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H. R. 4257

To protect the American and Iranian peoples as well as the global economy from Iran's systematic abjuration of international legal standards on human and civil rights, its support for international terrorism, and the corrosive economic malfeasance of Iran's Revolutionary Guard Corps, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 15, 2015

Mr. NUNES (for himself, Mr. THORNBERRY, Mr. MCCAUL, Mr. MILLER of Florida, Mr. FRELINGHUYSEN, Ms. GRANGER, Mr. KING of New York, Mr. LOBIONDO, Mr. ROONEY of Florida, Mr. HECK of Nevada, Mr. POMPEO, Mr. STEWART, Mr. TIBERI, Mr. ROSKAM, Ms. JENKINS of Kansas, Mr. MARCHANT, Mrs. BLACK, Mr. MEEHAN, Mr. DOLD, and Mr. HOLDING) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Rules, Ways and Means, 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 protect the American and Iranian peoples as well as the global economy from Iran's systematic abjuration of international legal standards on human and civil rights, its support for international terrorism, and the corrosive economic malfeasance of Iran's Revolutionary Guard Corps, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “IRGC Sanctions Act”.

3 **SEC. 2. FINDINGS.**

4 Congress finds the following:

5 (1) The Iranian people have been seeking polit-
6 ical and economic freedom since 1979, and at-
7 tempted to gain it during the 2009 Green Revolu-
8 tion.

9 (2) The Iranian Government, through Iran’s
10 Revolutionary Guard Corps (IRGC) and its Basij
11 militia auxiliaries, violently crushed the 2009 Green
12 Revolution, thwarting the legitimate aspirations to
13 political and economic freedom of the Iranian people
14 through terrorism, extrajudicial killings, arbitrary
15 imprisonment, and torture.

16 (3) The Iranian Government systematically dis-
17 criminate against religious and ethnic minorities,
18 including Bahais, Christians, Jews, Sufis,
19 Zoroastrians, Kurds, Arabs, Baluchis, Turkmen, and
20 Azeris, among others and denies them freedom to
21 emigrate.

22 (4) The United States designated the Govern-
23 ment of Iran as a state sponsor of terrorism in 1984
24 and identified the IRGC and the IRGC–Quds Force
25 as principle agents of Iran’s support for inter-
26 national terrorism.

1 (5) The IRGC has, since its inception in 1979,
2 steadily used its illegitimate power and threat of ar-
3 bitrary detention, torture, and extrajudicial killing to
4 gain dominance over a substantial proportion of
5 Iran's economy, the proceeds from which are being
6 used to finance international terrorism, and to re-
7 press the legitimate aspirations to political and eco-
8 nomic freedom of the Iranian people.

9 (6) The IRGC has a substantial and growing
10 presence in Iran's financial and commercial sectors
11 and extensive economic interests in the defense pro-
12 duction, construction, and oil industries, among oth-
13 ers, controlling billions of dollars in corporate busi-
14 ness, among others.

15 (7) The IRGC directly owns substantial shares
16 in 14 companies publicly traded on the Tehran
17 Stock Exchange with a combined value of \$17 bil-
18 lion. There are an additional 13 publicly traded com-
19 panies with significant ownership by the IRGC, the
20 Armed Forces, and the Basij militia. Taken to-
21 gether, these 27 companies are worth more than 20
22 percent of the Tehran Stock Exchange.

23 (8) In addition, the IRGC controls hundreds of
24 Iranian privately held companies in nearly all sectors
25 of the Iranian economy.

1 (9) Because of the authority wielded by the
2 IRGC, including the ability to arbitrarily detain, in-
3 carcerate, torture, and kill Iranian citizens, Western
4 legal norms for evaluating control of business enti-
5 ties do not apply. Thus, IRGC influence over Iranian
6 economic activity may be vastly more pervasive than
7 may be mathematically calculated using standard
8 Western methodologies.

