

Union Calendar No. 334

115TH CONGRESS
1ST SESSION

H. R. 4324

[Report No. 115–452]

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.

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.

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 the “Strengthening Oversight*
5 *of Iran’s Access to Finance Act”.*

6 **SEC. 2. FINDINGS.**

7 *The Congress finds the following:*

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

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

23 (3) *In March 2016 remarks to the Carnegie En-*
24 *dowment for International Peace, Secretary Lew, in*
25 *reference to U.S. commitments under the JCPOA,*

1 *stated: “While we have lifted the nuclear sanctions, we*
2 *continue to enforce sanctions directed at support for*
3 *terrorism and regional destabilization, and missile*
4 *and human rights violations.”.*

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

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

23 *(6) The Department of the Treasury had sanc-*
24 *tioned Iran Air in 2011 for its use of commercial*
25 *passenger aircraft to transport rockets, missiles, and*

1 *other military cargo on behalf of the Islamic Revolu-*
2 *tionary Guard Corps (IRGC) and Iran's Ministry of*
3 *Defense and Armed Forces Logistics, both of which*
4 *had been designated under Executive Order 13382 for*
5 *weapons proliferation-related activities. In October*
6 *2017, the IRGC went on to be designated under Exec-*
7 *utive Order 13224 for its support of the IRGC-Qods*
8 *Force, which has provided support to terrorist groups*
9 *such as Hizballah, Hamas, and the Taliban.*

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

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

19 (9) *Despite being delisted in 2016, Iran Air has*
20 *continued to fly known weapons resupply routes to*
21 *government-controlled areas of Syria. According to re-*
22 *search by the Foundation for Defense of Democracies,*
23 *between Implementation Day of the JCPOA on Janu-*
24 *ary 16, 2016, and May 4, 2017, Iran Air operated at*
25 *least 134 flights to Syria, which included stops in*

1 *Abadan, Iran, a suspected IRGC logistical hub for*
2 *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, in-*
13 *cluding 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 senior*
21 *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 finan-
6 cial institution in connection with the export or re-export
7 of a commercial passenger aircraft to Iran (or, for an au-
8 thorization made after January 16, 2016, but before the
9 date of the enactment of this Act, not later than 60 days
10 after such date of enactment), and every 180 days thereafter
11 for the duration of the authorization, the Secretary of the
12 Treasury shall submit the report described under subsection
13 (b) to the appropriate congressional committees.

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

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

24 (2) *either—*

25 (A) *a certification that—*

1 (i) the transaction does not pose a sig-
2 nificant money laundering or terrorism fi-
3 nancing risk to the United States financial
4 system;

5 (ii) the transaction will not benefit an
6 Iranian person that, since the date that is
7 one 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, including
12 systems designed in whole or in part
13 for the delivery of such weapons; or

14 (II) has knowingly provided
15 transportation services or material
16 support for, or on behalf of, any person
17 designated under Executive Orders
18 13224, 13382, or 13572; and

19 (iii) any financial institution de-
20 scribed under subsection (b)(1) has had
21 since the date such authorization was made,
22 or, if the authorization is no longer in ef-
23 fect, had for the duration of such authoriza-
24 tion, appropriate policies, procedures, and
25 processes in place to avoid engaging in

1 *sanctionable activities that may result from*
2 *the financial institutions' exposure to Iran;*
3 *or*

4 *(B) a statement that the Secretary is unable*
5 *to make the certification described under sub-*
6 *paragraph (A) and a notice that the Secretary*
7 *will, not later than 60 days after the date the de-*
8 *termination is submitted to the appropriate con-*
9 *gressional committees, issue a report on non-cer-*
10 *tification described under subsection (c) to the*
11 *appropriate congressional committees.*

12 *(c) REPORT ON NON-CERTIFICATION.—With respect to*
13 *a financial institution and a transaction described under*
14 *subsection (a), a report on non-certification is described*
15 *under this subsection if it contains—*

16 *(1) a detailed explanation for why the Secretary*
17 *is unable to make the certification described under*
18 *subsection (b)(2);*

19 *(2) a notification of whether the Secretary will—*
20 *(A) not amend the authorization of the*
21 *transaction with respect to a financial institu-*
22 *tion, notwithstanding such non-certification;*

23 *(B) suspend the authorization until the Sec-*
24 *retary is able to make such certification;*

25 *(C) revoke the authorization; or*

1 (D) otherwise amend the authorization; and

2 (3) an explanation of the reasons for any action

3 to be taken described under paragraph (2).

4 (d) *WAIVER*.—The President may waive, on a case-

5 by-case basis, the provisions of this Act for up to one year

6 at a time upon certifying to the appropriate congressional

7 committees that—

8 (1) the Government of Iran has—

9 (A) made substantial progress towards com-

10 bating money laundering and terrorism financ-

11 ing risk emanating from Iran; or

12 (B) has significantly reduced Iran's—

13 (i) destabilizing activities in the re-

14 gion; or

15 (ii) material support for terrorist

16 groups; or

17 (2) such waiver is important to the national se-

18 curity interests of the United States, with an expla-

19 nation of the reasons therefor.

20 (e) *TERMINATION*.—This section shall cease to be effec-

21 tive on the date that is 30 days after the date on which

22 the President certifies to the appropriate congressional com-

23 mittees that—

24 (1)(A) the Secretary does not find, under section

25 5318A of title 31, United States Code, that reasonable

1 *grounds exist for concluding that Iran is a jurisdic-*
2 *tion of primary money laundering concern; and*

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

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

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

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

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

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

22 *(4) KNOWINGLY.—The term “knowingly”, with*
23 *respect to conduct, a circumstance, or a result, means*
24 *that a person has actual knowledge, or should have*
25 *known, of the conduct, the circumstance, or the result.*

1 (5) *SECRETARY.*—*The term “Secretary” means*
2 *the Secretary of the Treasury.*

3 (6) *UNITED STATES FINANCIAL INSTITUTION.*—
4 *The term “United States financial institution” has*
5 *the meaning given the term “U.S. financial institu-*
6 *tion” under section 561.309 of title 31, Code of Fed-*
7 *eral Regulations.*

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