

***In the Senate of the United States,***

*March 11, 2010.*

*Resolved,* That the bill from the House of Representatives (H.R. 2194) entitled “An Act to amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran.”, do pass with the following

**AMENDMENT:**

Strike all after the enacting clause and insert the following:

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Comprehensive Iran Sanctions, Accountability, and Di-  
4 vestment Act of 2009”.

5 (b) TABLE OF CONTENTS.—The table of contents for  
6 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 TRANSSHIPMENT, 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.

### 1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

- 3 (1) The illicit nuclear activities of the Govern-
- 4 ment of Iran and its support for international ter-
- 5 rorism represent threats to the security of the
- 6 United States, its strong ally Israel, and other allies
- 7 of the United States around the world.

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

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

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

20           (5) The United States and its major European  
21 allies, including the United Kingdom, France, and  
22 Germany, have advocated that sanctions be strength-  
23 ened should international diplomatic efforts fail to  
24 achieve verifiable suspension of Iran's uranium en-

1       richment program and an end to its illicit nuclear  
2       activities.

3               (6) There is an increasing interest by States,  
4       local governments, educational institutions, and pri-  
5       vate institutions to seek to disassociate themselves  
6       from companies that conduct business activities in  
7       the energy sector of Iran, since such business activi-  
8       ties may directly or indirectly support the efforts of  
9       the Government of Iran to achieve a nuclear weap-  
10      ons capability.

11              (7) Black market proliferation networks con-  
12      tinue to flourish in the Middle East, allowing coun-  
13      tries like Iran to gain access to sensitive dual-use  
14      technologies.

15              (8) The Government of Iran continues to en-  
16      gage in serious, systematic, and ongoing violations of  
17      human rights and religious freedom, including ille-  
18      gitimate prolonged detention, torture, and execu-  
19      tions. Such violations have increased in the after-  
20      math of the presidential election in Iran on June 12,  
21      2009.

22 **SEC. 3. SENSE OF CONGRESS REGARDING ILLICIT NU-**  
23 **CLEAR ACTIVITIES AND VIOLATIONS OF**  
24 **HUMAN RIGHTS IN IRAN.**

25       It is the sense of Congress that—

1           (1) international diplomatic efforts to address  
2 Iran’s illicit nuclear efforts and support for inter-  
3 national terrorism are more likely to be effective if  
4 the President is empowered with the explicit author-  
5 ity to impose additional sanctions on the Govern-  
6 ment of Iran;

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

11           (3) the concerns of the United States regarding  
12 Iran are strictly the result of the actions of the Gov-  
13 ernment of Iran;

14           (4) the people of the United States—

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

17               (B) regret that developments in recent dec-  
18 ades have created impediments to that friend-  
19 ship;

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

23               (D) remain deeply concerned about con-  
24 tinuing human rights abuses in Iran;

25           (5) the President should—

1 (A) continue to press the Government of  
2 Iran to respect the internationally recognized  
3 human rights and religious freedoms of its citi-  
4 zens;

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

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

11 (i) prohibiting officials the President  
12 identifies as being responsible for such vio-  
13 lations from entry into the United States;  
14 and

15 (ii) freezing the assets of those offi-  
16 cials; and

17 (6) additional funding should be provided to the  
18 Secretary of State to document, collect, and dissemi-  
19 nate information about human rights abuses in Iran,  
20 including serious abuses that have taken place since  
21 the presidential election in Iran conducted on June  
22 12, 2009.

## 23 **TITLE I—SANCTIONS**

### 24 **SEC. 101. DEFINITIONS.**

25 In this title:

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

5           (2) APPROPRIATE CONGRESSIONAL COMMIT-  
6 TEES.—The term “appropriate congressional com-  
7 mittees” has the meaning given that term in section  
8 14(2) of the Iran Sanctions Act of 1996 (Public  
9 Law 104–172; 50 U.S.C. 1701 note).

10          (3) EXECUTIVE AGENCY.—The term “executive  
11 agency” has the meaning given that term in section  
12 4 of the Office of Federal Procurement Policy Act  
13 (41 U.S.C. 403).

14          (4) FAMILY MEMBER.—The term “family mem-  
15 ber” means, with respect to an individual, the  
16 spouse, children, grandchildren, or parents of the in-  
17 dividual.

18          (5) INFORMATION AND INFORMATIONAL MATE-  
19 RIALS.—The term “information and informational  
20 materials” includes publications, films, posters, pho-  
21 nograph records, photographs, microfilms, micro-  
22 fiche, tapes, compact disks, CD ROMs, artworks,  
23 and news wire feeds.

24          (6) INVESTMENT.—The term “investment” has  
25 the meaning given that term in section 14(9) of the

1 Iran Sanctions Act of 1996 (Public Law 104–172;  
2 50 U.S.C. 1701 note).

3 (7) IRANIAN DIPLOMATS AND REPRESENTA-  
4 TIVES OF OTHER GOVERNMENT AND MILITARY OR  
5 QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—  
6 The term “Iranian diplomats and representatives of  
7 other government and military or quasi-govern-  
8 mental institutions of Iran” has the meaning given  
9 that term in section 14(11) of the Iran Sanctions  
10 Act of 1996 (Public Law 104–172; 50 U.S.C. 1701  
11 note).

12 (8) MEDICAL DEVICE.—The term “medical de-  
13 vice” has the meaning given the term “device” in  
14 section 201 of the Federal Food, Drug, and Cos-  
15 metic Act (21 U.S.C. 321).

16 (9) MEDICINE.—The term “medicine” has the  
17 meaning given the term “drug” in section 201 of the  
18 Federal Food, Drug, and Cosmetic Act (21 U.S.C.  
19 321).