9 (10) The Joint Comprehensive Plan of Action’s
10 termination of sanctions on Iran will inevitably open
11 the global economy to these corporations, broadening
12 the scope of the ability of the IRGC to profit, includ-
13 ing through international money laundering, and to
14 use its increasing economic resources to conduct ter-
15 rorist attacks around the globe.

16 **SEC. 3. STATEMENT OF POLICY.**

17 It shall be the policy of the United States that—

18 (1) in order to protect United States citizens
19 and businesses and the international community
20 from the expanding terrorist, financial, and commer-
21 cial network of Iran’s Revolutionary Guard Corps
22 (IRGC), also known as the Army of the Guardians
23 of the Iranian Revolution and the Iranian Revolu-
24 tionary Guard Corps, and to assist Iranian entre-
25 preneurs, businesses, workers, and farmers who

1 want to participate lawfully in the global economy,
2 the United States shall seek to prevent the IRGC
3 from obtaining financial benefit from Iran’s post-
4 Joint Comprehensive Plan of Action access to the
5 global economy; and

6 (2) any and all financial transactions with sub-
7 sidiaries or affiliates of the IRGC shall be treated as
8 a financial transaction with the IRGC as a whole.

9 **SEC. 4. CONGRESSIONAL APPROVAL OF RESCISSION OF DE-**
10 **TERMINATION OF STATE SPONSORS OF TER-**
11 **RORISM.**

12 (a) ARMS EXPORT CONTROL ACT.—Section
13 40(f)(2)(A) of the Arms Export Control Act (22 U.S.C.
14 2780(f)(2)(A)) is amended to read as follows:

15 “(A) In addition to meeting the requirements of
16 subparagraph (A) and (B) of paragraph (1), a deter-
17 mination made by the Secretary of State under sub-
18 section (d) may be rescinded only if Congress, within
19 45 days after receipt of a report under paragraph
20 (1)(B) with respect to a proposed rescission of such
21 determination, enacts a joint resolution the matter
22 after the resolving clause of which is as follows:
23 ‘That the proposed rescission of the determination
24 under section 40(d) of the Arms Export Control Act
25 pursuant to the report submitted to the Congress on

1 _____ is hereby approved.’, the blank to be com-
2 pleted with the appropriate date.”.

3 (b) FOREIGN ASSISTANCE ACT OF 1961.—Section
4 620A of the Foreign Assistance Act of 1961 (22 U.S.C.
5 2371) is amended—

6 (1) by redesignating subsection (d) as sub-
7 section (e); and

8 (2) by inserting after subsection (c) the fol-
9 lowing:

10 “(d) ADDITIONAL REQUIREMENT WITH RESPECT TO
11 RESCISSION.—

12 “(1) IN GENERAL.—In addition to meeting the
13 requirements of paragraphs (1) and (2) of sub-
14 section (c), a determination made by the Secretary
15 of State under subsection (a) may be rescinded only
16 if Congress, within 45 days after receipt of a report
17 under subsection (c)(2) with respect to a proposed
18 rescission of such determination, enacts a joint reso-
19 lution the matter after the resolving clause of which
20 is as follows: ‘That the proposed rescission of the de-
21 termination under section 620A(a) of the Foreign
22 Assistance Act of 1961 pursuant to the report sub-
23 mitted to the Congress on _____ is hereby ap-
24 proved.’, the blank to be completed with the appro-
25 priate date.

1 “(2) CONGRESSIONAL PROCEDURES.—A joint
2 resolution described in paragraph (1) and introduced
3 within the appropriate 45-day period shall be consid-
4 ered in the Senate and the House of Representatives
5 in accordance with paragraphs (3) through (7) of
6 section 8066(c) of the Department of Defense Ap-
7 propriations Act (as contained in Public Law 98-
8 473), except that references in such paragraphs to
9 the Committees on Appropriations of the House of
10 Representatives and the Senate shall be deemed to
11 be references to the Committee on Foreign Affairs
12 of the House of Representatives and the Committee
13 on Foreign Relations of the Senate, respectively.”.

