113TH CONGRESS  
2D SESSION  

H. R. ____

To prevent Hezbollah and associated entities from gaining access to international financial and other institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Meadows (for himself, Mr. Schneider, Mr. Royce, and Mr. Engel) introduced the following bill; which was referred to the Committee on

A BILL

To prevent Hezbollah and associated entities from gaining access to international financial and other institutions, 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 “Hezbollah International Financing Prevention Act of 2014”.

TITLE I—PREVENTION OF ACCESS BY HEZBOLLAH TO INTERNATIONAL FINANCIAL AND OTHER INSTITUTIONS

SEC. 101. FINDINGS; STATEMENT OF POLICY.

(a) FINDINGS.—Congress finds the following:

(1) The United States Government holds Hezbollah responsible for the largest number of American deaths overseas by a terrorist organization prior to the attacks of September 11th, 2001, including a number of attacks on and hostage takings targeting Americans in Lebanon during the 1980s, including the bombing of the United States Embassy in Beirut in April 1983, and the bombing of the United States Marine barracks in October 1983.

(2) Hezbollah’s operations outside of Lebanon, including its participation in bombings of Israeli and Jewish institutions in Argentina during the 1990s, recent support to Shiite insurgents in Iraq, recent attacks and attempted attacks in Europe, Southeast Asia, and elsewhere, and extensive international operational, logistical, and financial networks have rendered it a capable and deadly adversary with global reach.
(3) Hezbollah has been designated as a terrorist organization by the United States since 1995, and remains on foreign terrorist organization and Specially Designated Terrorist lists.

(4) In March 2013, a Cypriot court convicted a Hezbollah member for participation in a criminal organization, planning to commit a crime and money laundering. In July 2013, the Bulgarian government concluded that Hezbollah was responsible for the 2012 Burgas bombing, which killed six people.

(5) In July 2013, the European Union designated the military wing of Hezbollah as a terrorist organization. The designation helps to facilitate European law enforcement agencies’ actions against Hezbollah’s fundraising, logistical activity, and terrorist plotting on European soil.

(6) In July 2013, the Gulf Cooperation Council, consisting of Saudi Arabia, Qatar, Bahrain, Kuwait, Oman and the United Arab Emirates, declared Hezbollah a terrorist organization.

(7) Hezbollah continues to provide material assistance, including assuming a combat role, in Syria, and aids the Government of Iran and the Government of Syria in their human rights and other abuses perpetrated against the Syrian people.
(8) An estimated 5,000 Hezbollah fighters are supporting the Assad regime in Syria by fighting on his behalf and by providing military training, advice and logistical support to regime forces.

(9) Hezbollah continues to serve as a proxy of Iran, in its effort to target the United States and its allies and interests.

(10) Hezbollah’s global logistics and financial network serves as a lifeline to the organization, and enables it to consolidate power within Lebanon and provides it with the capabilities to perpetrate complex attacks internationally.

(11) Hezbollah has evolved into a significant drug smuggling organization, and also engages in other serious criminal activity, including money laundering, counterfeiting pharmaceuticals, and trade in conflict diamonds.

(12) In April 2013, the Department of the Treasury blacklisted two Lebanese exchange houses, Kassem Rmeiti & Co. and Halawi Exchange Co., for laundering drug profits for Hezbollah, and stated that Hezbollah was operating like “an international drug cartel”.

(13) In 2009, the Department of the Treasury blacklisted the Lebanese Canadian Bank as a pri-
mary money laundering concern, alleging that it is part of a drug trafficking network that profited Hezbollah by moving approximately $200,000,000 per month.

(14) The Department of Justice reports that 29 of the 63 organizations on its FY 2010 Consolidated Priority Organization Targets list, which includes the most significant international drug trafficking organizations (DTOs) threatening the United States, were associated with terrorist groups. There is concern about Hezbollah’s drug and criminal activities, as well as indications of links between al-Qa’ida in the Lands of the Islamic Maghreb and the drug trade.

(15) Al-Manar, the Lebanese satellite television station affiliated with Hezbollah broadcasting from Beirut, Lebanon, was designated as a Specially Designated Global Terrorist entity in 2004, but continues to be carried by international broadcasting agents.

(16) Hezbollah continues to present a threat to the United States and its allies and interests.

