) IN GENERAL.—At such time as the United States has access to the names of persons in Iran, including Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran (including Iran's Revolutionary Guard Corps and its affiliates), that satisfy the criteria for designation with respect to the imposition of sanctions under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or are otherwise subject to sanctions under any other provision of law, the President shall take such action as may be necessary to freeze, as soon as possible, the funds and other assets belonging to anyone so named and any family members or associates of those so named to whom assets or property of those so named were transferred on or after January 1, 2009. The action described in the preceding sentence includes requiring any United States financial institution that holds funds and assets of a person so named to report promptly to the Office of Foreign Assets Control information regarding such funds and assets.

(B) ASSET REPORTING REQUIREMENT.—Not later than 14 days after a decision is made to freeze the property or assets of any person under this paragraph, the President shall report the name of such person to the appropriate congressional committees. Such a report may contain a classified annex.

(4) UNITED STATES GOVERNMENT CONTRACTS.—The head of an executive agency may not procure, or enter into a contract for the procurement of, any goods or services from a person that meets the criteria for the imposition of sanctions under section 5 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).

(C) WAIVER.—The President may waive the application of the sanctions described in subsection (b) if the President—

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

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

SEC. 104. LIABILITY OF PARENT COMPANIES FOR VIOLATIONS OF SANCTIONS BY FOREIGN SUBSIDIARIES.

(a) DEFINITIONS.—In this section:

(1) ENTITY.—The term “entity” means a partnership, association, trust, joint venture, corporation, or other organization.

(2) OWN OR CONTROL.—The term “own or control” means, with respect to an entity—

(A) to hold more than 50 percent of the equity interest by vote or value in the entity; or

(B) to hold a majority of seats on the board of directors of the entity; or

(C) to otherwise control the actions, policies, or personnel decisions of the entity.

(3) SUBSIDIARY.—The term “subsidiary” means an entity that is owned or controlled, directly or indirectly, by a United States person.

(4) UNITED STATES PERSON.—The term “United States person” means—

(A) a natural person who is a citizen, resident, or national of the United States; and

(B) an entity that is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons described in subparagraph (A) own or control the entity.

(b) IN GENERAL.—A United States person shall be subject to a penalty for a violation of the provisions of Executive Order 12959 (50 U.S.C. 1701 note) or Executive Order 13059 (50 U.S.C. 1701 note), or any other prohibition on transactions with respect to Iran imposed under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), if—

(1) the President determines, pursuant to such regulations as the President may prescribe, that the United States person establishes or maintains a subsidiary outside of the United States for the purpose of circumventing such provisions; and

(2) that subsidiary engages in an act that, if committed in the United States or by a United States person, would violate such provisions.

(c) WAIVER.—The President may waive the application of subsection (b) if the President—

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

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

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Subsection (b) shall take effect on the date of the enactment of this Act and apply with respect to acts described in subsection (b)(2) that are—

(A) commenced on or after the date of the enactment of this Act; or

(B) except as provided in paragraph (2), commenced before such date of enactment, if such acts continue on or after such date of enactment.

(2) EXCEPTION.—Subsection (b) shall not apply with respect to an act described in paragraph (1)(B) by a subsidiary owned or controlled by a United States person if the United States person divests or terminates its business with the subsidiary not later than 90 days after the date of the enactment of this Act.

SEC. 105. PROHIBITION ON PROCUREMENT CONTRACTS WITH PERSONS THAT EXPORT SENSITIVE TECHNOLOGY TO IRAN.

(a) IN GENERAL.—Notwithstanding any other provision of law, and pursuant to such regulations as the President may prescribe, the head of an executive agency may not enter into or renew a contract for the procurement of goods or services with a person that exports sensitive technology to Iran.

(b) WAIVER.—The President may waive the application of the prohibition under subsection (a) if the President—

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

(2) submits to Congress a report describing the reasons for the determination.

(c) SENSITIVE TECHNOLOGY DEFINED.—The term “sensitive technology” means hardware, software, telecommunications equipment, or any other technology that the President determines is to be used specifically—

(1) to restrict the free flow of unbiased information in Iran; or

(2) to disrupt, monitor, or otherwise restrict speech of the people of Iran.

