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2D SESSION

S. 2329

To prevent Hezbollah from gaining access to international financial and other institutions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 13, 2014

Mrs. SHAHEEN (for herself, Mr. RUBIO, Mr. CASEY, Ms. AYOTTE, Mr. CARDIN, Mr. RISCH, Mr. MARKEY, Mr. CORNYN, Mrs. GILLIBRAND, and Mr. GRAHAM) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To prevent Hezbollah from gaining access to international financial and other institutions, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Hezbollah International Financing Prevention Act of
6 2014”.

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

Sec. 1. Short title; table of contents.

TITLE I—PREVENTION OF ACCESS BY HEZBOLLAH TO
INTERNATIONAL FINANCIAL AND OTHER INSTITUTIONS

- Sec. 101. Findings; statement of policy.
 Sec. 102. Sanctions with respect to financial institutions that engage in certain transactions.
 Sec. 103. Report on imposition of sanctions on certain satellite providers that carry al-Manar TV.
 Sec. 104. Report on activities of foreign governments to disrupt global logistics networks and fundraising, financing, and money laundering activities of Hezbollah.
 Sec. 105. Appropriate congressional committees defined.

TITLE II—DESIGNATION OF HEZBOLLAH AS A MAJOR DRUG
SMUGGLING ENTERPRISE AND A TRANSNATIONAL CRIMINAL
ORGANIZATION

- Sec. 201. Designation of Hezbollah as significant foreign narcotics traffickers.
 Sec. 202. Designation of Hezbollah as a significant transnational criminal organization.
 Sec. 203. Appropriate congressional committees defined.

TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Rule of construction.
 Sec. 302. Regulatory authority.
 Sec. 303. Termination.

1 **TITLE I—PREVENTION OF AC-**
 2 **CESS BY HEZBOLLAH TO**
 3 **INTERNATIONAL FINANCIAL**
 4 **AND OTHER INSTITUTIONS**

5 **SEC. 101. FINDINGS; STATEMENT OF POLICY.**

6 (a) FINDINGS.—Congress finds the following:

7 (1) The United States Government holds
 8 Hezbollah responsible for the largest number of
 9 American deaths overseas by a terrorist organization
 10 prior to the attacks of September 11, 2001, includ-
 11 ing a number of attacks on and hostage takings tar-
 12 geting Americans in Lebanon during the 1980s, in-
 13 cluding the bombing of the United States Embassy

1 in Beirut in April 1983 and the bombing of the
2 United States Marine barracks in October 1983.

3 (2) Hezbollah's operations outside of Lebanon,
4 including its participation in bombings of Israeli and
5 Jewish institutions in Argentina during the 1990s,
6 recent support to Shiite insurgents in Iraq, recent
7 attacks and attempted attacks in Europe, Southeast
8 Asia, and elsewhere, and extensive international
9 operational, logistical, and financial networks have
10 rendered it a capable and deadly adversary with
11 global reach.

12 (3) Hezbollah has been designated as a terrorist
13 organization by the United States since 1995, and
14 remains on foreign terrorist organization and Spe-
15 cially Designated Terrorist lists.

16 (4) In March 2013, a Cypriot court convicted a
17 Hezbollah member for participation in a criminal or-
18 ganization, planning to commit a crime and money
19 laundering. In June 2013, the Government of Bul-
20 garia concluded that Hezbollah was responsible for
21 the 2012 Burgas bombing, which killed 6 people.

22 (5) In July 2013, the European Union des-
23 ignated the military wing of Hezbollah as a terrorist
24 organization. The designation helps to facilitate Eu-
25 ropean law enforcement agencies' actions against

1 Hezbollah's fundraising, logistical activity, and ter-
2 rorist plotting on European soil.

3 (6) In July 2013, the Gulf Cooperation Council,
4 consisting of Saudi Arabia, Qatar, Bahrain, Kuwait,
5 Oman, and the United Arab Emirates, declared
6 Hezbollah a terrorist organization.

