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1ST SESSION

H. R. 4324

IN THE SENATE OF THE UNITED STATES

DECEMBER 18, 2017

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

To require the Secretary of the Treasury to make certifications with respect to United States and foreign financial institutions' aircraft-related transactions involving Iran, 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 “Strengthening Over-
3 sight of Iran’s Access to Finance Act”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) Under the Joint Comprehensive Plan of Ac-
7 tion (JCPOA), informally known as the Iran nuclear
8 deal, the Obama administration agreed to license the
9 sale of commercial passenger aircraft to Iran, the
10 world’s foremost state sponsor of terrorism and a ju-
11 risdiction of primary money laundering concern.

12 (2) In April 2015, prior to the adoption of the
13 JCPOA, Secretary of the Treasury Jacob Lew, in
14 publicly advocating for its provisions, stated: “Make
15 no mistake: deal or no deal, we will continue to use
16 all our available tools, including sanctions, to
17 counter Iran’s menacing behavior. Iran knows that
18 our host of sanctions focused on its support for ter-
19 rorism and its violations of human rights are not,
20 and have never been, up for discussion.”.

21 (3) In March 2016 remarks to the Carnegie
22 Endowment for International Peace, Secretary Lew,
23 in reference to U.S. commitments under the
24 JCPOA, stated: “While we have lifted the nuclear
25 sanctions, we continue to enforce sanctions directed

1 at support for terrorism and regional destabilization,
2 and missile and human rights violations.”.

3 (4) In an April 2016 forum at the Council on
4 Foreign Relations, Secretary Lew stated that, under
5 the JCPOA, the U.S. committed to lifting its nu-
6 clear sanctions, “but the U.S. financial system is not
7 open to Iran, and that is not something that is going
8 to change”.

9 (5) In September 2016, the Department of the
10 Treasury’s Office of Foreign Assets Control (OFAC)
11 issued licenses permitting the export of up to 97 air-
12 craft for use by Iran Air, the Islamic Republic of
13 Iran’s flagship state-owned carrier. These licenses
14 included authorization for U.S. financial institutions
15 “to engage in all transactions necessary to provide
16 financing or other financial services” in order to ef-
17 fectuate the sales. In November 2016, OFAC li-
18 censed an additional 106 aircraft for purchase by
19 Iran Air, which are also eligible for financing au-
20 thorized by OFAC.

21 (6) The Department of the Treasury had sanc-
22 tioned Iran Air in 2011 for its use of commercial
23 passenger aircraft to transport rockets, missiles, and
24 other military cargo on behalf of the Islamic Revolu-
25 tionary Guard Corps (IRGC) and Iran’s Ministry of

1 Defense and Armed Forces Logistics, both of which
2 had been designated under Executive Order No.
3 13382 for weapons proliferation-related activities. In
4 October 2017, the IRGC went on to be designated
5 under Executive Order No. 13224 for its support of
6 the IRGC-Qods Force, which has provided support
7 to terrorist groups such as Hizballah, Hamas, and
8 the Taliban.

9 (7) Among Iran Air's sanctionable activities,
10 the airline delivered missile or rocket components to
11 the Assad government in Syria, which like Iran is
12 classified as a state sponsor of terrorism.

13 (8) The Assad regime is responsible for a civil
14 conflict that has claimed an estimated 400,000 lives,
15 including through the government's deployment of
16 chemical weapons and barrel bombs against un-
17 armed civilians and children.

18 (9) Despite being delisted in 2016, Iran Air has
19 continued to fly known weapons resupply routes to
20 government-controlled areas of Syria. According to
21 research by the Foundation for Defense of Democ-
22 racies, between Implementation Day of the JCPOA
23 on January 16, 2016, and May 4, 2017, Iran Air
24 operated at least 134 flights to Syria, which in-

1 cluded stops in Abadan, Iran, a suspected IRGC
2 logistical hub for airlifts to the Assad regime.

3 (10) In November 2016 correspondence to the
4 Chairman of the House Committee on Financial
5 Services, the Department of the Treasury noted that
6 the commitment to delist Iran Air under the JCPOA
7 “does not affect our ability to designate, or re-des-
8 ignate, any Iranian airline that engages in
9 sanctionable activity. The United States retains the
10 ability to designate any individual or entity that en-
11 gages in sanctionable activities under our authorities
12 targeting conduct outside the scope of the JCPOA,
13 including Iran’s support for terrorism, human rights
14 abuses, ballistic missile program, and other desta-
15 bilizing activities in the region.”.

16 (11) In April 2017, Iran announced a deal for
17 Aseman Airlines to purchase up to 60 commercial
18 aircraft, a transaction that would require authoriza-
19 tion by OFAC. Aseman Airlines’ chief executive offi-
20 cer, Hossein Alaei, has for decades served as a sen-
21 ior member of the IRGC.

1 **SEC. 3. CERTIFICATIONS FOR AIRCRAFT-RELATED TRANS-**
2 **ACTIONS BY UNITED STATES AND FOREIGN**
3 **FINANCIAL INSTITUTIONS.**

4 (a) IN GENERAL.—Not later than 30 days after au-
5 thorizing a transaction by a United States or foreign fi-
6 nancial institution in connection with the export or re-ex-
7 port of a commercial passenger aircraft to Iran (or, for
8 an authorization made after January 16, 2016, but before
9 the date of the enactment of this Act, not later than 60
10 days after such date of enactment), and every 180 days
11 thereafter for the duration of the authorization, the Sec-
12 retary of the Treasury shall submit the report described
13 under subsection (b) to the appropriate congressional com-
14 mittees.