SEC. 106. INCREASED CAPACITY FOR EFFORTS TO COMBAT UNLAWFUL OR TERRORIST FINANCING.

(a) FINDING.—Congress finds that the work of the Office of Terrorism and Financial Intelligence of the Department of the Treasury, which includes the Office of Foreign Assets Control and the Financial Crimes Enforcement Network, is critical to ensuring that the international financial system is not used for purposes of supporting terrorism and developing weapons of mass destruction.

(b) AUTHORIZATION OF APPROPRIATIONS FOR OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE.—There are authorized to be appropriated to the Secretary of the Treasury for the Office of Terrorism and Financial Intelligence—

(1) \$64,611,000 for fiscal year 2010; and

(2) such sums as may be necessary for each of the fiscal years 2011 and 2012.

(c) AUTHORIZATION OF APPROPRIATIONS FOR THE FINANCIAL CRIMES ENFORCEMENT NETWORK.—Section 310(d)(1) of title 31, United States Code, is amended by striking “such sums as may be necessary for fiscal years 2002, 2003, 2004, and 2005” and inserting “\$104,260,000 for fiscal year 2010 and such sums as may be necessary for each of the fiscal years 2011 and 2012”.

SEC. 107. REPORTING REQUIREMENTS.

(a) REPORT ON INVESTMENT AND ACTIVITIES THAT MAY BE SANCTIONABLE UNDER IRAN SANCTIONS ACT OF 1996.—

(1) 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 containing—

(A) a description of—

(i) any foreign investments of \$20,000,000 or more that contribute directly and significantly to the enhancement of Iran's ability to develop petroleum resources made during the period described in paragraph (2);

(ii) any sale, lease, or provision to Iran during the period described in paragraph (2) of any goods, services, technology, information, or support that would facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products; and

(iii) any refined petroleum products provided to Iran during the period described in paragraph (2) and any other activity that could contribute directly and significantly to the enhancement of Iran's ability to import refined petroleum products during that period;

(B) with respect to each investment or other activity described in subparagraph (A), an identification of—

(i) the date or dates of the investment or activity;

(ii) the steps taken by the United States to respond to the investment or activity;

(iii) the name and United States domiciliary of any person that participated or invested in or facilitated the investment or activity; and

(iv) any Federal Government contracts to which any person referred to in clause (iii) are parties; and

(C) the determination of the President with respect to whether each such investment or activity qualifies as a sanctionable offense under section 5(a) of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).

(2) PERIOD DESCRIBED.—The period described in this paragraph is the period beginning on January 1, 2009, and ending on the date on which the President submits the report under paragraph (1).

(b) **SUBSEQUENT REPORTS.**—Not later than 1 year after the date of the enactment of this Act, and every 180 days thereafter, the President shall submit to the appropriate congressional committees an updated version of the report required under subsection (a) that contains the information required under that subsection for the 180-day period preceding the submission of the updated report.

(c) **FORM OF REPORTS; PUBLICATION.**—A report submitted under subsection (a) or (b) shall be submitted in unclassified form, but may contain a classified annex. The unclassified portion of the report shall be published in the Federal Register.

SEC. 108. SENSE OF CONGRESS REGARDING THE IMPOSITION OF SANCTIONS ON THE CENTRAL BANK OF IRAN.

Congress 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 bank engaged in proliferation activities or support of terrorist groups.

SEC. 109. POLICY OF THE UNITED STATES REGARDING IRAN'S REVOLUTIONARY GUARD CORPS AND ITS AFFILIATES.