20 **SEC. 102. EXPANSION OF SANCTIONS UNDER THE IRAN**  
21 **SANCTIONS ACT OF 1996.**

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

1       “(a) SANCTIONS WITH RESPECT TO THE DEVELOP-  
2       MENT OF PETROLEUM RESOURCES OF IRAN, PRODUC-  
3       TION OF REFINED PETROLEUM PRODUCTS IN IRAN, AND  
4       EXPORTATION OF REFINED PETROLEUM PRODUCTS TO  
5       IRAN.—

6               “(1) DEVELOPMENT OF PETROLEUM RE-  
7       SOURCES OF IRAN.—

8               “(A) IN GENERAL.—Except as provided in  
9       subsection (f), the President shall impose 2 or  
10       more of the sanctions described in paragraphs  
11       (1) through (6) of section 6(a) with respect to  
12       a person if the President determines that the  
13       person, with actual knowledge, on or after the  
14       effective date of the Comprehensive Iran Sanc-  
15       tions, Accountability, and Divestment Act of  
16       2009—

17               “(i) makes an investment described in  
18       subparagraph (B) of \$20,000,000 or more;  
19       or

20               “(ii) makes a combination of invest-  
21       ments described in subparagraph (B) in a  
22       12-month period if each such investment is  
23       at least \$5,000,000 and such investments  
24       equal or exceed \$20,000,000 in the aggre-  
25       gate.

1           “(B) INVESTMENT DESCRIBED.—An in-  
2           vestment described in this subparagraph is an  
3           investment that directly and significantly con-  
4           tributes to the enhancement of Iran’s ability to  
5           develop petroleum resources.

6           “(2) PRODUCTION OF REFINED PETROLEUM  
7           PRODUCTS.—

8           “(A) IN GENERAL.—Except as provided in  
9           subsection (f), the President shall impose the  
10          sanctions described in section 6(b) (in addition  
11          to any other sanctions imposed under this sub-  
12          section) with respect to a person if the Presi-  
13          dent determines that the person, with actual  
14          knowledge, on or after the effective date of the  
15          Comprehensive Iran Sanctions, Accountability,  
16          and Divestment Act of 2009, sells, leases, or  
17          provides to Iran any goods, services, technology,  
18          information, or support described in subpara-  
19          graph (B)—

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

22                  “(ii) that, during a 12-month period,  
23                  have an aggregate fair market value of  
24                  \$1,000,000 or more.

1           “(B) GOODS, SERVICES, TECHNOLOGY, IN-  
2           FORMATION, OR SUPPORT DESCRIBED.—Goods,  
3           services, technology, information, or support de-  
4           scribed in this subparagraph are goods, serv-  
5           ices, technology, information, or support that  
6           could directly and significantly facilitate the  
7           maintenance or expansion of Iran’s domestic  
8           production of refined petroleum products, in-  
9           cluding any assistance with respect to construc-  
10          tion, modernization, or repair of petroleum re-  
11          fineries.

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

14                 “(A) IN GENERAL.—Except as provided in  
15                 subsection (f), the President shall impose the  
16                 sanctions described in section 6(b) (in addition  
17                 to any other sanctions imposed under this sub-  
18                 section) with respect to a person if the Presi-  
19                 dent determines that the person, with actual  
20                 knowledge, on or after the effective date of the  
21                 Comprehensive Iran Sanctions, Accountability,  
22                 and Divestment Act of 2009—

23                         “(i) provides Iran with refined petro-  
24                         leum products—

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

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

6                   “(ii) sells, leases, or provides to Iran  
7                   any goods, services, technology, informa-  
8                   tion, or support described in subparagraph  
9                   (B)—

10                   “(I) any of which has a fair mar-  
11                   ket value of \$200,000 or more; or

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

15                   “(B) GOODS, SERVICES, TECHNOLOGY, IN-  
16                   FORMATION, OR SUPPORT DESCRIBED.—Goods,  
17                   services, technology, information, or support de-  
18                   scribed in this subparagraph are goods, serv-  
19                   ices, technology, or support that could directly  
20                   and significantly contribute to the enhancement  
21                   of Iran’s ability to import refined petroleum  
22                   products, including—

23                   “(i) underwriting or otherwise pro-  
24                   viding insurance or reinsurance for the  
25                   sale, lease, or provision of such goods,

1 services, technology, information, or sup-  
2 port;

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

5 “(iii) providing ships or shipping serv-  
6 ices to deliver refined petroleum products  
7 to Iran.”.

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

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

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

16 (2) by adding at the end the following:

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

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

24 “(2) BANKING TRANSACTIONS.—The President  
25 shall, pursuant to such regulations as the President

1 may prescribe, prohibit any transfers of credit or  
2 payments between, by, through, or to any financial  
3 institution, to the extent that such transfers or pay-  
4 ments involve any interest of the sanctioned person.

5 “(3) PROPERTY TRANSACTIONS.—The Presi-  
6 dent shall, pursuant to such regulations as the  
7 President may prescribe and subject to the jurisdic-  
8 tion of the United States, prohibit any person  
9 from—

10 “(A) acquiring, holding, withholding,  
11 using, transferring, withdrawing, transporting,  
12 importing, or exporting any property with re-  
13 spect to which the sanctioned person has any  
14 interest;

15 “(B) dealing in or exercising any right,  
16 power, or privilege with respect to such prop-  
17 erty; or

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

20 (c) REPORT RELATING TO PRESIDENTIAL WAIV-  
21 ER.—Section 9(c)(2) of such Act is amended by striking  
22 subparagraph (C) and inserting the following:

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

1                   “(i) develop petroleum resources,  
2                   produce refined petroleum products, or im-  
3                   port refined petroleum products; or

4                   “(ii) acquire or develop—

5                                 “(I) chemical, biological, or nu-  
6                                 clear weapons or related technologies;  
7                                 or

8                                 “(II) destabilizing numbers and  
9                                 types of advanced conventional weap-  
10                                ons; and”.