14 (c) EXPORT ADMINISTRATION ACT OF 1979.—Sec-
15 tion 6(j) of the Export Administration Act of 1979 (50
16 U.S.C. App. 2405) (as continued in effect pursuant to the
17 International Emergency Economic Powers Act) is amend-
18 ed—

19 (1) by redesignating paragraphs (5) and (6) as
20 paragraphs (6) and (7), respectively; and

21 (2) by inserting after paragraph (4) the fol-
22 lowing:

23 “(5)(A) In addition to meeting the require-
24 ments of subparagraphs (A) and (B) of paragraph
25 (4), a determination made by the Secretary of State

1 under paragraph (1)(A) may be rescinded only if
2 Congress, within 45 days after receipt of a report
3 under paragraph (4)(B) with respect to a proposed
4 rescission of such determination, enacts a joint reso-
5 lution the matter after the resolving clause of which
6 is as follows: ‘That the proposed rescission of the de-
7 termination under section 6(j)(1)(A) of the Export
8 Administration Act of 1979 (as continued in effect
9 pursuant to the International Emergency Economic
10 Powers Act) pursuant to the report submitted to the
11 Congress on _____ is hereby approved.’, the blank
12 to be completed with the appropriate date.

13 “(B) A joint resolution described in subpara-
14 graph (A) and introduced within the appropriate 45-
15 day period shall be considered in the Senate and the
16 House of Representatives in accordance with para-
17 graphs (3) through (7) of section 8066(c) of the De-
18 partment of Defense Appropriations Act (as con-
19 tained in Public Law 98–473), except that ref-
20 erences in such paragraphs to the Committees on
21 Appropriations of the House of Representatives and
22 the Senate shall be deemed to be references to the
23 Committee on Foreign Affairs of the House of Rep-
24 resentatives and the Committee on Foreign Rela-
25 tions of the Senate, respectively.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 subsections (a), (b), and (c) take effect on the date of the
3 enactment of this Act and apply with respect to a proposed
4 rescission of a determination of the Secretary of State
5 under section 40(d) of the Arms Export Control Act, sec-
6 tion 620A of the Foreign Assistance Act of 1961, or sec-
7 tion 6(j) of the Export Administration Act of 1979 (as
8 continued in effect pursuant to the International Emer-
9 gency Economic Powers Act), respectively, that is con-
10 tained in any report submitted under any such section on
11 or after such date of enactment.

12 **SEC. 5. APPLICATION OF TITLE IV OF THE TRADE ACT OF**
13 **1974 TO IRAN.**

14 On and after the date of the enactment of this Act,
15 title IV of the Trade Act of 1974 (19 U.S.C. 2431 et seq.)
16 shall apply to Iran.

17 **SEC. 6. PROHIBITIONS ON FINANCIAL TRANSACTIONS WITH**
18 **IRAN'S REVOLUTIONARY GUARD CORPS AND**
19 **ITS AFFILIATES AND ENTITIES OWNED OR**
20 **CONTROLLED BY IRAN'S REVOLUTIONARY**
21 **GUARD CORPS AND ITS AFFILIATES.**

22 (a) IN GENERAL.—Title III of the Iran Threat Re-
23 duction and Syria Human Rights Act of 2012 (22 U.S.C.
24 8741 et seq.) is amended by adding at the end the fol-
25 lowing:

1 **“Subtitle C—Prohibitions on Finan-**
2 **cial Transactions With Iran’s**
3 **Revolutionary Guard Corps and**
4 **Its Affiliates and Entities**
5 **Owned or Controlled by Iran’s**
6 **Revolutionary Guard Corps and**
7 **Its Affiliates**

8 **“SEC. 321. PROHIBITIONS ON FINANCIAL TRANSACTIONS**
9 **WITH IRAN’S REVOLUTIONARY GUARD CORPS**
10 **AND ITS AFFILIATES AND ENTITIES OWNED**
11 **OR CONTROLLED BY IRAN’S REVOLUTIONARY**
12 **GUARD CORPS AND ITS AFFILIATES.**