It is the sense of Congress that the United States should—

(1) continue to target Iran's Revolutionary Guard Corps persistently with economic sanctions for its support for terrorism, its role in proliferation, and its oppressive activities against the people of Iran; and

(2) impose sanctions, including travel restrictions, sanctions authorized pursuant to this Act, and the full range of sanctions available to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), on—

(A) any foreign individual or entity that is an agent, alias, front, instrumentality, official, or affiliate of Iran's Revolutionary Guard Corps and is designated for the imposition of sanctions by the President;

(B) any individual or entity who—

(i) has provided material support to Iran's Revolutionary Guard Corps or any of its affiliates designated for the imposition of sanctions by the President; or

(ii) has conducted any financial or commercial transaction with Iran's Revolutionary Guard Corps or any of its affiliates so designated; and

(C) any foreign government found—

(i) to be providing material support to Iran's Revolutionary Guard Corps or any of its affiliates designated for the imposition of sanctions by the President; or

(ii) to have conducted any commercial transaction or financial transaction with Iran's Revolutionary Guard Corps or any of its affiliates so designated.

SEC. 110. POLICY OF THE UNITED STATES WITH RESPECT TO IRAN AND HEZBOLLAH.

It is the sense of Congress that the United States should—

(1) continue to counter support received by Hezbollah from the Government of Iran and other foreign governments in response to Hezbollah's terrorist activities and the threat Hezbollah poses to Israel, the democratic sovereignty of Lebanon, and the national security interests of the United States;

(2) impose the full range of sanctions available to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) on Hezbollah, its designated affiliates and supporters, and persons providing Hezbollah with commercial, financial, or other services;

(3) urge the European Union, individual countries in Europe, and other countries to classify Hezbollah as a terrorist organization to facilitate the disruption of Hezbollah's operations; and

(4) renew international efforts to disarm Hezbollah and disband its militias in Lebanon, as called for by United Nations Security Council Resolutions 1559 (2004) and 1701 (2006).

SEC. 111. SENSE OF CONGRESS REGARDING THE IMPOSITION OF MULTILATERAL SANCTIONS WITH RESPECT TO IRAN.

It is the sense of Congress that—

(1) in general, multilateral sanctions are more effective than unilateral sanctions at achieving desired results from countries such as Iran;

(2) the President should continue to work with allies of the United States to impose such sanctions as may be necessary to prevent the Government of Iran from acquiring a nuclear weapons capability; and

(3) the United States should continue to consult with the 5 permanent members of the United Nations Security Council and Germany (commonly referred to as the "P5-plus-1") and other interested countries regarding imposing new sanctions with respect to Iran in the event that diplomatic efforts to prevent Iran from acquiring a nuclear weapons capability fail.

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

SEC. 201. DEFINITIONS.

In this title:

(1) **ENERGY SECTOR.**—The term "energy sector" refers to activities to develop petroleum or natural gas resources or nuclear power.

(2) **FINANCIAL INSTITUTION.**—The term "financial institution" has the meaning given that term in section 14(5) of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).

(3) **IRAN.**—The term "Iran" includes any agency or instrumentality of Iran.

(4) **PERSON.**—The term "person" means—

(A) a natural person, corporation, company, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group;

(B) any governmental entity or instrumentality of a government, including a multilateral development institution (as defined in section 1701(c)(3) of the International Financial Institutions Act (22 U.S.C. 262r(c)(3))); and

(C) any successor, subunit, parent company, or subsidiary of any entity described in subparagraph (A) or (B).

(5) **STATE.**—The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(6) **STATE OR LOCAL GOVERNMENT.**—The term "State or local government" includes—

(A) any State and any agency or instrumentality thereof;

(B) any local government within a State, and any agency or instrumentality thereof;

(C) any other governmental instrumentality; and

(D) any public institution of higher education within the meaning of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

SEC. 202. AUTHORITY OF STATE AND LOCAL GOVERNMENTS TO DIVEST FROM CERTAIN COMPANIES THAT INVEST IN IRAN.

(a) **SENSE OF CONGRESS.**—It is the sense of Congress that the United States Government should support the decision of any State or local government that for moral, prudential, or reputational reasons divests from, or prohibits the investment of assets of the State or local government in, a person that engages in investment activities in the energy sector of Iran, as long as that country is subject to economic sanctions imposed by the United States.

(b) **AUTHORITY TO DIVEST.**—Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (d) to divest the assets of the State or local government from, or prohibit investment of the assets of the State or local government in, any person that the State or local government determines, using credible information available to the public, engages in investment activities in Iran described in subsection (c).