11           (d) CLARIFICATION AND EXPANSION OF DEFINI-  
12 TIONS.—Section 14 of such Act is amended—

13                   (1) in paragraph (13)(B)—

14                                 (A) by inserting “financial institution, in-  
15                                 surer, underwriter, guarantor, and any other  
16                                 business organization, including any foreign  
17                                 subsidiary, parent, or affiliate thereof,” after  
18                                 “trust,”; and

19                                 (B) by inserting “, such as an export cred-  
20                                 it agency” before the semicolon at the end;

21                   (2) in paragraph (14), by striking “petroleum  
22                   and natural gas resources” and inserting “petro-  
23                   leum, refined petroleum products, oil or liquefied  
24                   natural gas, natural gas resources, oil or liquefied  
25                   natural gas tankers, and products used to construct

1 or maintain pipelines used to transport oil or lique-  
2 fied natural gas”;

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

5 (4) by inserting after paragraph (14) the fol-  
6 lowing:

7 “(15) REFINED PETROLEUM PRODUCTS.—The  
8 term ‘refined petroleum products’ means diesel, gas-  
9 oline, jet fuel (including naphtha-type and kerosene-  
10 type jet fuel), and aviation gasoline.”.

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

13 (1) in subsection (b)(2), by striking “(in addi-  
14 tion to that provided in subsection (d))”;

15 (2) by striking subsection (d); and

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

18 **SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.**

19 (a) IN GENERAL.—Notwithstanding any other provi-  
20 sion of law, and in addition to any other sanction in effect,  
21 beginning on the date that is 15 days after the effective  
22 date of this Act, the economic sanctions described in sub-  
23 section (b) shall apply with respect to Iran.

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

## 1 (1) PROHIBITION ON IMPORTS.—

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

6 (B) EXCEPTION.—The prohibition in sub-  
7 paragraph (A) does not apply to imports from  
8 Iran of information and informational mate-  
9 rials.

## 10 (2) PROHIBITION ON EXPORTS.—

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

15 (B) EXCEPTIONS.—The prohibition in sub-  
16 paragraph (A) does not apply to exports to Iran  
17 of—

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

20 (ii) articles exported to Iran to pro-  
21 vide humanitarian assistance to the people  
22 of Iran;

23 (iii) except as provided in subpara-  
24 graph (C), information or informational  
25 materials;

1 (iv) goods, services, or technologies  
2 necessary to ensure the safe operation of  
3 commercial passenger aircraft produced in  
4 the United States if the exportation of  
5 such goods, services, or technologies is ap-  
6 proved by the Secretary of the Treasury, in  
7 consultation with the Secretary of Com-  
8 merce, pursuant to regulations promul-  
9 gated by the Secretary of the Treasury re-  
10 garding the exportation of such goods,  
11 services, or technologies, if appropriate; or

12 (v) goods, services, or technologies  
13 that—

14 (I) are provided to the Inter-  
15 national Atomic Energy Agency and  
16 are necessary to support activities of  
17 that Agency in Iran;

18 (II) are necessary to support ac-  
19 tivities, including the activities of non-  
20 governmental organizations, relating  
21 to promoting democracy in Iran; or

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

1 (C) SPECIAL RULE WITH RESPECT TO IN-  
2 FORMATION AND INFORMATIONAL MATE-  
3 RIALS.—Notwithstanding subparagraph (B)(iii),  
4 information and informational materials of  
5 United States origin may not be exported di-  
6 rectly or indirectly to Iran—

7 (i) if the exportation of such informa-  
8 tion or informational materials is otherwise  
9 controlled—

10 (I) under section 5 of the Export  
11 Administration Act of 1979 (50  
12 U.S.C. App. 2404) (as in effect pur-  
13 suant to the International Emergency  
14 Economic Powers Act (50 U.S.C.  
15 1701 et seq.)); or

16 (II) under section 6 of that Act  
17 (50 U.S.C. App. 2405), to the extent  
18 that such controls promote the non-  
19 proliferation or antiterrorism policies  
20 of the United States; or

21 (ii) if such information or informa-  
22 tional materials are information or infor-  
23 mational materials with respect to which  
24 acts are prohibited by chapter 37 of title  
25 18, United States Code.

1 (3) FREEZING ASSETS.—

2 (A) IN GENERAL.—At such time as the  
3 United States has access to the names of per-  
4 sons in Iran, including Iranian diplomats and  
5 representatives of other government and mili-  
6 tary or quasi-governmental institutions of Iran  
7 (including Iran’s Revolutionary Guard Corps  
8 and its affiliates), that satisfy the criteria for  
9 designation with respect to the imposition of  
10 sanctions under the authority of the Inter-  
11 national Emergency Economic Powers Act (50  
12 U.S.C. 1701 et seq.) or are otherwise subject to  
13 sanctions under any other provision of law, the  
14 President shall take such action as may be nec-  
15 essary to freeze, as soon as possible, the funds  
16 and other assets belonging to anyone so named  
17 and any family members or associates of those  
18 so named to whom assets or property of those  
19 so named were transferred on or after January  
20 1, 2009. The action described in the preceding  
21 sentence includes requiring any United States  
22 financial institution that holds funds and assets  
23 of a person so named to report promptly to the  
24 Office of Foreign Assets Control information  
25 regarding such funds and assets.

1 (B) ASSET REPORTING REQUIREMENT.—

2 Not later than 14 days after a decision is made  
3 to freeze the property or assets of any person  
4 under this paragraph, the President shall report  
5 the name of such person to the appropriate con-  
6 gressional committees. Such a report may con-  
7 tain a classified annex.

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

15 (c) WAIVER.—The President may waive the applica-  
16 tion of the sanctions described in subsection (b) if the  
17 President—

18 (1) determines that such a waiver is in the na-  
19 tional interest of the United States; and

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

1 **SEC. 104. LIABILITY OF PARENT COMPANIES FOR VIOLA-**  
2 **TIONS OF SANCTIONS BY FOREIGN SUBSIDI-**  
3 **ARIES.**

4 (a) DEFINITIONS.—In this section:

5 (1) ENTITY.—The term “entity” means a part-  
6 nership, association, trust, joint venture, corpora-  
7 tion, or other organization.