7 (7) Hezbollah continues to provide material as-
8 sistance, including assuming a combat role, in Syria,
9 and aids the Government of Iran and the Govern-
10 ment of Syria in their human rights and other
11 abuses perpetrated against the Syrian people.

12 (8) An estimated 5,000 Hezbollah fighters are
13 supporting the regime of Bashar al-Assad in Syria
14 by fighting on his behalf and by providing military
15 training, advice, and logistical support to regime
16 forces.

17 (9) Hezbollah continues to serve as a proxy of
18 Iran, in its effort to target the United States and its
19 allies and interests.

20 (10) Hezbollah's global logistics and financial
21 network serves as a lifeline to the organization, and
22 enables it to consolidate power within Lebanon and
23 provides it with the capabilities to perpetrate com-
24 plex attacks internationally.

1 (11) Hezbollah has evolved into a significant
2 drug smuggling organization, and also engages in
3 other serious criminal activity, including money
4 laundering, counterfeiting pharmaceuticals, and
5 trade in conflict diamonds.

6 (12) In April 2013, the Department of the
7 Treasury blacklisted two Lebanese exchange houses,
8 Kassem Rmeiti & Co. and Halawi Exchange Co., for
9 laundering drug profits for Hezbollah.

10 (13) In February 2011, the Department of the
11 Treasury blacklisted the Lebanese Canadian Bank
12 as of primary money laundering concern, alleging
13 that it moved approximately \$200,000,000 as part
14 of a drug trafficking network that profited
15 Hezbollah.

16 (14) The Department of Justice reports that 29
17 of the 63 organizations on its Fiscal Year 2010 Con-
18 solidated Priority Organization Targets list, which
19 includes the most significant international drug traf-
20 ficking organizations threatening the United States,
21 were associated with terrorist groups. There is con-
22 cern about Hezbollah's drug and criminal activities,
23 as well as indications of links between al-Qaeda in
24 the Lands of the Islamic Maghreb and the drug
25 trade.

1 (15) Al-Manar, the Lebanese satellite television
2 station affiliated with Hezbollah broadcasting from
3 Beirut, Lebanon, was designated as a Specially Des-
4 ignated Global Terrorist entity in May 2006, but
5 continues to be carried by international broadcasting
6 agents.

7 (16) Hezbollah continues to present a threat to
8 the United States and its allies and interests.

9 (b) STATEMENT OF POLICY.—It shall be the policy
10 of the United States to—

11 (1) prevent Hezbollah’s global logistics and fi-
12 nancial network from operating in order to curtail
13 funding of its domestic and international activities;
14 and

15 (2) utilize all available diplomatic, legislative,
16 and executive avenues to combat the criminal activi-
17 ties of Hezbollah as a means to block the ability of
18 Hezbollah to fund its global terrorist activities.

19 **SEC. 102. SANCTIONS WITH RESPECT TO FINANCIAL INSTI-**
20 **TUTIONS THAT ENGAGE IN CERTAIN TRANS-**
21 **ACTIONS.**

22 (a) PROHIBITIONS AND CONDITIONS WITH RESPECT
23 TO CERTAIN ACCOUNTS HELD BY FOREIGN FINANCIAL
24 INSTITUTIONS.—

1 (1) IN GENERAL.—Not later than 90 days after
2 the date of the enactment of this Act, the Secretary
3 of the Treasury, in consultation with the Secretary
4 of State, shall prohibit, or impose strict conditions
5 on, the opening or maintaining in the United States
6 of a correspondent account or a payable-through ac-
7 count by a foreign financial institution that the Sec-
8 retary finds engages in an activity described in para-
9 graph (2).

