

Iran Sanctions, Accountability and Human Rights Act of 2012

Section-by-Section Summary

Sec. 1 – Short Title, Table of Contents

Sec. 2 – Findings: Contains a series of findings about the threat posed by Iran, the bipartisan understanding of the implications of its achieving a nuclear weapons capability, steps taken thus far by the US, its allies and the United Nations Security Council to counter that threat, and the need to intensify those efforts to counter that threat and deter Iran’s nuclear ambitions.

Sec. 3 – Definitions: Provides that the definitions of several key terms: “appropriate congressional committees,” “credible information,” and “knowingly,” will be the same as those in the Iran Sanctions Act of 1996 (ISA), as amended, and that the definition of “United States person” will be that found in the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA).

Sec. 101 - Statement of Policy: Defines US policy to be to prevent Iran from (i) acquiring or developing nuclear weapons and advanced conventional weapon and ballistic missile capabilities, (ii) continuing its support for international terrorism, and (iii) engaging in other activities designed to destabilize its neighbors in the region. It also outlines the US policy of support for full implementation of all sanctions against Iran as part of multilateral efforts to compel Iran to abandon its illicit nuclear program.

Sec. 102 - Expansion and Implementation of Multilateral Sanctions Regime: States the sense of Congress that expansion and vigorous implementation of bilateral and multilateral sanctions against Iran, and vigorous enforcement of all U.S. sanctions, is an effective way to achieve the goal of compelling Iran to abandon its efforts to achieve a nuclear weapons capability.

Sec. 103 - Diplomatic Efforts to Expand Multilateral Sanctions Regime: Urges efforts by the US to expand the UN and bilateral sanctions regime to include (i) additional travel restrictions on Iranian officials responsible for human rights violations, the development of Iran’s nuclear and ballistic missile programs, and Iran’s support for terrorism; (ii) withdrawal of sea- and airport landing rights for Iran Shipping Lines and Iran Air, because of their role in nuclear proliferation and illegal arms sales; (iii) expanding the range of sanctions to which Iran is subject; (iv) expanded sanctions to limit Iran’s petroleum development, imports of refined petroleum products and reduce its revenue from sale of petrochemical products, and (iv) acceleration of US diplomatic and economic efforts to help allies reduce their dependence on Iranian crude oil and other petroleum products. Requires periodic reporting to Congress.

Sec. 201 - Sanctions with respect to Energy Joint Ventures with Iran: Extends ISA sanctions to persons knowingly participating in new petroleum resources development joint ventures anywhere in the world in which Iran’s government is a substantial partner or investor, or through which Iran could otherwise receive energy sector technology or know-how not previously available to its government.

Sec. 202 – Expands Sanctions on Providers of Goods and Services to Iran’s Energy Sector: Requires imposition of ISA sanctions to persons who knowingly sell, lease, or provide to Iran goods, services, technology or support (including refinery construction or repair), that could

directly and significantly contribute to its petroleum resources development or refining programs, in single transactions of \$1 million or more or multiple transactions aggregating to \$5 million or more in any 12-month period. Requires imposition of at least three ISA sanctions to persons who knowingly sell, lease, or provide to Iran goods, services, technology or support for its petrochemical sector in a single transaction of \$250,000 or more, or multiple transactions aggregating to \$1,000,000 or more in any 12-month period. In so doing, codifies the President's decision to extend US sanctions to Iran's petrochemical sector, adopting the standards, thresholds and petrochemicals list contained in Executive Order EO 13590.

Sec. 203 – Sanctions with respect to Uranium Joint Ventures with Iran: Requires ISA sanctions to be imposed on persons who knowingly participate in joint ventures with Iran's government, Iranian firms, or persons acting for or on behalf of Iran's government in the mining, production or transportation of uranium anywhere in the world. Exempts such persons from sanctions if they withdraw from such joint ventures within 6 months after the date of enactment.