8 (2) OWN OR CONTROL.—The term “own or con-  
9 trol” means, with respect to an entity—

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

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

14 (C) to otherwise control the actions, poli-  
15 cies, or personnel decisions of the entity.

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

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

21 (A) a natural person who is a citizen, resi-  
22 dent, or national of the United States; and

23 (B) an entity that is organized under the  
24 laws of the United States, any State or terri-  
25 tory thereof, or the District of Columbia, if nat-

1           ural persons described in subparagraph (A) own  
2           or control the entity.

3           (b) IN GENERAL.—A United States person shall be  
4 subject to a penalty for a violation of the provisions of  
5 Executive Order 12959 (50 U.S.C. 1701 note) or Execu-  
6 tive Order 13059 (50 U.S.C. 1701 note), or any other pro-  
7 hibition on transactions with respect to Iran imposed  
8 under the authority of the International Emergency Eco-  
9 nomic Powers Act (50 U.S.C. 1701 et seq.), if—

10           (1) the President determines, pursuant to such  
11 regulations as the President may prescribe, that the  
12 United States person establishes or maintains a sub-  
13 sidiary outside of the United States for the purpose  
14 of circumventing such provisions; and

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

18           (c) WAIVER.—The President may waive the applica-  
19 tion of subsection (b) if the President—

20           (1) determines that such a waiver is in the na-  
21 tional interest of the United States; and

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

25           (d) EFFECTIVE DATE.—

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

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

7                   (B) except as provided in paragraph (2),  
8                   commenced before such date of enactment, if  
9                   such acts continue on or after such date of en-  
10                  actment.

11           (2) EXCEPTION.—Subsection (b) shall not  
12           apply with respect to an act described in paragraph  
13           (1)(B) by a subsidiary owned or controlled by a  
14           United States person if the United States person di-  
15           vests or terminates its business with the subsidiary  
16           not later than 90 days after the date of the enact-  
17           ment of this Act.

18 **SEC. 105. PROHIBITION ON PROCUREMENT CONTRACTS**  
19                   **WITH PERSONS THAT EXPORT SENSITIVE**  
20                   **TECHNOLOGY TO IRAN.**

21           (a) IN GENERAL.—Notwithstanding any other provi-  
22           sion of law, and pursuant to such regulations as the Presi-  
23           dent may prescribe, the head of an executive agency may  
24           not enter into or renew a contract for the procurement

1 of goods or services with a person that exports sensitive  
2 technology to Iran.

3 (b) WAIVER.—The President may waive the applica-  
4 tion of the prohibition under subsection (a) if the Presi-  
5 dent—

6 (1) determines that such a waiver is in the na-  
7 tional interest of the United States; and

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

10 (c) SENSITIVE TECHNOLOGY DEFINED.—The term  
11 “sensitive technology” means hardware, software, tele-  
12 communications equipment, or any other technology that  
13 the President determines is to be used specifically—

14 (1) to restrict the free flow of unbiased infor-  
15 mation in Iran; or

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

18 **SEC. 106. INCREASED CAPACITY FOR EFFORTS TO COMBAT**

19 **UNLAWFUL OR TERRORIST FINANCING.**

20 (a) FINDING.—Congress finds that the work of the  
21 Office of Terrorism and Financial Intelligence of the De-  
22 partment of the Treasury, which includes the Office of  
23 Foreign Assets Control and the Financial Crimes Enforce-  
24 ment Network, is critical to ensuring that the inter-  
25 national financial system is not used for purposes of sup-

1 porting terrorism and developing weapons of mass de-  
2 struction.

3 (b) AUTHORIZATION OF APPROPRIATIONS FOR OF-  
4 FICE OF TERRORISM AND FINANCIAL INTELLIGENCE.—

5 There are authorized to be appropriated to the Secretary  
6 of the Treasury for the Office of Terrorism and Financial  
7 Intelligence—

8 (1) \$64,611,000 for fiscal year 2010; and

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

11 (c) AUTHORIZATION OF APPROPRIATIONS FOR THE  
12 FINANCIAL CRIMES ENFORCEMENT NETWORK.—Section

13 310(d)(1) of title 31, United States Code, is amended by  
14 striking “such sums as may be necessary for fiscal years

15 2002, 2003, 2004, and 2005” and inserting  
16 “\$104,260,000 for fiscal year 2010 and such sums as may

17 be necessary for each of the fiscal years 2011 and 2012”.

18 **SEC. 107. REPORTING REQUIREMENTS.**

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

22 (1) IN GENERAL.—Not later than 180 days  
23 after the date of the enactment of this Act, the  
24 President shall submit to the appropriate congres-  
25 sional committees a report containing—

1 (A) a description of—

2 (i) any foreign investments of  
3 \$20,000,000 or more that contribute di-  
4 rectly and significantly to the enhancement  
5 of Iran’s ability to develop petroleum re-  
6 sources made during the period described  
7 in paragraph (2);

8 (ii) any sale, lease, or provision to  
9 Iran during the period described in para-  
10 graph (2) of any goods, services, tech-  
11 nology, information, or support that would  
12 facilitate the maintenance or expansion of  
13 Iran’s domestic production of refined pe-  
14 troleum products; and

15 (iii) any refined petroleum products  
16 provided to Iran during the period de-  
17 scribed in paragraph (2) and any other ac-  
18 tivity that could contribute directly and  
19 significantly to the enhancement of Iran’s  
20 ability to import refined petroleum prod-  
21 ucts during that period;

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

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

3 (ii) the steps taken by the United  
4 States to respond to the investment or ac-  
5 tivity;

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

10 (iv) any Federal Government con-  
11 tracts to which any person referred to in  
12 clause (iii) are parties; and

13 (C) the determination of the President  
14 with respect to whether each such investment or  
15 activity qualifies as a sanctionable offense  
16 under section 5(a) of the Iran Sanctions Act of  
17 1996 (Public Law 104–172; 50 U.S.C. 1701  
18 note).