13 “(a) IN GENERAL.—Except as provided in sub-
14 sections (b) and (c), beginning on the date that is 30 days
15 after the date of the enactment of the IRGC Sanctions
16 Act, and notwithstanding any other provision of law, a
17 United States person may not knowingly engage in any
18 financial transaction with, or transfer of funds to, any of
19 the following:

20 “(1) Iran’s Revolutionary Guard Corps or any
21 subdivision of Iran’s Revolutionary Guard Corps, in-
22 cluding Iran’s Revolutionary Guard Corps–Quds
23 Force.

1 “(2) Any person that is an agent, alias, front,
2 instrumentality, or affiliate of any entity specified in
3 paragraph (1).

4 “(3) Any person that is owned or controlled by
5 an entity specified in paragraph (1) or a person
6 specified in paragraph (2).

7 “(4) Any natural person who is a representa-
8 tive, official, or senior member of any entity speci-
9 fied in paragraph (1).

10 “(5) Any person—

11 “(A) for the purpose of avoiding a finan-
12 cial transaction with, or transfer of funds to, an
13 individual or entity specified in any of para-
14 graphs (1) through (4); or

15 “(B) for the benefit of an individual or en-
16 tity specified in any of paragraphs (1) through
17 (4).

18 “(b) EXCEPTION UNDER TITLE V OF NATIONAL SE-
19 CURITY ACT OF 1947.—The prohibitions on financial
20 transactions and transfers of funds under subsection (a)
21 shall not apply with respect to any activities subject to
22 reporting requirements under title V of the National Secu-
23 rity Act of 1947.

24 “(c) IMPLEMENTATION; PENALTIES.—

1 “(1) IMPLEMENTATION.—The President shall
2 exercise all authorities under sections 203 and 205
3 of the International Emergency Economic Powers
4 Act (50 U.S.C. 1702 and 1704) to carry out this
5 section, except that the President—

6 “(A) shall not issue any general license au-
7 thorizing, or otherwise authorize, any activity
8 prohibited under subsection (a); and

9 “(B) shall require any United States per-
10 son seeking to engage in a financial transaction
11 or transfer of funds prohibited under subsection
12 (a) to submit a written request to the Office of
13 Foreign Assets Control of the Department of
14 the Treasury.

15 “(2) PENALTIES.—A person that violates, at-
16 tempts to violate, conspires to violate, or causes a
17 violation of subsection (a) or any regulation, license,
18 or order issued to carry out subsection (a) shall be
19 subject to the penalties set forth in subsections (b)
20 and (c) of section 206 of the International Emer-
21 gency Economic Powers Act (50 U.S.C. 1705) to the
22 same extent as a person that commits an unlawful
23 act described in subsection (a) of that section.

24 “(d) CODIFICATION OF SPECIALLY DESIGNATED NA-
25 TIONALS AND BLOCKED PERSONS.—On or after the date

1 of the enactment of the IRGC Sanctions Act, any person
2 that meets any of the criteria of paragraphs (2) through
3 (5) of subsection (a) and is included on the list of specially
4 designated nationals and blocked persons maintained by
5 the Office of Foreign Assets Control of the Department
6 of the Treasury, may not be removed from such list unless
7 there is enacted a joint resolution stating that there exists
8 convincing evidence that Iran’s Revolutionary Guard
9 Corps is completely divested from the person and pro-
10 viding for the removal of such person from such list.

11 “(e) DEFINITIONS.—In this section:

12 “(1) CONTROLLED.—The term ‘controlled’
13 means, with respect to a person, to possess, directly
14 or indirectly, the power to direct or cause the direc-
15 tion of the management and policies of the person,
16 whether through—

17 “(A) ownership of the person;

18 “(B) a member or members of the board
19 of directors of the person; or

20 “(C) threat of arbitrary detention, impris-
21 onment, torture, or killing, or otherwise.