(c) **INVESTMENT ACTIVITIES DESCRIBED.**—A person engages in investment activities in Iran described in this subsection if the person—

(1) has an investment of \$20,000,000 or more in the energy sector of Iran, including in a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector in Iran; or

(2) is a financial institution that extends \$20,000,000 or more in credit to another person, for 45 days or more, if that person will use the credit to invest in the energy sector in Iran.

(d) **REQUIREMENTS.**—Any measure taken by a State or local government under subsection (b) shall meet the following requirements:

(1) **NOTICE.**—The State or local government shall provide written notice to each person to which a measure is to be applied.

(2) **TIMING.**—The measure shall apply to a person not earlier than the date that is 90 days after the date on which written notice is provided to the person under paragraph (1).

(3) **OPPORTUNITY FOR HEARING.**—The State or local government shall provide an opportunity to comment in writing to each person to which a measure is to be applied. If the person demonstrates to the State or local government that the person does not engage in investment activities in Iran described in subsection (c), the measure shall not apply to the person.

(4) **SENSE OF CONGRESS ON AVOIDING ERRONEOUS TARGETING.**—It is the sense of Congress that a State or local government should not adopt a measure under subsection (b) with respect to a person unless the State or local government has made every effort to avoid erroneously targeting the person and has verified that the person engages in investment activities in Iran described in subsection (c).

(e) **NOTICE TO DEPARTMENT OF JUSTICE.**—Not later than 30 days after adopting a measure pursuant to subsection (b), a State or local government shall submit written notice to the Attorney General describing the measure.

(f) **NONPREEMPTION.**—A measure of a State or local government authorized under subsection (b) is not preempted by any Federal law or regulation.

(g) **DEFINITIONS.**—In this section:

(1) **INVESTMENT.**—The "investment" of assets, with respect to a State or local government, includes—

(A) a commitment or contribution of assets;

(B) a loan or other extension of credit; and

(C) the entry into or renewal of a contract for goods or services.

(2) **ASSETS.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), the term "assets" refers to public monies and includes any pension, retirement, annuity, or endowment fund, or similar instrument, that is controlled by a State or local government.

(B) **EXCEPTION.**—The term "assets" does not include employee benefit plans covered

by title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(h) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), this section applies to measures adopted by a State or local government before, on, or after the date of the enactment of this Act.

(2) **NOTICE REQUIREMENTS.**—Subsections (d) and (e) apply to measures adopted by a State or local government on or after the date of the enactment of this Act.

SEC. 203. SAFE HARBOR FOR CHANGES OF INVESTMENT POLICIES BY ASSET MANAGERS.

(a) **IN GENERAL.**—Section 13(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-13(c)(1)) is amended to read as follows:

“(1) **IN GENERAL.**—Notwithstanding any other provision of Federal or State law, no person may bring any civil, criminal, or administrative action against any registered investment company, or any employee, officer, director, or investment adviser thereof, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information available to the public—

“(A) conduct or have direct investments in business operations in Sudan described in section 3(d) of the Sudan Accountability and Divestment Act of 2007 (50 U.S.C. 1701 note); or

“(B) engage in investment activities in Iran described in section 202(c) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009.”.

(b) **SEC REGULATIONS.**—Not later than 120 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue any revisions the Commission determines to be necessary to the regulations requiring disclosure by each registered investment company that divests itself of securities in accordance with section 13(c) of the Investment Company Act of 1940 to include divestments of securities in accordance with paragraph (1)(B) of such section, as added by subsection (a).

SEC. 204. SENSE OF CONGRESS REGARDING CERTAIN ERISA PLAN INVESTMENTS.

It is the sense of Congress that a fiduciary of an employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(3)), may divest plan assets from, or avoid investing plan assets in, any person the fiduciary determines engages in investment activities in Iran described in section 202(c) of this Act, without breaching the responsibilities, obligations, or duties imposed upon the fiduciary by section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104), if—

(1) the fiduciary makes such determination using credible information that is available to the public; and

(2) such divestment or avoidance of investment is conducted in accordance with section 2509.08-1 of title 29, Code of Federal Regulations (as in effect on the day before the date of the enactment of this Act).