19 (2) PERIOD DESCRIBED.—The period described  
20 in this paragraph is the period beginning on Janu-  
21 ary 1, 2009, and ending on the date on which the  
22 President submits the report under paragraph (1).

23 (b) SUBSEQUENT REPORTS.—Not later than 1 year  
24 after the date of the enactment of this Act, and every 180  
25 days thereafter, the President shall submit to the appro-

1 p r i a t e c o n g r e s s i o n a l c o m m i t t e e s a n u p d a t e d v e r s i o n o f t h e  
2 r e p o r t r e q u i r e d u n d e r s u b s e c t i o n ( a ) t h a t c o n t a i n s t h e i n -  
3 f o r m a t i o n r e q u i r e d u n d e r t h a t s u b s e c t i o n f o r t h e 180-day  
4 p e r i o d p r e c e d i n g t h e s u b m i s s i o n o f t h e u p d a t e d r e p o r t .

5 ( c ) F O R M O F R E P O R T S ; P U B L I C A T I O N . — A r e p o r t  
6 s u b m i t t e d u n d e r s u b s e c t i o n ( a ) o r ( b ) s h a l l b e s u b m i t t e d  
7 i n u n c l a s s i f i e d f o r m , b u t m a y c o n t a i n a c l a s s i f i e d a n n e x .  
8 T h e u n c l a s s i f i e d p o r t i o n o f t h e r e p o r t s h a l l b e p u b l i s h e d  
9 i n t h e F e d e r a l R e g i s t e r .

10 **SEC. 108. SENSE OF CONGRESS REGARDING THE IMPOSI-**  
11 **TION OF SANCTIONS ON THE CENTRAL BANK**  
12 **OF IRAN.**

13 C o n g r e s s u r g e s t h e P r e s i d e n t , i n t h e s t r o n g e s t t e r m s ,  
14 t o c o n s i d e r i m m e d i a t e l y u s i n g t h e a u t h o r i t y o f t h e P r e s i -  
15 d e n t t o i m p o s e s a n c t i o n s o n t h e C e n t r a l B a n k o f I r a n a n d  
16 a n y o t h e r I r a n i a n b a n k e n g a g e d i n p r o l i f e r a t i o n a c t i v i t i e s  
17 o r s u p p o r t o f t e r r o r i s t g r o u p s .

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

21 I t i s t h e s e n s e o f C o n g r e s s t h a t t h e U n i t e d S t a t e s  
22 s h o u l d —

23 ( 1 ) c o n t i n u e t o t a r g e t I r a n ' s R e v o l u t i o n a r y  
24 G u a r d C o r p s p e r s i s t e n t l y w i t h e c o n o m i c s a n c t i o n s  
25 f o r i t s s u p p o r t f o r t e r r o r i s m , i t s r o l e i n p r o l i f e r a t i o n ,

1 and its oppressive activities against the people of  
2 Iran; and

3 (2) impose sanctions, including travel restric-  
4 tions, sanctions authorized pursuant to this Act, and  
5 the full range of sanctions available to the President  
6 under the International Emergency Economic Pow-  
7 ers Act (50 U.S.C. 1701 et seq.), on—

8 (A) any foreign individual or entity that is  
9 an agent, alias, front, instrumentality, official,  
10 or affiliate of Iran’s Revolutionary Guard Corps  
11 and is designated for the imposition of sanc-  
12 tions by the President;

13 (B) any individual or entity who—

14 (i) has provided material support to  
15 Iran’s Revolutionary Guard Corps or any  
16 of its affiliates designated for the imposi-  
17 tion of sanctions by the President; or

18 (ii) has conducted any financial or  
19 commercial transaction with Iran’s Revolu-  
20 tionary Guard Corps or any of its affiliates  
21 so designated; and

22 (C) any foreign government found—

23 (i) to be providing material support to  
24 Iran’s Revolutionary Guard Corps or any

1 of its affiliates designated for the imposi-  
2 tion of sanctions by the President; or

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

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

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

11 (1) continue to counter support received by  
12 Hezbollah from the Government of Iran and other  
13 foreign governments in response to Hezbollah's ter-  
14 rorist activities and the threat Hezbollah poses to  
15 Israel, the democratic sovereignty of Lebanon, and  
16 the national security interests of the United States;

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

23 (3) urge the European Union, individual coun-  
24 tries in Europe, and other countries to classify

1 Hezbollah as a terrorist organization to facilitate the  
2 disruption of Hezbollah’s operations; and

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

7 **SEC. 111. SENSE OF CONGRESS REGARDING THE IMPOSI-**  
8 **TION OF MULTILATERAL SANCTIONS WITH**  
9 **RESPECT TO IRAN.**

10 It is the sense of Congress that—

11 (1) in general, multilateral sanctions are more  
12 effective than unilateral sanctions at achieving de-  
13 sired results from countries such as Iran;

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

19 (3) the United States should continue to con-  
20 sult with the 5 permanent members of the United  
21 Nations Security Council and Germany (commonly  
22 referred to as the “P5-plus-1”) and other interested  
23 countries regarding imposing new sanctions with re-  
24 spect to Iran in the event that diplomatic efforts to

1 prevent Iran from acquiring a nuclear weapons capa-  
2 bility fail.

3 **TITLE II—DIVESTMENT FROM**  
4 **CERTAIN COMPANIES THAT**  
5 **INVEST IN IRAN**

6 **SEC. 201. DEFINITIONS.**

7 In this title:

8 (1) ENERGY SECTOR.—The term “energy sec-  
9 tor” refers to activities to develop petroleum or nat-  
10 ural gas resources or nuclear power.

11 (2) FINANCIAL INSTITUTION.—The term “fi-  
12 nancial institution” has the meaning given that term  
13 in section 14(5) of the Iran Sanctions Act of 1996  
14 (Public Law 104–172; 50 U.S.C. 1701 note).

15 (3) IRAN.—The term “Iran” includes any agen-  
16 cy or instrumentality of Iran.