22 “(2) KNOWINGLY.—The term ‘knowingly’, with
23 respect to conduct, a circumstance, or a result, has
24 the meaning given that term in section 101 of the

1 Comprehensive Iran Sanctions, Accountability, and
2 Divestment Act of 2010 (22 U.S.C. 8511).

3 “(3) OWNED OR OWNERSHIP.—The term
4 ‘owned’ or ‘ownership’ means, with respect to a per-
5 son—

6 “(A) to hold more than 10 percent of the
7 equity interest by vote or value in the person;

8 “(B) to hold a majority of seats on the
9 board of directors of the person; or

10 “(C) to otherwise direct the actions, poli-
11 cies, or personnel decisions of the person.

12 “(4) PERSON.—The term ‘person’ means—

13 “(A) a natural person, corporation, com-
14 pany, business association, partnership, society,
15 trust, or any other nongovernmental entity, or-
16 ganization, or group;

17 “(B) any governmental entity or instru-
18 mentality of a government; and

19 “(C) any successor, subunit, parent entity,
20 or subsidiary of, or any entity under common
21 ownership or control with, any entity described
22 in subparagraph (A) or (B).

23 “(5) UNITED STATES PERSON.—The term
24 ‘United States person’ has the meaning given such
25 term in section 101 of the Comprehensive Iran

1 Sanctions, Accountability, and Divestment Act of
2 2010 (22 U.S.C. 8511).

3 **“SEC. 322. REPORT ON THE ROLE OF IRAN’S REVOLU-**
4 **TIONARY GUARD CORPS IN THE ECONOMY**
5 **AND FOREIGN RELATIONSHIPS OF IRAN.**

6 “Not later than 90 days after the date of the enact-
7 ment of the IRGC Sanctions Act, and on a quarterly basis
8 thereafter, the President shall submit to Congress a report
9 that—

10 “(1) describes all financial and commercial ac-
11 tivities of Iran’s Revolutionary Guard Corps or any
12 subdivision of Iran’s Revolutionary Guard Corps, in-
13 cluding Iran’s Revolutionary Guard Corps–Quds
14 Force, and any person that is an agent, alias, front,
15 instrumentality, or affiliate of any such entity; and

16 “(2) contains the watch list established and up-
17 dated under section 323.

18 **“SEC. 323. WATCH LIST OF CERTAIN PERSONS**
19 **TRANSITIONING ON OR OFF THE LIST OF**
20 **SPECIALLY DESIGNATED NATIONALS AND**
21 **BLOCKED PERSONS.**

22 “(a) ESTABLISHMENT.—The President shall estab-
23 lish and update as appropriate a watch list of—

24 “(1) persons that the President determines
25 meet any of the criteria of paragraphs (2) through

1 (5) of section 321(a) and are not included on the list
2 of specially designated nationals and blocked persons
3 maintained by the Office of Foreign Assets Control
4 of the Department of the Treasury; and

5 “(2) persons that are Iranian persons that meet
6 the requirements described in section 321(a)(3) and
7 have been removed from the list of specially des-
8 ignated nationals and blocked persons maintained by
9 the Office of Foreign Assets Control of the Depart-
10 ment of the Treasury in accordance with the terms
11 of United Nations Security Council Resolution 2231
12 (2015) and the Joint Comprehensive Plan of Action.

13 “(b) REMOVAL.—Except as provided in subsection
14 (a)(2), the President may remove a person listed on the
15 watch list described in subsection (a) if—

16 “(1) on or after the date of the enactment of
17 the IRGC Sanctions Act, the person is included on
18 the list of specially designated nationals and blocked
19 persons maintained by the Office of Foreign Assets
20 Control of the Department of the Treasury; or

21 “(2) the person no longer meets any of the cri-
22 teria of paragraphs (2) through (5) of section
23 321(a).