10 (2) ACTIVITIES DESCRIBED.—A foreign finan-
11 cial institution engages in an activity described in
12 this paragraph if the foreign financial institution—

13 (A) knowingly facilitates the activities of
14 Hezbollah or any of its agents or affiliates the
15 property or interests in property of which are
16 blocked pursuant to the International Emer-
17 gency Economic Powers Act (50 U.S.C. 1701 et
18 seq.);

19 (B) knowingly facilitates the activities of a
20 person acting on behalf of or at the direction of,
21 or owned or controlled by, a person described in
22 subparagraph (A);

23 (C) knowingly engages in money laun-
24 dering to carry out an activity described in sub-
25 paragraph (A) or (B); or

1 (D) knowingly facilitates a significant
2 transaction or transactions or provides signifi-
3 cant financial services to carry out an activity
4 described in subparagraph (A), (B), or (C).

5 (3) PENALTIES.—The penalties provided for in
6 subsections (b) and (c) of section 206 of the Inter-
7 national Emergency Economic Powers Act (50
8 U.S.C. 1705) shall apply to a person that violates,
9 attempts to violate, conspires to violate, or causes a
10 violation of this subsection, or an order or regulation
11 prescribed under this subsection, to the same extent
12 that such penalties apply to a person that commits
13 an unlawful act described in section 206(a) of that
14 Act.

15 (4) PROCEDURES FOR JUDICIAL REVIEW OF
16 CLASSIFIED INFORMATION.—

17 (A) IN GENERAL.—If a finding under this
18 subsection or a prohibition, condition, or pen-
19 alty imposed as a result of any such finding, is
20 based on classified information (as defined in
21 section 1(a) of the Classified Information Pro-
22 cedures Act (18 U.S.C. App.)) and a court re-
23 views the finding or the imposition of the prohi-
24 bition, condition, or penalty, the Secretary of

1 the Treasury may submit such information to
2 the court ex parte and in camera.

3 (B) RULE OF CONSTRUCTION.—Nothing in
4 this paragraph shall be construed to confer or
5 imply any right to judicial review of any finding
6 under this subsection or any prohibition, condi-
7 tion, or penalty imposed as a result of any such
8 finding.

9 (5) REGULATIONS.—The Secretary of the
10 Treasury shall prescribe and implement regulations
11 to carry out this subsection.

12 (b) REQUIREMENTS FOR FINANCIAL INSTITUTIONS
13 MAINTAINING ACCOUNTS FOR FOREIGN FINANCIAL IN-
14 STITUTIONS.—

15 (1) IN GENERAL.—Not later than 180 days
16 after the date of the enactment of this Act, the Sec-
17 retary of the Treasury shall prescribe regulations to
18 require a domestic financial institution maintaining
19 a correspondent account or payable-through account
20 in the United States for a foreign financial institu-
21 tion to do one or more of the following:

22 (A) Report to the Department of the
23 Treasury with respect to financial transactions
24 or other financial services provided with respect
25 to any activity described in subsection (a)(2).

1 (B) Provide timely and accurate informa-
2 tion to domestic financial institutions maintain-
3 ing a correspondent account or payable-through
4 account in the United States for a foreign fi-
5 nancial institution with respect to any activity
6 described in subsection (a)(2).

7 (C) Establish due diligence policies, proce-
8 dures, and controls, such as the due diligence
9 policies, procedures, and controls described in
10 section 5318(i) of title 31, United States Code,
11 reasonably designed to detect whether the Sec-
12 retary of the Treasury has found the foreign fi-
13 nancial institution to knowingly engage in any
14 activity described in subsection (a)(2).

15 (2) PENALTIES.—The penalties provided for in
16 sections 5321(a) and 5322 of title 31, United States
17 Code, shall apply to a person that violates a regula-
18 tion prescribed under paragraph (1) of this sub-
19 section, in the same manner and to the same extent
20 as such penalties would apply to any person that is
21 otherwise subject to such section 5321(a) or 5322.