17 (4) PERSON.—The term “person” means—

18 (A) a natural person, corporation, com-  
19 pany, business association, partnership, society,  
20 trust, or any other nongovernmental entity, or-  
21 ganization, or group;

22 (B) any governmental entity or instrumen-  
23 tality of a government, including a multilateral  
24 development institution (as defined in section

1           1701(c)(3) of the International Financial Insti-  
2           tutions Act (22 U.S.C. 262r(e)(3)); and

3           (C) any successor, subunit, parent com-  
4           pany, or subsidiary of any entity described in  
5           subparagraph (A) or (B).

6           (5) STATE.—The term “State” means each of  
7           the several States, the District of Columbia, the  
8           Commonwealth of Puerto Rico, the United States  
9           Virgin Islands, Guam, American Samoa, and the  
10          Commonwealth of the Northern Mariana Islands.

11          (6) STATE OR LOCAL GOVERNMENT.—The term  
12          “State or local government” includes—

13               (A) any State and any agency or instru-  
14               mentality thereof;

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

17               (C) any other governmental instrumen-  
18               tality; and

19               (D) any public institution of higher edu-  
20               cation within the meaning of the Higher Edu-  
21               cation Act of 1965 (20 U.S.C. 1001 et seq.).

1 **SEC. 202. AUTHORITY OF STATE AND LOCAL GOVERN-**  
2 **MENTS TO DIVEST FROM CERTAIN COMPA-**  
3 **NIES THAT INVEST IN IRAN.**

4 (a) SENSE OF CONGRESS.—It is the sense of Con-  
5 gress that the United States Government should support  
6 the decision of any State or local government that for  
7 moral, prudential, or reputational reasons divests from, or  
8 prohibits the investment of assets of the State or local gov-  
9 ernment in, a person that engages in investment activities  
10 in the energy sector of Iran, as long as that country is  
11 subject to economic sanctions imposed by the United  
12 States.

13 (b) AUTHORITY TO DIVEST.—Notwithstanding any  
14 other provision of law, a State or local government may  
15 adopt and enforce measures that meet the requirements  
16 of subsection (d) to divest the assets of the State or local  
17 government from, or prohibit investment of the assets of  
18 the State or local government in, any person that the  
19 State or local government determines, using credible infor-  
20 mation available to the public, engages in investment ac-  
21 tivities in Iran described in subsection (c).

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

25 (1) has an investment of \$20,000,000 or more  
26 in the energy sector of Iran, including in a person

1 that provides oil or liquified natural gas tankers, or  
2 products used to construct or maintain pipelines  
3 used to transport oil or liquified natural gas, for the  
4 energy sector in Iran; or

5 (2) is a financial institution that extends  
6 \$20,000,000 or more in credit to another person, for  
7 45 days or more, if that person will use the credit  
8 to invest in the energy sector in Iran.

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

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

15 (2) TIMING.—The measure shall apply to a per-  
16 son not earlier than the date that is 90 days after  
17 the date on which written notice is provided to the  
18 person under paragraph (1).

19 (3) OPPORTUNITY FOR HEARING.—The State  
20 or local government shall provide an opportunity to  
21 comment in writing to each person to which a meas-  
22 ure is to be applied. If the person demonstrates to  
23 the State or local government that the person does  
24 not engage in investment activities in Iran described

1 in subsection (c), the measure shall not apply to the  
2 person.

3 (4) SENSE OF CONGRESS ON AVOIDING ERRO-  
4 NEOUS TARGETING.—It is the sense of Congress  
5 that a State or local government should not adopt  
6 a measure under subsection (b) with respect to a  
7 person unless the State or local government has  
8 made every effort to avoid erroneously targeting the  
9 person and has verified that the person engages in  
10 investment activities in Iran described in subsection  
11 (c).

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

17 (f) NONPREEMPTION.—A measure of a State or local  
18 government authorized under subsection (b) is not pre-  
19 empted by any Federal law or regulation.

20 (g) DEFINITIONS.—In this section:

21 (1) INVESTMENT.—The “investment” of assets,  
22 with respect to a State or local government, in-  
23 cludes—

24 (A) a commitment or contribution of as-  
25 sets;

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

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

4 (2) ASSETS.—

5 (A) IN GENERAL.—Except as provided in  
6 subparagraph (B), the term “assets” refers to  
7 public monies and includes any pension, retire-  
8 ment, annuity, or endowment fund, or similar  
9 instrument, that is controlled by a State or  
10 local government.

11 (B) EXCEPTION.—The term “assets” does  
12 not include employee benefit plans covered by  
13 title I of the Employee Retirement Income Se-  
14 curity Act of 1974 (29 U.S.C. 1001 et seq.).

15 (h) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as provided in para-  
17 graph (2), this section applies to measures adopted  
18 by a State or local government before, on, or after  
19 the date of the enactment of this Act.

20 (2) NOTICE REQUIREMENTS.—Subsections (d)  
21 and (e) apply to measures adopted by a State or  
22 local government on or after the date of the enact-  
23 ment of this Act.

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

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

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

16 “(A) conduct or have direct investments in  
17 business operations in Sudan described in sec-  
18 tion 3(d) of the Sudan Accountability and Di-  
19 vestment Act of 2007 (50 U.S.C. 1701 note); or

20 “(B) engage in investment activities in  
21 Iran described in section 202(c) of the Com-  
22 prehensive Iran Sanctions, Accountability, and  
23 Divestment Act of 2009.”.

24 (b) **SEC REGULATIONS.**—Not later than 120 days  
25 after the date of the enactment of this Act, the Securities  
26 and Exchange Commission shall issue any revisions the

1 Commission determines to be necessary to the regulations  
2 requiring disclosure by each registered investment com-  
3 pany that divests itself of securities in accordance with  
4 section 13(c) of the Investment Company Act of 1940 to  
5 include divestments of securities in accordance with para-  
6 graph (1)(B) of such section, as added by subsection (a).