TITLE III—PREVENTION OF TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN

SEC. 301. DEFINITIONS.

In this title:

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

(A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate; and

(B) the Committee on Financial Services, the Committee on Foreign Affairs, and the

Permanent Select Committee on Intelligence of the House of Representatives.

(2) **END-USER.**—The term “end-user” means an end-user as that term is used in the Export Administration Regulations.

(3) **EXPORT ADMINISTRATION REGULATIONS.**—The term “Export Administration Regulations” means subchapter C of chapter VII of title 15, Code of Federal Regulations.

(4) **GOVERNMENT.**—The term “government” includes any agency or instrumentality of a government.

(5) **IRAN.**—The term “Iran” includes any agency or instrumentality of Iran.

(6) **STATE SPONSOR OF TERRORISM.**—The term “state sponsor of terrorism” means any country the government of which the Secretary of State has determined has repeatedly provided support for acts of international terrorism pursuant to—

(A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);

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

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

(7) **TRANSSHIPMENT, REEXPORTATION, OR DIVERSION.**—The term “transshipment, reexportation, or diversion” means the exportation, directly or indirectly, of items that originated in the United States to an end-user whose identity cannot be verified or to an entity in Iran in violation of the laws or regulations of the United States by any means, including by—

(A) shipping such items through 1 or more foreign countries; or

(B) by using false information regarding the country of origin of such items.

SEC. 302. IDENTIFICATION OF LOCATIONS OF CONCERN WITH RESPECT TO TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF CERTAIN ITEMS TO IRAN.

Not later than 180 days after the date of the enactment of this Act, and annually thereafter, the Director of National Intelligence shall submit to the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the appropriate congressional committees a report that identifies all countries that the Director determines are of concern with respect to transshipment, reexportation, or diversion of items subject to the provisions of the Export Administration Regulations to an entity in Iran.

SEC. 303. DESTINATIONS OF POSSIBLE DIVERSION CONCERN AND DESTINATIONS OF DIVERSION CONCERN.

(a) **DESTINATIONS OF POSSIBLE DIVERSION CONCERN.**—

(1) **DESIGNATION.**—The Secretary of Commerce shall designate a country as a Destination of Possible Diversion Concern if the Secretary, in consultation with the Secretary of State and the Secretary of the Treasury, determines that such designation is appropriate to carry out activities to strengthen the export control systems of that country based on criteria that include—

(A) the volume of items that originated in the United States that are transported through the country to end-users whose identities cannot be verified;

(B) the inadequacy of the export and reexport controls of the country;

(C) the unwillingness or demonstrated inability of the government of the country to control diversion activities; and

(D) the unwillingness or inability of the government of the country to cooperate with the United States in interdiction efforts.

(2) **STRENGTHENING EXPORT CONTROL SYSTEMS OF DESTINATIONS OF POSSIBLE DIVERSION CONCERN.**—If the Secretary of Commerce designates a country as a Destination of Pos-

sible Diversion Concern under paragraph (1), the United States shall initiate government-to-government activities described in paragraph (3) to strengthen the export control systems of the country.

(3) **GOVERNMENT-TO-GOVERNMENT ACTIVITIES DESCRIBED.**—The government-to-government activities described in this paragraph include—

(A) cooperation by agencies and departments of the United States with counterpart agencies and departments in a country designated as a Destination of Possible Diversion Concern under paragraph (1) to—

(i) develop or strengthen export control systems in the country;

(ii) strengthen cooperation and facilitate enforcement of export control systems in the country; and

(iii) promote information and data exchanges among agencies of the country and with the United States; and

(B) efforts by the Office of International Programs of the Department of Commerce to strengthen the export control systems of the country to—

(i) facilitate legitimate trade in high-technology goods; and

(ii) prevent terrorists and state sponsors of terrorism, including Iran, from obtaining nuclear, biological, and chemical weapons, defense technologies, components for improvised explosive devices, and other defense items.