24 “(c) DEFINITION.—In this section, the term ‘Joint
25 Comprehensive Plan of Action’ means the Joint Com-

1 prehensive Plan of Action, agreed to at Vienna July 14,
 2 2015, by Iran and by the People’s Republic of China,
 3 France, Germany, the Russian Federation, the United
 4 Kingdom and the United States, with the High Represent-
 5 ative of the European Union for Foreign Affairs and Secu-
 6 rity Policy, and all implementing materials and agree-
 7 ments related to the Joint Comprehensive Plan of Ac-
 8 tion.”.

9 (b) CLERICAL AMENDMENT.—The table of contents
 10 for the Iran Threat Reduction and Syria Human Rights
 11 Act of 2012 is amended by inserting at the end of the
 12 items relating to title III the following:

“Subtitle C—Prohibitions on Financial Transactions With Iran’s Revolu-
 tionary Guard Corps and Its Affiliates and Entities Owned or Controlled
 by Iran’s Revolutionary Guard Corps and Its Affiliates

“Sec. 321. Prohibitions on financial transactions with Iran’s Revolutionary
 Guard Corps and its affiliates and entities owned or controlled
 by Iran’s Revolutionary Guard Corps and its affiliates.

“Sec. 322. Report on the role of Iran’s Revolutionary Guard Corps in the econ-
 omy and foreign relationships of Iran.

“Sec. 323. Watch list of certain persons transitioning on or off the list of spe-
 cially designated nationals and blocked persons.”.

13 **SEC. 7. DISCLOSURES TO THE SECURITIES AND EXCHANGE**
 14 **COMMISSION RELATING TO SANCTIONABLE**
 15 **ACTIVITIES.**

16 (a) IN GENERAL.—Section 13(r) of the Securities
 17 Exchange Act of 1934 (15 U.S.C. 78m(r)) is amended—

18 (1) in paragraph (1)—

19 (A) in subparagraph (C), by striking “or”

20 at the end;

1 (B) in subparagraph (D)(iii), by striking
2 period at the end and inserting “; or”;

3 (C) by adding at the end the following:

4 “(E) knowingly engaged in any financial
5 transaction with, or transferred funds to—

6 “(i) Iran’s Revolutionary Guard Corps
7 or any subdivision of Iran’s Revolutionary
8 Guard Corps, including Iran’s Revolu-
9 tionary Guard Corps–Quds Force;

10 “(ii) any person that is an agent,
11 alias, front, instrumentality, or affiliate of
12 any entity specified in clause (i);

13 “(iii) any person that is owned or con-
14 trolled by an entity specified in clause (i)
15 or a person specified in clause (ii);

16 “(iv) any natural person who is a rep-
17 resentative, official, or senior member of
18 any entity specified in clause (i); or

19 “(v) any person—

20 “(I) for the purpose of avoiding a
21 financial transaction with, or transfer
22 of funds to, an individual or entity
23 specified in any of clauses (i) through
24 (iv); or

1 “(II) for the benefit of an indi-
2 vidual or entity specified in any of
3 clauses (i) through (iv).”;

4 (2) by redesignating paragraph (6) as para-
5 graph (8); and

6 (3) by inserting after paragraph (5) the fol-
7 lowing:

8 “(6) TREATMENT OF PERSONS RELYING ON
9 REGULATION D.—Any person that is not required to
10 file an annual or quarterly report under subsection
11 (a) but that offers or sells securities in reliance on
12 an exemption provided under Regulation D (17
13 C.F.R. 230.500 et seq.) shall file a quarterly report
14 with the Commission containing the information re-
15 quired by paragraph (2) if, during the previous
16 quarter, the person or any affiliate of the person
17 took any action described in paragraph (1)(E).

18 “(7) DEFINITIONS.—In paragraph (1)(E), the
19 terms ‘controlled’, ‘knowingly’, and ‘owned’ have the
20 respective meanings given such terms in section
21 321(e) of the Iran Threat Reduction and Syria
22 Human Rights Act of 2012.”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 subsection (a) shall take effect with respect to reports re-
25 quired to be filed with the Securities and Exchange Com-

- 1 mission after the date that is 180 days after the date of
- 2 the enactment of this Act.

○