7 **SEC. 204. SENSE OF CONGRESS REGARDING CERTAIN**  
8 **ERISA PLAN INVESTMENTS.**

9 It is the sense of Congress that a fiduciary of an em-  
10 ployee benefit plan, as defined in section 3(3) of the Em-  
11 ployee Retirement Income Security Act of 1974 (29  
12 U.S.C. 1002(3)), may divest plan assets from, or avoid  
13 investing plan assets in, any person the fiduciary deter-  
14 mines engages in investment activities in Iran described  
15 in section 202(c) of this Act, without breaching the re-  
16 sponsibilities, obligations, or duties imposed upon the fidu-  
17 ciary by section 404 of the Employee Retirement Income  
18 Security Act of 1974 (29 U.S.C. 1104), if—

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

22 (2) such divestment or avoidance of investment  
23 is conducted in accordance with section 2509.08–1  
24 of title 29, Code of Federal Regulations (as in effect

1 on the day before the date of the enactment of this  
2 Act).

3 **TITLE III—PREVENTION OF**  
4 **TRANSSHIPMENT, REEXPOR-**  
5 **TATION, OR DIVERSION OF**  
6 **SENSITIVE ITEMS TO IRAN**

7 **SEC. 301. DEFINITIONS.**

8 In this title:

9 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**  
10 **TEES.**—The term “appropriate congressional com-  
11 mittees” means—

12 (A) the Committee on Banking, Housing,  
13 and Urban Affairs, the Committee on Foreign  
14 Relations, and the Select Committee on Intel-  
15 ligence of the Senate; and

16 (B) the Committee on Financial Services,  
17 the Committee on Foreign Affairs, and the Per-  
18 manent Select Committee on Intelligence of the  
19 House of Representatives.

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

23 (3) **EXPORT ADMINISTRATION REGULATIONS.**—  
24 The term “Export Administration Regulations”

1 means subchapter C of chapter VII of title 15, Code  
2 of Federal Regulations.

3 (4) GOVERNMENT.—The term “government”  
4 includes any agency or instrumentality of a govern-  
5 ment.

6 (5) IRAN.—The term “Iran” includes any agen-  
7 cy or instrumentality of Iran.

8 (6) STATE SPONSOR OF TERRORISM.—The term  
9 “state sponsor of terrorism” means any country the  
10 government of which the Secretary of State has de-  
11 termined has repeatedly provided support for acts of  
12 international terrorism pursuant to—

13 (A) section 6(j)(1)(A) of the Export Ad-  
14 ministration Act of 1979 (50 U.S.C. App.  
15 2405(j)(1)(A)) (or any successor thereto);

16 (B) section 40(d) of the Arms Export Con-  
17 trol Act (22 U.S.C. 2780(d)); or

18 (C) section 620A(a) of the Foreign Assist-  
19 ance Act of 1961 (22 U.S.C. 2371(a)).

20 (7) TRANSSHIPMENT, REEXPORTATION, OR DI-  
21 VERSION.—The term “transshipment, reexportation,  
22 or diversion” means the exportation, directly or indi-  
23 rectly, of items that originated in the United States  
24 to an end-user whose identity cannot be verified or  
25 to an entity in Iran in violation of the laws or regu-

1 lations of the United States by any means, including  
2 by—

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

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

7 **SEC. 302. IDENTIFICATION OF LOCATIONS OF CONCERN**  
8 **WITH RESPECT TO TRANSSHIPMENT, RE-**  
9 **EXPORTATION, OR DIVERSION OF CERTAIN**  
10 **ITEMS TO IRAN.**

11 Not later than 180 days after the date of the enact-  
12 ment of this Act, and annually thereafter, the Director  
13 of National Intelligence shall submit to the Secretary of  
14 Commerce, the Secretary of State, the Secretary of the  
15 Treasury, and the appropriate congressional committees  
16 a report that identifies all countries that the Director de-  
17 termines are of concern with respect to transshipment, re-  
18 exportation, or diversion of items subject to the provisions  
19 of the Export Administration Regulations to an entity in  
20 Iran.

21 **SEC. 303. DESTINATIONS OF POSSIBLE DIVERSION CON-**  
22 **CERN AND DESTINATIONS OF DIVERSION**  
23 **CONCERN.**

24 (a) DESTINATIONS OF POSSIBLE DIVERSION CON-  
25 CERN.—

1           (1) DESIGNATION.—The Secretary of Com-  
2 merce shall designate a country as a Destination of  
3 Possible Diversion Concern if the Secretary, in con-  
4 sultation with the Secretary of State and the Sec-  
5 retary of the Treasury, determines that such des-  
6 ignation is appropriate to carry out activities to  
7 strengthen the export control systems of that coun-  
8 try based on criteria that include—

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

13           (B) the inadequacy of the export and reex-  
14 port controls of the country;

15           (C) the unwillingness or demonstrated in-  
16 ability of the government of the country to con-  
17 trol diversion activities; and

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

21           (2) STRENGTHENING EXPORT CONTROL SYS-  
22 TEMS OF DESTINATIONS OF POSSIBLE DIVERSION  
23 CONCERN.—If the Secretary of Commerce designates  
24 a country as a Destination of Possible Diversion  
25 Concern under paragraph (1), the United States

1 shall initiate government-to-government activities de-  
2 scribed in paragraph (3) to strengthen the export  
3 control systems of the country.

4 (3) GOVERNMENT-TO-GOVERNMENT ACTIVITIES  
5 DESCRIBED.—The government-to-government activi-  
6 ties described in this paragraph include—

7 (A) cooperation by agencies and depart-  
8 ments of the United States with counterpart  
9 agencies and departments in a country des-  
10 ignated as a Destination of Possible Diversion  
11 Concern under paragraph (1) to—

12 (i) develop or strengthen export con-  
13 trol systems in the country;

14 (ii) strengthen cooperation and facili-  
15 tate enforcement of export control systems  
16 in the country; and

17 (iii) promote information and data ex-  
18 changes among agencies of the country  
19 and with the United States; and

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

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

1                   (ii) prevent terrorists and state spon-  
2                   sors of terrorism, including Iran, from ob-  
3                   taining nuclear, biological, and chemical  
4                   weapons, defense technologies, components  
5                   for improvised explosive devices, and other  
6                   defense items.