(b) **DESTINATIONS OF DIVERSION CONCERN.**—

(1) **DESIGNATION.**—The Secretary of Commerce shall designate a country as a Destination of Diversion Concern if the Secretary, in consultation with the Secretary of State and the Secretary of the Treasury, determines—

(A) that the government of the country allows substantial transshipment, reexportation, or diversion of items that originated in the United States to end-users whose identities cannot be verified or to entities in Iran; or

(B) 12 months after the Secretary of Commerce designates the country as a Destination of Possible Diversion Concern under subsection (a)(1), that the country has failed—

(i) to cooperate with the government-to-government activities initiated by the United States under subsection (a)(2); or

(ii) based on the criteria described in subsection (a)(1), to adequately strengthen the export control systems of the country.

(2) **LICENSING CONTROLS WITH RESPECT TO DESTINATIONS OF DIVERSION CONCERN.**—

(A) **REPORT ON SUSPECT ITEMS.**—

(i) **IN GENERAL.**—Not later than 45 days after the date of the enactment of this Act, the Secretary of Commerce, in consultation with the Director of National Intelligence, the Secretary of State, and the Secretary of the Treasury, shall submit to the appropriate congressional committees a report containing a list of items that, if the items were transshipped, reexported, or diverted to Iran, could contribute to—

(I) Iran obtaining nuclear, biological, or chemical weapons, defense technologies, components for improvised explosive devices, or other defense items; or

(II) support by Iran for acts of international terrorism.

(ii) **CONSIDERATIONS FOR LIST.**—In developing the list required under clause (i), the Secretary of Commerce shall consider—

(I) the items subject to licensing requirements under section 742.8 of title 15, Code of Federal Regulations (or any corresponding similar regulation or ruling) and other existing licensing requirements; and

(II) the items added to the list of items for which a license is required for exportation to North Korea by the final rule of the Bureau

of Export Administration of the Department of Commerce issued on June 19, 2000 (65 Fed. Reg. 38148; relating to export restrictions on North Korea).

(B) **LICENSING REQUIREMENT.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of Commerce shall require a license to export an item on the list required under subparagraph (A)(i) to a country designated as a Destination of Diversion Concern.

(C) **WAIVER.**—The President may waive the imposition of the licensing requirement under subparagraph (B) with respect to a country designated as a Destination of Diversion Concern if the President—

(i) determines that such a waiver is in the national interest of the United States; and

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

(c) **TERMINATION OF DESIGNATION.**—The designation of a country as a Destination of Possible Diversion Concern or a Destination of Diversion Concern shall terminate on the date on which the Secretary of Commerce determines, based on the criteria described in subparagraphs (A) through (D) of subsection (a)(1), and certifies to Congress and the President that the country has adequately strengthened the export control systems of the country to prevent transshipment, reexportation, and diversion of items through the country to end-users whose identities cannot be verified or to entities in Iran.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 304. REPORT ON EXPANDING DIVERSION CONCERN SYSTEM TO COUNTRIES OTHER THAN IRAN.

Not later than 180 days after the date of the enactment of this Act, the Director of National Intelligence, in consultation with the Secretary of Commerce, the Secretary of State, and the Secretary of the Treasury, shall submit to the appropriate congressional committees a report that—

(1) identifies any country that the Director determines may be transshipping, reexporting, or diverting items subject to the provisions of the Export Administration Regulations to another country if such other country—

(A) is seeking to obtain nuclear, biological, or chemical weapons, defense technologies, components for improvised explosive devices, or other defense items; or

(B) provides support for acts of international terrorism; and

(2) assesses the feasibility and advisability of expanding the system established under section 303 for designating countries as Destinations of Possible Diversion Concern and Destinations of Diversion Concern to include countries identified under paragraph (1).

TITLE IV—EFFECTIVE DATE; SUNSET

SEC. 401. EFFECTIVE DATE; SUNSET.

(a) **EFFECTIVE DATE.**—Except as provided in sections 104, 202, and 303(b)(2), the provisions of, and amendments made by, this Act shall take effect on the date that is 120 days after the date of the enactment of this Act.