Sec. 204 – Expansion of Sanctions Available under the Iran Sanctions Act of 1996: Expands the current menu of sanctions, available to the President under the ISA, to authorize exclusion from the United States of aliens who are corporate officers, principals or controlling shareholders in a sanctioned firm, and permits applicable ISA sanctions to be applied to the CEO or other principal executive officers (or persons performing similar functions) of a sanctioned firm, which could include a freeze of their US assets.

Sec. 205 – Definitions: Defines "credible information" and "petrochemical product." "Credible information" includes public announcements by persons that they are engaged in certain activities, including information in a report to stockholders, and may include announcements by the Government of Iran, and reports from the General Accountability Office (GAO), the Energy Information Administration, the Congressional Research Service, or other reputable governmental organizations. Defines "petrochemical product" consistent with EO 13590.

Sec. 211 -- Sanctions for Shipping WMD or Terrorism-related Materials to or from Iran: Requires the blocking of assets of, and imposes other sanctions on, persons who knowingly provide ships, insurance or reinsurance, or other shipping services, for transportation of goods that materially contribute to Iran's WMD program or its terrorism-related activities. The sanctions apply to parents of the persons involved if they knew or should have known of the sanctionable activity, and to any of their subsidiaries or affiliates that knowingly participated in the activity. Provides for Presidential national security interest waiver; requires a Congressional report regarding the use of such a waiver.

Sec. 212 - Imposition of Sanctions on Subsidiaries and Agents of UN-sanctioned Persons: Amends CISADA to ensure that US financial sanctions imposed on UN-designated entities reach those persons acting on behalf of, at the direction of, or owned or controlled by, the designated entities. Requires the Treasury Department to revise its regulations within 90 days of enactment to implement the change.

Sec. 213 - Liability of US Companies for Violations by their Foreign Subsidiaries: Requires the imposition of civil penalties from the International Emergency Economic Powers Act of up to twice the amount of the relevant transaction on US parent companies for the activities of their foreign subsidiaries which, if undertaken by a US person or in the United States, would violate US sanctions law. Subsidiaries are defined as those entities in which a US person holds more

than fifty percent equity interest or a majority of the seats on the board, or that a US person otherwise controls. Covers activities under the current US trade embargo with Iran and would apply regardless of whether the subsidiary was established to circumvent US sanctions.

Sec. 214 – Securities and Exchange Commission Disclosures on Certain Activities in Iran:

Amends the Securities and Exchange Act of 1934 to require issuers whose stock is traded on US exchanges to disclose whether they or their affiliates have knowingly engaged in activities (i) in section 5 of the ISA (energy sector activity); (ii) in 104(c)(2) or (d)1 of CISADA (related to foreign financial institutions who facilitate WMD/terrorism, money laundering, IRGC activity, and other violations); (iii) in 105A(b)(2) of CISADA (related to those who transfer weapons and other technologies to Iran likely to be used for human rights abuses); (iv) with persons whose property is blocked for WMD/terrorism and; (v) persons in the government of Iran. Provides for periodic public disclosure of such information, and conveyance of that information by the SEC to Congress and the President. Requires the President to initiate an investigation into the possible imposition of sanctions as specified, and to make a sanctions determination within 6 months.

Sec. 215. – GAO Report on Foreign Investors in the Energy Sector of Iran and Exporters of Refined Petroleum Products to Iran:

Mandates regular reports from GAO on foreign investment in Iran’s energy sector, exporters of refined petroleum products to Iran, entities providing shipping and insurance services to Iran, Iranian energy joint ventures worldwide, and countries where Iranian petroleum is produced or refined.

Sec. 301- Sanctions on Iran Revolutionary Guard Corps Officials, Agents, and Affiliates:

Requires the President to identify, and designate for sanctions, officials, affiliates and agents of the IRGC within 90 days of the date of enactment, and periodically thereafter; designation requires exclusion of such persons from the United States, and imposition of sanctions (related to weapons of mass destruction under IEEPA, including freezing their assets and otherwise isolating them financially). Also, outlines priorities for investigating certain foreign persons and transactions in seeking to identify connections to the IRGC. Requires the President to report on designations and waivers, as applicable.

