IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 2017

Mr. Williams introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 7, 2017

Additional sponsors: Mr. Budd, Mr. Poliquin, Mr. Barr, Ms. Tenney, Mr. Zeldin, Mr. Thomas J. Rooney of Florida, Mr. Huizenga, Mr. Allen, Mr. Arrington, Mr. Harris, Mr. LaMalfa, and Mr. Carter of Georgia

DECEMBER 7, 2017

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on November 9, 2017]
A BILL

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.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Strengthening Oversight of Iran’s Access to Finance Act”.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Under the Joint Comprehensive Plan of Action (JCPOA), informally known as the Iran nuclear deal, the Obama administration agreed to license the sale of commercial passenger aircraft to Iran, the world’s foremost state sponsor of terrorism and a jurisdiction of primary money laundering concern.

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

(3) In March 2016 remarks to the Carnegie Endowment for International Peace, Secretary Lew, in reference to U.S. commitments under the JCPOA,
stated: “While we have lifted the nuclear sanctions, we continue to enforce sanctions directed at support for terrorism and regional destabilization, and missile and human rights violations.”.

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

(5) In September 2016, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) issued licenses permitting the export of up to 97 aircraft for use by Iran Air, the Islamic Republic of Iran’s flagship state-owned carrier. These licenses included authorization for U.S. financial institutions “to engage in all transactions necessary to provide financing or other financial services” in order to effectuate the sales. In November 2016, OFAC licensed an additional 106 aircraft for purchase by Iran Air, which are also eligible for financing authorized by OFAC.

(6) The Department of the Treasury had sanctioned Iran Air in 2011 for its use of commercial passenger aircraft to transport rockets, missiles, and
other military cargo on behalf of the Islamic Revolutionary Guard Corps (IRGC) and Iran’s Ministry of Defense and Armed Forces Logistics, both of which had been designated under Executive Order 13382 for weapons proliferation-related activities. In October 2017, the IRGC went on to be designated under Executive Order 13224 for its support of the IRGC-Qods Force, which has provided support to terrorist groups such as Hizballah, Hamas, and the Taliban.

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

(8) The Assad regime is responsible for a civil conflict that has claimed an estimated 400,000 lives, including through the government’s deployment of chemical weapons and barrel bombs against unarmed civilians and children.

(9) Despite being delisted in 2016, Iran Air has continued to fly known weapons resupply routes to government-controlled areas of Syria. According to research by the Foundation for Defense of Democracies, between Implementation Day of the JCPOA on January 16, 2016, and May 4, 2017, Iran Air operated at least 134 flights to Syria, which included stops in
Abadan, Iran, a suspected IRGC logistical hub for airlifts to the Assad regime.

(10) In November 2016 correspondence to the Chairman of the House Committee on Financial Services, the Department of the Treasury noted that the commitment to delist Iran Air under the JCPOA “does not affect our ability to designate, or re-designate, any Iranian airline that engages in sanctionable activity. The United States retains the ability to designate any individual or entity that engages in sanctionable activities under our authorities targeting conduct outside the scope of the JCPOA, including Iran’s support for terrorism, human rights abuses, ballistic missile program, and other destabilizing activities in the region.”.

(11) In April 2017, Iran announced a deal for Aseman Airlines to purchase up to 60 commercial aircraft, a transaction that would require authorization by OFAC. Aseman Airlines’ chief executive officer, Hossein Alaei, has for decades served as a senior member of the IRGC.
SEC. 3. CERTIFICATIONS FOR AIRCRAFT-RELATED TRANSACTIONS BY UNITED STATES AND FOREIGN FINANCIAL INSTITUTIONS.

(a) In General.—Not later than 30 days after authorizing a transaction by a United States or foreign financial institution in connection with the export or re-export of a commercial passenger aircraft to Iran (or, for an authorization made after January 16, 2016, but before the date of the enactment of this Act, not later than 60 days after such date of enactment), and every 180 days thereafter for the duration of the authorization, the Secretary of the Treasury shall submit the report described under subsection (b) to the appropriate congressional committees.

(b) Report With Respect to Financial Institutions’ Iran-Related Transactions and Due Diligence.—With respect to a financial institution and a transaction described under subsection (a), a report is described under this subsection if it contains—

(1) a list of financial institutions that, since January 16, 2016, have conducted transactions authorized by the Secretary in connection with the export or re-export of commercial passenger aircraft to Iran;

(2) either—

(A) a certification that—
(i) the transaction does not pose a significant money laundering or terrorism financing risk to the United States financial system;

(ii) the transaction will not benefit an Iranian person that, since the date that is one year preceding the date of the certification—

(I) has knowingly transported items used for the proliferation of weapons of mass destruction, including systems designed in whole or in part for the delivery of such weapons; or

(II) has knowingly provided transportation services or material support for, or on behalf of, any person designated under Executive Orders 13224, 13382, or 13572; and

(iii) any financial institution described under subsection (b)(1) has had since the date such authorization was made, or, if the authorization is no longer in effect, had for the duration of such authorization, appropriate policies, procedures, and processes in place to avoid engaging in
sanctionable activities that may result from
the financial institutions’ exposure to Iran;
or
(B) a statement that the Secretary is unable
to make the certification described under sub-
paragraph (A) and a notice that the Secretary
will, not later than 60 days after the date the de-
termination is submitted to the appropriate con-
gressional committees, issue a report on non-cer-
tification described under subsection (c) to the
appropriate congressional committees.
(c) REPORT ON NON-CERTIFICATION.—With respect to
a financial institution and a transaction described under
subsection (a), a report on non-certification is described
under this subsection if it contains—
(1) a detailed explanation for why the Secretary
is unable to make the certification described under
subsection (b)(2);
(2) a notification of whether the Secretary will—
(A) not amend the authorization of the
transaction with respect to a financial institu-
tion, notwithstanding such non-certification;
(B) suspend the authorization until the Sec-
retary is able to make such certification;
(C) revoke the authorization; or
(D) otherwise amend the authorization; and

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

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

(1) the Government of Iran has—

(A) made substantial progress towards combating money laundering and terrorism financing risk emanating from Iran; or

(B) has significantly reduced Iran’s—

(i) destabilizing activities in the region; or

(ii) material support for terrorist groups; or

(2) such waiver is important to the national security interests of the United States, with an explanation of the reasons therefor.

(e) TERMINATION.—This section shall cease to be effective on the date that is 30 days after the date on which
the President certifies to the appropriate congressional committees that—

(1)(A) the Secretary does not find, under section
5318A of title 31, United States Code, that reasonable
grounds exist for concluding that Iran is a jurisdic-
tion of primary money laundering concern; and

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

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

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

(1) APPROPRIATE CONGRESSIONAL COMMIT-
TEES.—The term “appropriate congressional commit-
tees” means the committees on Financial Services and
Foreign Affairs of the House of Representatives and
the committees on Banking, Housing, and Urban Af-
fairs and Foreign Relations of the Senate.

(2) FINANCIAL INSTITUTION.—The term “finan-
cial institution” means a United States financial in-
stitution or a foreign financial institution.

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

(4) KNOWINGLY.—The term “knowingly”, with
respect to conduct, a circumstance, or a result, means
that a person has actual knowledge, or should have
known, of the conduct, the circumstance, or the result.
(5) Secretary.—The term “Secretary” means the Secretary of the Treasury.

(6) United States Financial Institution.—The term “United States financial institution” has the meaning given the term “U.S. financial institution” under section 561.309 of title 31, Code of Federal Regulations.
A BILL

[Report No. 115-452]

H. R. 4324

115th CONGRESS

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Union Calendar No. 334