(b) **SUNSET.**—The provisions of this Act shall terminate on the date that is 30 days after the date on which the President certifies to Congress that—

(1) the Government of Iran has ceased providing support for acts of international terrorism and no longer satisfies the requirements for designation as a state sponsor of terrorism under—

(A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);

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

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

(2) Iran has ceased the pursuit, acquisition, and development of nuclear, biological, and chemical weapons and ballistic missiles and ballistic missile launch technology.

Mr. REID. Madam President, I move to reconsider the vote by which the bill was passed and to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. Madam President, I am pleased that the Senate just passed S. 2799, the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009 and I thank Senators DODD, KERRY, SHELBY, LIEBERMAN, BAYH, KYL and many others who have worked so hard to get this important legislation passed.

I believe that passing this legislation is critical to send Iran the message that the United States is serious about keeping Iran from acquiring nuclear weapons capability. This legislation would impose new sanctions on Iran's refined petroleum sector and tighten existing U.S. sanctions in an effort to create new pressure on the Iranian regime and help stop Iran from acquiring a nuclear weapon.

We have all watched the Iranian regime oppress its own people on the streets of Iran. And we have watched them continue to defy the international community on nuclear issues.

That is why it is so important that we move this legislation forward quickly. I know that a number of Senators had concerns, or changes they wanted to make to this legislation, including Senator MCCAIN, who has an amendment he wanted to offer on human rights on Iran. I am committed to working with him, and others, as we move forward in conference.

CITIZENS UNITED CASE

Mr. MCCONNELL. Madam President, last night, the President spoke about many things. I would like to focus for a moment on one of them: his comments related to the Supreme Court's recent decision in *Citizens United vs. Federal Election Commission*. This is an issue to which I have devoted a great deal of time over the years, so I think it is important to set the record straight as to what the court did and did not do in this very important, and in my view, correct ruling.

Here's what the President said:

Last week, the Supreme Court reversed a century of law to open the floodgates for special interests—including foreign corporations—to spend without limit in our elections.

That is what the President said last night.

Here is why he is wrong.

According to title 2 of U.S.C. Section 441e:

Foreign nationals, specifically defined to include foreign corporations, are prohibited from “directly or indi-

rectly” making “a contribution or donation of money or other thing of value, or to make an express or implied promise to make a contribution or donation, in connection with a Federal, State or local election.”

The statute goes on to prohibit foreign corporations from making any contribution or donation to any committee of any political party. Foreign corporations are also prohibited from making any “expenditure, independent expenditure, or disbursement for an electioneering communication.”

None of these prohibitions were at issue in the *Citizens United* case.

In other words, foreign corporations were prohibited from participating in U.S. elections before the *Citizens United* decision and they still are—unambiguously.

Let me make that perfectly clear: *Citizens United* did not change one thing in current law regarding the prohibition on foreign corporations engaging in U.S. elections. That law remains unchanged.

Further, the Federal Election Commission whom has been very clear in defining this what this prohibition means.

Here's what the FEC's regulation states:

A foreign national shall not direct, dictate, control, or directly or indirectly participate in the decision making process of any person, such as a corporation, labor organization, political committee, or political organization with regard to such person's Federal or non-Federal election-related activities, such as decisions concerning the making of contributions, donations, expenditures, or disbursements in connection with elections for any Federal, State, or local office or decisions concerning the administration of a political committee.

So the law on this matter is crystal clear. Contrary to what the President, and some of his surrogates in Congress say, foreign persons, corporations, partnerships, associations, organizations or other combination of persons are strictly prohibited from any participation in U.S. elections, just as they were prohibited before the Supreme Court's *Citizens United* decision.

I have explained what the ruling did not do. Now let me explain what the ruling did do.

The Court ruled unconstitutional sections of Federal law that barred corporations and unions from spending their own money to express their views about issues and candidates.

This was the right decision because democracy depends upon free speech, not just for some but for all. As Justice Kennedy, writing for the majority, concluded:

Under our law and our tradition it seems stranger than fiction for our Government to make political speech a crime.

In *Citizens United* the Court ended the suppression of corporate and union speech.

Another way to look at it is prior to *Citizens United*, if you were a corporation that owned a media company you could say anything you wanted to 365