22 (c) WAIVER.—The Secretary of the Treasury, in con-
23 sultation with the Secretary of State, may waive the appli-
24 cation of a prohibition or condition imposed with respect
25 to a foreign financial institution pursuant to subsection

1 (a) on and after the date that is 30 days after the Sec-
2 retary of the Treasury, with the concurrence of the Sec-
3 retary of State—

4 (1) determines that such a waiver is vital to the
5 national security interests of the United States; and

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

9 (d) PROVISIONS RELATING TO FOREIGN CENTRAL
10 BANKS.—

11 (1) REPORT.—Not later than 90 days after the
12 date of the enactment of this Act, and every 180
13 days thereafter, the Secretary of the Treasury shall
14 submit to the appropriate congressional committees
15 a report that—

16 (A) identifies each foreign central bank
17 that the Secretary finds engages in one or more
18 activities described in subsection (a)(2)(D); and

19 (B) provides a detailed description of each
20 such activity.

21 (2) SPECIAL RULE TO ALLOW FOR TERMI-
22 NATION OF SANCTIONABLE ACTIVITY.—The Sec-
23 retary of the Treasury shall not be required to apply
24 sanctions under subsection (a) to a foreign central
25 bank described in the report required under para-

1 graph (1) if the Secretary of the Treasury, in con-
2 sultation with the Secretary of State, certifies in
3 writing to the appropriate congressional committees
4 that—

5 (A) the foreign central bank—

6 (i) is no longer engaging in the activ-
7 ity described in subsection (a)(2)(D) for
8 which the bank was identified in the re-
9 port; or

10 (ii) has taken significant verifiable
11 steps toward terminating the activity not
12 later than 90 days after the date on which
13 the Secretary makes such certification; and

14 (B) the Secretary has received reliable as-
15 surances from the government with primary ju-
16 risdiction over the foreign central bank that the
17 foreign central bank will not engage in any ac-
18 tivity described in subsection (a)(2)(D) in the
19 future.

20 (e) IMPLEMENTATION.—The President may exercise
21 all authorities provided under sections 203 and 205 of the
22 International Emergency Economic Powers Act (50
23 U.S.C. 1702 and 1704) to carry out this section.

24 (f) DEFINITIONS.—

25 (1) IN GENERAL.—In this section:

1 (A) ACCOUNT; CORRESPONDENT ACCOUNT;
2 PAYABLE-THROUGH ACCOUNT.—The terms “ac-
3 count”, “correspondent account”, and “payable-
4 through account” have the meanings given
5 those terms in section 5318A of title 31, United
6 States Code.

7 (B) AGENT.—The term “agent” includes
8 an entity established by a person for purposes
9 of conducting transactions on behalf of the per-
10 son in order to conceal the identity of the per-
11 son.

12 (C) FINANCIAL INSTITUTION.—The term
13 “financial institution” means a financial insti-
14 tution specified in subparagraph (A), (B), (C),
15 (D), (E), (F), (G), (H), (I), (J), (K), (M), (N),
16 (R), or (Y) of section 5312(a)(2) of title 31,
17 United States Code.

18 (D) FOREIGN FINANCIAL INSTITUTION;
19 DOMESTIC FINANCIAL INSTITUTION.—

20 (i) FOREIGN FINANCIAL INSTITU-
21 TION.—The term “foreign financial institu-
22 tion”—

23 (I) has the meaning of that term
24 as determined by the Secretary of the
25 Treasury; and

1 (II) includes a foreign central
2 bank.

3 (ii) DOMESTIC FINANCIAL INSTITU-
4 TION.—The term “domestic financial insti-
5 tution” has the meaning of that term as
6 determined by the Secretary of the Treas-
7 ury.

8 (E) MONEY LAUNDERING.—The term
9 “money laundering” means any of the activities
10 described in paragraph (1), (2), or (3) of sec-
11 tion 1956(a) of title 18, United States Code,
12 with respect to which penalties may be imposed
13 pursuant to that section.