15 (b) REPORT WITH RESPECT TO FINANCIAL INSTITU-
16 TIONS' IRAN-RELATED TRANSACTIONS AND DUE DILI-
17 GENCE.—With respect to a financial institution and a
18 transaction described under subsection (a), a report is de-
19 scribed under this subsection if it contains—

20 (1) a list of financial institutions that, since
21 January 16, 2016, have conducted transactions au-
22 thorized by the Secretary in connection with the ex-
23 port or re-export of commercial passenger aircraft to
24 Iran; and

25 (2) either—

26 (A) a certification that—

1 (i) the transaction does not pose a
2 significant money laundering or terrorism
3 financing risk to the United States finan-
4 cial system;

5 (ii) the transaction will not benefit an
6 Iranian person that, since the date that is
7 1 year preceding the date of the certifi-
8 cation—

9 (I) has knowingly transported
10 items used for the proliferation of
11 weapons of mass destruction, includ-
12 ing systems designed in whole or in
13 part for the delivery of such weapons;

14 (II) has knowingly transported
15 items used to establish in Syria a per-
16 manent military presence of either
17 Iranian military forces or Iranian
18 backed militia; or

19 (III) has knowingly provided
20 transportation services or material
21 support for, or on behalf of, any per-
22 son designated under Executive Order
23 Nos. 13224, 13382, or 13572; and

24 (iii) any financial institution described
25 under subsection (b)(1) has had since the

1 date such authorization was made, or, if
2 the authorization is no longer in effect,
3 had for the duration of such authorization,
4 appropriate policies, procedures, and proc-
5 esses in place to avoid engaging in
6 sanctionable activities that may result from
7 the financial institutions' exposure to Iran;
8 or

9 (B) a statement that the Secretary is un-
10 able to make the certification described under
11 subparagraph (A) and a notice that the Sec-
12 retary will, not later than 60 days after the
13 date the determination is submitted to the ap-
14 propriate congressional committees, issue a re-
15 port on non-certification described under sub-
16 section (c) to the appropriate congressional
17 committees.

18 (c) REPORT ON NON-CERTIFICATION.—With respect
19 to a financial institution and a transaction described
20 under subsection (a), a report on non-certification is de-
21 scribed under this subsection if it contains—

22 (1) a detailed explanation for why the Secretary
23 is unable to make the certification described under
24 subsection (b)(2);

1 (2) a notification of whether the Secretary
2 will—

3 (A) not amend the authorization of the
4 transaction with respect to a financial institu-
5 tion, notwithstanding such non-certification;

6 (B) suspend the authorization until the
7 Secretary is able to make such certification;

8 (C) revoke the authorization; or

9 (D) otherwise amend the authorization;

10 and

11 (3) an explanation of the reasons for any action
12 to be taken described under paragraph (2).

13 (d) WAIVER.—The President may waive, on a case-
14 by-case basis, the provisions of this Act for up to 1 year
15 at a time upon certifying to the appropriate congressional
16 committees that—

17 (1) the Government of Iran has—

18 (A) made substantial progress towards
19 combating money laundering and terrorism fi-
20 nancing risk emanating from Iran; or

21 (B) has significantly reduced Iran's—

22 (i) destabilizing activities in the re-
23 gion; or

24 (ii) material support for terrorist
25 groups; or

1 (2) such waiver is important to the national se-
2 curity interests of the United States, with an expla-
3 nation of the reasons therefor.

4 (e) TERMINATION.—This section shall cease to be ef-
5 fective on the date that is 30 days after the date on which
6 the President certifies to the appropriate congressional
7 committees that—

8 (1)(A) the Secretary does not find, under sec-
9 tion 5318A of title 31, United States Code, that rea-
10 sonable grounds exist for concluding that Iran is a
11 jurisdiction of primary money laundering concern;
12 and

13 (B) Iran has ceased providing support for acts
14 of international terrorism; or

15 (2) terminating the provisions of this section is
16 vital to the national security interests of the United
17 States, with an explanation of the reasons therefor.

18 (f) DEFINITIONS.—For purposes of this section:

19 (1) APPROPRIATE CONGRESSIONAL COMMIT-
20 TEES.—The term “appropriate congressional com-
21 mittees” means the committees on Financial Serv-
22 ices and Foreign Affairs of the House of Represent-
23 atives and the committees on Banking, Housing, and
24 Urban Affairs and Foreign Relations of the Senate.

1 (2) FINANCIAL INSTITUTION.—The term “fi-
2 nancial institution” means a United States financial
3 institution or a foreign financial institution.

4 (3) FOREIGN FINANCIAL INSTITUTION.—The
5 term “foreign financial institution” has the meaning
6 given that term under section 561.308 of title 31,
7 Code of Federal Regulations.

8 (4) KNOWINGLY.—The term “knowingly”, with
9 respect to conduct, a circumstance, or a result,
10 means that a person has actual knowledge, or should
11 have known, of the conduct, the circumstance, or the
12 result.

13 (5) SECRETARY.—The term “Secretary” means
14 the Secretary of the Treasury.

15 (6) UNITED STATES FINANCIAL INSTITUTION.—
16 The term “United States financial institution” has
17 the meaning given the term “U.S. financial institu-
18 tion” under section 561.309 of title 31, Code of
19 Federal Regulations.

Passed the House of Representatives December 14,
2017.

Attest:

KAREN L. HAAS,

Clerk.