7           (b) DESTINATIONS OF DIVERSION CONCERN.—

8                   (1) DESIGNATION.—The Secretary of Com-  
9                   merce shall designate a country as a Destination of  
10                  Diversion Concern if the Secretary, in consultation  
11                  with the Secretary of State and the Secretary of the  
12                  Treasury, determines—

13                         (A) that the government of the country al-  
14                         lows substantial transshipment, reexportation,  
15                         or diversion of items that originated in the  
16                         United States to end-users whose identities can-  
17                         not be verified or to entities in Iran; or

18                         (B) 12 months after the Secretary of Com-  
19                         merce designates the country as a Destination  
20                         of Possible Diversion Concern under subsection  
21                         (a)(1), that the country has failed—

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

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

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

6                   (A) REPORT ON SUSPECT ITEMS.—

7                   (i) IN GENERAL.—Not later than 45  
8                   days after the date of the enactment of  
9                   this Act, the Secretary of Commerce, in  
10                  consultation with the Director of National  
11                  Intelligence, the Secretary of State, and  
12                  the Secretary of the Treasury, shall submit  
13                  to the appropriate congressional commit-  
14                  tees a report containing a list of items  
15                  that, if the items were transshipped, reex-  
16                  ported, or diverted to Iran, could con-  
17                  tribute to—

18                               (I) Iran obtaining nuclear, bio-  
19                               logical, or chemical weapons, defense  
20                               technologies, components for impro-  
21                               vised explosive devices, or other de-  
22                               fense items; or

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

1 (ii) CONSIDERATIONS FOR LIST.—In  
2 developing the list required under clause  
3 (i), the Secretary of Commerce shall con-  
4 sider—

5 (I) the items subject to licensing  
6 requirements under section 742.8 of  
7 title 15, Code of Federal Regulations  
8 (or any corresponding similar regula-  
9 tion or ruling) and other existing li-  
10 censing requirements; and

11 (II) the items added to the list of  
12 items for which a license is required  
13 for exportation to North Korea by the  
14 final rule of the Bureau of Export Ad-  
15 ministration of the Department of  
16 Commerce issued on June 19, 2000  
17 (65 Fed. Reg. 38148; relating to ex-  
18 port restrictions on North Korea).

19 (B) LICENSING REQUIREMENT.—Not later  
20 than 180 days after the date of the enactment  
21 of this Act, the Secretary of Commerce shall re-  
22 quire a license to export an item on the list re-  
23 quired under subparagraph (A)(i) to a country  
24 designated as a Destination of Diversion Con-  
25 cern.

1           (C) WAIVER.—The President may waive  
2           the imposition of the licensing requirement  
3           under subparagraph (B) with respect to a coun-  
4           try designated as a Destination of Diversion  
5           Concern if the President—

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

9                   (ii) submits to the appropriate con-  
10                  gressional committees a report describing  
11                  the reasons for the determination.

12          (c) TERMINATION OF DESIGNATION.—The designa-  
13          tion of a country as a Destination of Possible Diversion  
14          Concern or a Destination of Diversion Concern shall ter-  
15          minate on the date on which the Secretary of Commerce  
16          determines, based on the criteria described in subpara-  
17          graphs (A) through (D) of subsection (a)(1), and certifies  
18          to Congress and the President that the country has ade-  
19          quately strengthened the export control systems of the  
20          country to prevent transshipment, reexportation, and di-  
21          version of items through the country to end-users whose  
22          identities cannot be verified or to entities in Iran.

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

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

3 Not later than 180 days after the date of the enact-  
4 ment of this Act, the Director of National Intelligence, in  
5 consultation with the Secretary of Commerce, the Sec-  
6 retary of State, and the Secretary of the Treasury, shall  
7 submit to the appropriate congressional committees a re-  
8 port that—

9 (1) identifies any country that the Director de-  
10 termines may be transshipping, reexporting, or di-  
11 verting items subject to the provisions of the Export  
12 Administration Regulations to another country if  
13 such other country—

14 (A) is seeking to obtain nuclear, biological,  
15 or chemical weapons, defense technologies, com-  
16 ponents for improvised explosive devices, or  
17 other defense items; or

18 (B) provides support for acts of inter-  
19 national terrorism; and

20 (2) assesses the feasibility and advisability of  
21 expanding the system established under section 303  
22 for designating countries as Destinations of Possible  
23 Diversion Concern and Destinations of Diversion  
24 Concern to include countries identified under para-  
25 graph (1).

1       **TITLE IV—EFFECTIVE DATE;**  
2                                   **SUNSET**

3   **SEC. 401. EFFECTIVE DATE; SUNSET.**

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

9       (b) **SUNSET.**—The provisions of this Act shall termi-  
10 nate on the date that is 30 days after the date on which  
11 the President certifies to Congress that—

12               (1) the Government of Iran has ceased pro-  
13 viding support for acts of international terrorism  
14 and no longer satisfies the requirements for designa-  
15 tion as a state sponsor of terrorism under—

16                       (A) section 6(j)(1)(A) of the Export Ad-  
17 ministration Act of 1979 (50 U.S.C. App.  
18 2405(j)(1)(A)) (or any successor thereto);

19                       (B) section 40(d) of the Arms Export Con-  
20 trol Act (22 U.S.C. 2780(d)); or

21                       (C) section 620A(a) of the Foreign Assist-  
22 ance Act of 1961 (22 U.S.C. 2371(a)); and

23               (2) Iran has ceased the pursuit, acquisition,  
24 and development of nuclear, biological, and chemical

- 1 weapons and ballistic missiles and ballistic missile
- 2 launch technology.

Attest:

*Secretary.*



11<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H.R. 2194**

---

**AMENDMENT**