

113TH CONGRESS
2D SESSION

H. R. 5249

To re-impose sanctions on Russian arms exporter Rosoboronexport, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2014

Mr. MORAN (for himself, Mr. KINZINGER of Illinois, Ms. DELAURO, Ms. KAPTUR, Mr. LARSON of Connecticut, and Ms. ESTY) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Oversight and Government Reform and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To re-impose sanctions on Russian arms exporter
Rosoboronexport, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as “Rosoboronexport Embargo
5 Act of 2014”.

1 **SEC. 2. PROHIBITION ON DIRECT OR INDIRECT USE OF**
2 **FUNDS TO ENTER INTO CONTRACTS OR**
3 **AGREEMENTS WITH ROSOBORONEXPORT.**

4 (a) PROHIBITION.—The head of an executive agency
5 may not enter into a contract, memorandum of under-
6 standing, or cooperative agreement with, or make a grant
7 to, or provide a loan or loan agreement to Rosoboronex-
8 port or any subsidiary of Rosoboronexport related to the
9 design, manufacture, or sale of military equipment.

10 (b) WAIVER.—The President may waive the applica-
11 bility of subsection (a) if the President, in consultation
12 with the Secretary of Defense, the Secretary of State, the
13 Secretary of Commerce and the Director of National Intel-
14 ligence, certifies in writing to the appropriate congres-
15 sional committees that—

16 (1) to the best of the President’s knowledge—

17 (A) Rosoboronexport has ceased the trans-
18 fer of lethal military equipment to, and the
19 maintenance of existing lethal military equip-
20 ment for, the Government of the Syrian Arab
21 Republic;

22 (B) the armed forces of the Russian Fed-
23 eration have withdrawn from Crimea (other
24 than military forces present on military bases
25 subject to agreements in force between the Gov-

1 ernment of the Russian Federation and the
2 Government of Ukraine); and

3 (C) agents of the Russian Federation are
4 not taking active measures to destabilize the
5 control of the Government of Ukraine over east-
6 ern Ukraine (including through active support
7 of efforts to unlawfully occupy facilities of the
8 Government of Ukraine); or

9 (2) the waiver is in the national security inter-
10 ests of the United States.

11 (c) REPROGRAMMING AUTHORITY.—

12 (1) IN GENERAL.—The President may repro-
13 gram funds appropriated or otherwise made avail-
14 able for Economic Support Fund assistance or secu-
15 rity assistance for the government of a country that,
16 on or after the date of the enactment of this Act,
17 enters into a contract, memorandum of under-
18 standing, or cooperative agreement with, or makes a
19 grant to, or provides a loan or loan agreement to
20 Rosoboronexport, or any subsidiary of Rosoboronex-
21 port, in an amount up to or equal to the total
22 amount of each such contract, memorandum of un-
23 derstanding, cooperative agreement, loan, or loan
24 agreement.

1 (2) NOTIFICATION.—The President shall notify
2 Congress not later than 15 days before reprogram-
3 ming funds under paragraph (1).

4 (d) DEFINITIONS.—In this section:

5 (1) APPROPRIATE CONGRESSIONAL COMMIT-
6 TEES.—The term “appropriate congressional com-
7 mittees” means—

8 (A) the Committee on Armed Services, the
9 Committee on Foreign Relations, and the Com-
10 mittee on Appropriations of the Senate; and

11 (B) the Committee on Armed Services, the
12 Committee on Foreign Affairs, and the Com-
13 mittee on Appropriations of the House of Rep-
14 resentatives.

15 (2) EXECUTIVE AGENCY.—The term “executive
16 agency” has the meaning given the term in section
17 133 of title 41, United States Code.

18 **SEC. 3. PROHIBITION ON ASSISTING ROSOBORONEXPORT**
19 **THROUGH THE PROVISION OF FINANCING.**

20 (a) PROHIBITED ACTIVITY DEFINED.—For purposes
21 of this section, the term “prohibited activity” means the
22 act of knowingly, materially, and directly contributing or
23 attempting to contribute, through the provision of financ-
24 ing, to the transfer or retransfer of goods or technology
25 to Rosoboronexport or any subsidiary of Rosoboronexport.

1 (b) PROHIBITION.—No United States person may en-
2 gage in any prohibited activity to the extent that the
3 United States has jurisdiction to prohibit such activity by
4 such United States person.

5 (c) PRESIDENTIAL DETERMINATION AND ORDER
6 WITH RESPECT TO UNITED STATES AND FOREIGN PER-
7 SONS.—If the President determines that a United States
8 person has engaged in a prohibited activity (without re-
9 gard to whether subsection (b) applies), the President
10 shall, by order, impose the sanctions described in sub-
11 section (d) on such person.

12 (d) SANCTIONS.—The following sanctions shall be
13 imposed pursuant to any order issued under subsection
14 (c) with respect to any United States person:

15 (1) BAN ON DEALINGS IN GOVERNMENT FI-
16 NANCE.—

17 (A) DESIGNATION AS PRIMARY DEALER.—
18 Neither the Board of Governors of the Federal
19 Reserve System nor the Federal Reserve Bank
20 of New York may designate, or permit the con-
21 tinuation of any prior designation of, the person
22 as a primary dealer in United States Govern-
23 ment debt instruments.

1 (B) SERVICE AS DEPOSITARY.—The person
2 may not serve as a depository for United States
3 Government funds.

4 (2) RESTRICTIONS ON OPERATIONS.—The per-
5 son may not, directly or indirectly—

6 (A) commence any line of business in the
7 United States in which the person was not en-
8 gaged as of the date of the order; or

9 (B) conduct business from any location in
10 the United States at which the person did not
11 conduct business as of the date of the order.