14 (2) OTHER DEFINITIONS.—The Secretary of
15 the Treasury may further define the terms used in
16 this section in the regulations prescribed under this
17 section.

18 **SEC. 103. REPORT ON IMPOSITION OF SANCTIONS ON CER-**
19 **TAIN SATELLITE PROVIDERS THAT CARRY**
20 **AL-MANAR TV.**

21 (a) IN GENERAL.—Not later than 90 days after the
22 date of the enactment of this Act, the President shall sub-
23 mit to the appropriate congressional committees a report
24 that includes—

1 (1) a list of all satellite, broadcast, Internet, or
2 other providers that knowingly transmit or otherwise
3 broadcast the content of al-Manar TV, and any af-
4 filiates or successors thereof; and

5 (2) with respect to all providers included on the
6 list pursuant to paragraph (1)—

7 (A) an identification of those providers
8 that have been sanctioned pursuant to Execu-
9 tive Order 13224 (66 Fed. Reg. 49079; relating
10 to blocking property and prohibiting trans-
11 actions with persons who commit, threaten to
12 commit, or support terrorism); and

13 (B) an identification of those providers
14 that have not been sanctioned pursuant to Ex-
15 ecutive Order 13224 and, with respect to each
16 such provider, the reason why sanctions have
17 not been imposed.

18 (b) FORM.—The report required by subsection (a)
19 shall be submitted in unclassified form to the greatest ex-
20 tent possible, and may contain a classified annex.

1 **SEC. 104. REPORT ON ACTIVITIES OF FOREIGN GOVERN-**
2 **MENTS TO DISRUPT GLOBAL LOGISTICS NET-**
3 **WORKS AND FUNDRAISING, FINANCING, AND**
4 **MONEY LAUNDERING ACTIVITIES OF**
5 **HEZBOLLAH.**

6 (a) IN GENERAL.—Not later than 90 days after the
7 date of the enactment of this Act, the President shall sub-
8 mit to the appropriate congressional committees a report
9 that includes—

10 (1) a list of countries in which Hezbollah main-
11 tains important portions of its global logistics net-
12 works;

13 (2) with respect to each country on the list re-
14 quired by paragraph (1)—

15 (A) an assessment of whether the govern-
16 ment of the country is taking adequate meas-
17 ures to disrupt the global logistics networks of
18 Hezbollah within the territory of the country;
19 and

20 (B) in the case of a country the govern-
21 ment of which is not taking adequate measures
22 to disrupt those networks—

23 (i) an assessment of the reasons that
24 government is not taking adequate meas-
25 ures to disrupt those networks; and

1 (ii) a description of measures being
2 taken by the United States Government to
3 encourage that government to improve
4 measures to disrupt those networks;

5 (3) a list of countries in which Hezbollah, or
6 any of its agents or affiliates, conducts significant
7 fundraising, financing, or money laundering activi-
8 ties; and

9 (4) with respect to each country on the list re-
10 quired by paragraph (3)—

11 (A) an assessment of whether the govern-
12 ment of the country is taking adequate meas-
13 ures to disrupt the fundraising, financing, or
14 money laundering activities of Hezbollah and its
15 agents and affiliates within the territory of the
16 country; and

17 (B) in the case of a country the govern-
18 ment of which is not taking adequate measures
19 to disrupt those activities—

20 (i) an assessment of the reasons that
21 government is not taking adequate meas-
22 ures to disrupt those activities; and

23 (ii) a description of measures being
24 taken by the United States Government to
25 encourage the government of that country

1 to improve measures to disrupt those ac-
 2 tivities.

3 (b) FORM.—The report required by subsection (a)
 4 shall be submitted in unclassified form to the greatest ex-
 5 tent possible, and may contain a classified annex.