Sec. 302 – Sanctions on Foreign Persons Supporting IRGC:

Subjects foreign persons to the menu of ISA sanctions, if those persons knowingly provide material assistance to, or engage in any significant transaction – including barter transactions – with officials of the IRGC, its agents and affiliates. Requires imposition of similar sanctions against those persons who engage in significant transactions with UN-sanctioned persons, those acting for or on their behalf, or those owned or controlled by them. Provides for additional sanctions under IEEPA as the President deems appropriate. Requires the President to report on designations and waivers, as applicable.

Sec. 303 - Rule of Construction: Clarifies that section 301 and 302 sanctions do not limit in any way the President’s authority to designate persons for sanction under IEEPA.

Sec. 311 – Extension of US Procurement Ban to Foreign Persons who Interact with IRGC:

Requires certification by prospective US government contractors (for contract solicitations issued beginning 90 days from the date of enactment) that neither they nor their subsidiaries have engaged in significant economic transactions with designated IRGC officials, agents or affiliates.

Sec. 401 – Extension of Human Rights Sanctions to those Transferring to Iran

Technologies Used to Commit Human Rights Abuses: Imposes powerful sanctions provided

for in CISADA, including a visa ban and property blocking/asset freeze, on persons and firms which supply Iran with equipment and technologies – including weapons, rubber bullets, tear gas and other riot control equipment, and jamming, monitoring and surveillance equipment – which the President determines are likely to be used by Iranian officials to commit human rights abuses. Requires the President to maintain and update lists of such persons who commit human rights abuses, submit updated lists to Congress, and make the unclassified portion of those lists public. Requires the President to report on designations and waivers, where applicable.

Sec. 402 – Extension of Human Rights Sanctions to those engaging in Censorship and Repression of Iran’s Citizens: Requires imposition of the same sanctions as in section 401 against individuals and firms found to have engaged in censorship or repression of the rights of freedom of expression or assembly of Iran’s citizens.

Sec. 411 -- Expedited Processing of Human Rights, Humanitarian, and Democracy-Related Aid to Iran: Requires the Office of Foreign Assets Control (OFAC) of the Treasury Department to establish a process to expedite processing of US Iran-related humanitarian, human rights and democratization aid by entities receiving funds from the State Department; the Broadcasting Board of Governors; and other federal agencies.

Sec. 412 -- Comprehensive Strategy to Promote Internet Freedom in Iran: Requires the Administration to devise a comprehensive strategy and report to Congress on how best to assist Iran’s citizens in freely and safely accessing the Internet, developing counter-censorship technologies, expanding access to “surrogate” programming including VOA’s Persian News Network, and Radio FARDA inside Iran, and taking other similar measures.

Sec. 413 -- Sense of Congress on Political Prisoners: Declares that the United States should expand efforts to identify, assist, and protect prisoners of conscience in Iran and intensify work to abolish Iranian human rights violations. Directs the Secretary of State to publicly call for the release of political prisoners, as appropriate.

Sec. 501 -- Exclusion of Certain Iranian Students from the US: Requires the Secretary of State to deny visas and otherwise exclude Iranian university students who may seek to come to the U.S. to study to prepare for work in Iran’s energy sector or in Iran’s nuclear program.

Sec. 502 -- Technical correction: Reaffirms longstanding US policy allowing the sales of certain licensed agricultural commodities to Iran.

Sec. 601 -- Technical implementation; penalties: Provides the President with the necessary procedural tools to administer the provisions of this new law, drawing on relevant provisions of IEEPA, including ensuring that the Administration can require recordkeeping of certain persons, and has subpoena and enforcement authority for certain provisions.

Sec. 602 – Applicability to Authorized Intelligence Activities: Provides a general exemption for authorized intelligence activities of the U.S.

Sec. 603 -- Termination: Provides for termination of some provisions of the new law if the President certifies as required in CISADA that Iran has ceased its support for terrorism, and ceased efforts to pursue, acquire or develop weapons of mass destruction and ballistic missiles and ballistic missile launch technology.