12 (e) TERMINATION OF THE SANCTIONS.—Any sanc-
13 tion imposed on any person pursuant to an order issued
14 under subsection (c) shall—

15 (1) remain in effect for a period of not less
16 than 12 months; and

17 (2) cease to apply after the end of such 12-
18 month period only if the President determines, and
19 certifies in writing to the Congress, that—

20 (A) the person has ceased to engage in any
21 prohibited activity; and

22 (B) the President has received reliable as-
23 surances from such person that the person will
24 not, in the future, engage in any prohibited ac-
25 tivity.

1 (f) WAIVER.—The President may waive the applica-
2 tion of any sanction imposed on any person pursuant to
3 an order issued under subsection (c) if the President de-
4 termines, and certifies in writing to the Congress, that the
5 continued imposition of the sanction would have a serious
6 adverse effect on the safety and soundness of the domestic
7 or international financial system or on domestic or inter-
8 national payments systems.

9 (g) ENFORCEMENT ACTION.—The Attorney General
10 may bring an action in an appropriate district court of
11 the United States for injunctive and other appropriate re-
12 lief with respect to—

13 (1) any violation of subsection (b); or

14 (2) any order issued pursuant to subsection (c).

15 (h) KNOWINGLY DEFINED.—

16 (1) IN GENERAL.—For purposes of this section,
17 the term “knowingly” means the state of mind of a
18 person with respect to conduct, a circumstance, or a
19 result in which—

20 (A) such person is aware that such person
21 is engaging in such conduct, that such cir-
22 cumstance exists, or that such result is substan-
23 tially certain to occur; or

1 (B) such person has a firm belief that such
2 circumstance exists or that such result is sub-
3 stantially certain to occur.

4 (2) KNOWLEDGE OF THE EXISTENCE OF A PAR-
5 TICULAR CIRCUMSTANCE.—If knowledge of the exist-
6 ence of a particular circumstance is required for an
7 offense, such knowledge is established if a person is
8 aware of a high probability of the existence of such
9 circumstance, unless the person actually believes
10 that such circumstance does not exist.

11 (i) SCOPE OF APPLICATION.—This section shall apply
12 with respect to prohibited activities that occur on or after
13 the date of the enactment of this Act.

14 **SEC. 4. SANCTIONS AGAINST UNITED STATES PERSONS**
15 **THAT TRANSFERS OR RETRANSFERS GOODS**
16 **OR TECHNOLOGY, OR ENTERS INTO CON-**
17 **TRACTS, OR ENGAGES IN TRADE, WITH**
18 **ROSOBORONEXPORT.**

19 (a) IN GENERAL.—If any United States person
20 transfers or retransfers goods or technology, or enters into
21 contracts, or engages in trade, with Rosoboronexport, or
22 any subsidiary of Rosoboronexport, then the sanctions de-
23 scribed in subsection (b) shall be imposed.

24 (b) MANDATORY SANCTIONS.—The sanctions to be
25 imposed pursuant to subsection (a) are as follows:

1 (1) **PROCUREMENT SANCTION.**—For a period of
2 two years, the United States Government shall not
3 procure, or enter into any contract for the procure-
4 ment of, any goods or services from the sanctioned
5 person.

6 (2) **EXPORT SANCTION.**—For a period of two
7 years, the United States Government shall not issue
8 any license for any export by or to the sanctioned
9 person.

10 **SEC. 5. REPORT ON ROSOBORONEXPORT ACTIVITIES.**

11 (a) **REPORT REQUIRED.**—Not later than 180 days
12 after the date of the enactment of this Act, the Secretary
13 of Defense, in consultation with the Secretary of State and
14 the Director of National Intelligence, shall submit to the
15 appropriate congressional committees a report setting
16 forth the following:

17 (1) A list of the known transfers of lethal mili-
18 tary equipment by Rosoboronexport to the “Donetsk
19 People’s Republic” or other separatist groups in
20 Ukraine.

21 (2) A list of the known transfers of lethal mili-
22 tary equipment by Rosoboronexport to the Govern-
23 ment of the Syrian Arab Republic since March 15,
24 2011.

1 (3) A list of the known contracts, if any, that
2 Rosoboronexport has signed with the Government of
3 the Syrian Arab Republic since March 15, 2011.

4 (4) A detailed list of all existing contracts,
5 memorandums of understanding, cooperative agree-
6 ments, grants, loans, and loan guarantees between
7 the Department of Defense and Rosoboronexport,
8 including a description of the transaction, signing
9 dates, values, and quantities.

10 (b) FORM.—The report required by subsection (a)
11 shall be submitted in unclassified form, but may include
12 a classified annex.

13 (c) APPROPRIATE CONGRESSIONAL COMMITTEES.—
14 In this section, the term “appropriate congressional com-
15 mittees” means—

16 (1) the Committee on Armed Services, the
17 Committee on Foreign Relations, and the Committee
18 on Appropriations of the Senate; and

19 (2) the Committee on Armed Services, the
20 Committee on Foreign Affairs, and the Committee
21 on Appropriations of the House of Representatives.

22 **SEC. 6. UNITED STATES PERSON DEFINED.**

23 In this Act, the term “United States person”
24 means—

1 (1) a natural person who is a citizen of the
2 United States or who owes permanent allegiance to
3 the United States; and

4 (2) a corporation or other legal entity which is
5 organized under the laws of the United States, any
6 State or territory thereof, or the District of Colum-
7 bia, if natural persons described in paragraph (1)
8 own, directly or indirectly, more than 50 percent of
9 the outstanding capital stock or other beneficial in-
10 terest in such legal entity.

○