6 **SEC. 105. APPROPRIATE CONGRESSIONAL COMMITTEES**
 7 **DEFINED.**

8 In this title, the term “appropriate congressional
 9 committees” means—

10 (1) the Committee on Foreign Affairs and the
 11 Committee on Financial Services of the House of
 12 Representatives; and

13 (2) the Committee on Foreign Relations and
 14 the Committee on Banking, Housing, and Urban Af-
 15 fairs of the Senate.

16 **TITLE II—DESIGNATION OF**
 17 **HEZBOLLAH AS A MAJOR**
 18 **DRUG SMUGGLING ENTER-**
 19 **PRISE AND A**
 20 **TRANSNATIONAL CRIMINAL**
 21 **ORGANIZATION**

22 **SEC. 201. DESIGNATION OF HEZBOLLAH AS SIGNIFICANT**
 23 **FOREIGN NARCOTICS TRAFFICKERS.**

24 (a) IN GENERAL.—Not later than 90 days after the
 25 date of the enactment of this Act, the President shall de-

1 termine if Hezbollah meets the criteria specified for des-
2 ignation as a significant foreign narcotics trafficker under
3 section 804 of the Foreign Narcotics Kingpin Designation
4 Act (21 U.S.C. 1903).

5 (b) AFFIRMATIVE DETERMINATION.—If the Presi-
6 dent determines under subsection (a) that Hezbollah
7 meets the criteria specified for designation as a significant
8 foreign narcotics trafficker under section 804 of the For-
9 eign Narcotics Kingpin Designation Act (21 U.S.C. 1903),
10 the President shall designate Hezbollah as a significant
11 foreign narcotics trafficker under that section.

12 (c) NEGATIVE DETERMINATION.—

13 (1) IN GENERAL.—If the President determines
14 under subsection (a) that Hezbollah does not meet
15 the criteria specified for designation as a significant
16 foreign narcotics trafficker under section 804 of the
17 Foreign Narcotics Kingpin Designation Act (21
18 U.S.C. 1903), the President shall submit to the ap-
19 propriate congressional committees a report that
20 contains a detailed justification as to which criteria
21 have not been met.

22 (2) FORM.—The report required under para-
23 graph (1) shall be submitted in unclassified form,
24 but may contain a classified annex, if necessary.

1 **SEC. 202. DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT**
2 **TRANSNATIONAL CRIMINAL ORGANIZATION.**

3 (a) IN GENERAL.—Not later than 90 days after the
4 date of the enactment of this Act, the President shall de-
5 termine if Hezbollah meets the criteria specified for des-
6 ignation as a significant transnational criminal organiza-
7 tion under Executive Order 13581 (76 Fed. Reg. 44757;
8 relating to blocking property of transnational criminal or-
9 ganizations).

10 (b) AFFIRMATIVE DETERMINATION.—If the Presi-
11 dent determines under subsection (a) that Hezbollah
12 meets the criteria specified for designation as a significant
13 transnational criminal organization under Executive
14 Order 13581, the President shall designate Hezbollah a
15 significant transnational criminal organization under that
16 order.

17 (c) NEGATIVE DETERMINATION.—

18 (1) IN GENERAL.—If the President determines
19 under subsection (a) that Hezbollah does not meet
20 the criteria specified for designation as a significant
21 transnational criminal organization under Executive
22 Order 13581, the President shall submit to the ap-
23 propriate congressional committees a report that
24 contains a detailed justification as to which criteria
25 have not been met.

1 **SEC. 303. TERMINATION.**

2 Each provision of this Act shall cease to be in effect
3 beginning 30 days after the date on which the President
4 certifies to Congress that Hezbollah—

5 (1) is no longer designated as a foreign ter-
6 rorist organization pursuant to section 219 of the
7 Immigration and Nationality Act (8 U.S.C. 1189);
8 and

9 (2) is no longer listed in the Annex to Executive
10 Order 13224 (66 Fed. Reg. 49079; relating to block-
11 ing property and prohibiting transactions with per-
12 sons who commit, threaten to commit, or support
13 terrorism).

○