(b) STATEMENT OF POLICY.—It shall be the policy of the United States to—
(1) prevent Hezbollah’s global logistics and financial network from operating in order to curtail funding of its domestic and international activities; and

(2) utilize all available diplomatic, legislative, and executive avenues to combat the criminal activities of Hezbollah as a means to block that organization’s ability to fund its global terrorist activities.

SEC. 102. REPORT ON IMPOSITION OF SANCTIONS ON CERTAIN SATELLITE PROVIDERS THAT CARRY AL-MANAR TV.

(a) In General.—Not later than 30 days after the date of the enactment of this Act, the President shall submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report that includes—

(1) a list of all satellite, broadcast, or other providers that knowingly transmits or otherwise broadcasts the content of al-Manar TV, and any affiliates or successors thereof; and

(2) with respect to all providers included on the list pursuant to paragraph (1)—

(A) an identification of those providers that have been sanctioned pursuant to Executive Order 13224 (September 23, 2001); and
(B) an identification of those providers that have not been sanctioned pursuant to Executive Order 13224 and, with respect to each such provider, the reason why sanctions have not been imposed.

(b) Form.—The report required by subsection (a) shall be submitted in unclassified form to the greatest extent possible, and may contain a classified annex.

SEC. 103. SANCTIONS WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.

(a) Prohibitions and Conditions With Respect to Certain Accounts Held by Foreign Financial Institutions.—

(1) In general.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury, with the concurrence of the Secretary of State and in consultation with the heads of other applicable departments and agencies, shall prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that the Secretary finds engages in an activity described in paragraph (2).
(2) ACTIVITIES DESCRIBED.—A foreign financial institution engages in an activity described in this paragraph if the foreign financial institution—

(A) knowingly facilitates the activities of Hezbollah, including its agents, instrumentalities, affiliates, or successors;

(B) knowingly facilitates the activities of a person acting on behalf of or at the direction of, or owned or controlled by, a person described in subparagraph (A);

(C) knowingly engages in money laundering to carry out an activity described in subparagraph (A) or (B);

(D) knowingly facilitates a significant transaction or transactions or provides significant financial services to carry out an activity described in subparagraph (A), (B), or (C), including facilitating a significant transaction or transactions or providing significant financial services that involve a transaction of gold, silver, platinum, or other precious metals; or

(E)(i) knowingly facilitates, or participates or assists in, an activity described in subparagraph (A), (B), (C), or (D), including by acting on behalf of, at the direction of, or as an inter-
mediary for, or otherwise assisting, another person with respect to the activity described in any such subparagraph;

(ii) knowingly attempts or conspires to facilitate or participate in an activity described in subparagraph (A), (B), (C), or (D); or

(iii) is owned or controlled by a foreign financial institution that the Secretary finds knowingly engages in an activity described in subparagraph (A), (B), (C), or (D).

(3) Penalties.—The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.

(4) Regulations.—The Secretary of the Treasury shall prescribe and implement regulations to carry out this subsection.

(b) Requirements for Financial Institutions Maintaining Accounts for Foreign Financial Institutions.—
(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to require a domestic financial institution maintaining a correspondent account or payable-through account in the United States for a foreign financial institution to do one or more of the following:

(A) Report to the Department of the Treasury with respect to financial transactions or other financial services provided with respect to any activity described in subsection (a).

(B) Provide timely and accurate information to domestic financial institutions maintaining a correspondent account or payable-through account in the United States for a foreign financial institution with respect to any activity described in subsection (a).

(C) Establish due diligence policies, procedures, and controls, such as the due diligence policies, procedures, and controls described in section 5318(i) of title 31, United States Code, reasonably designed to detect whether the Secretary of the Treasury has found the foreign financial institution to knowingly engage in any activity described in subsection (a).
(2) **Penalties.**—The penalties provided for in sections 5321(a) and 5322 of title 31, United States Code, shall apply to a person that violates a regulation prescribed under paragraph (1) of this subsection, in the same manner and to the same extent as such penalties would apply to any person that is otherwise subject to such section 5321(a) or 5322.

(c) **Waiver.**—The Secretary of the Treasury, with the concurrence of the Secretary of State and in consultation with the heads of other applicable departments and agencies, may waive the application of a prohibition or condition imposed with respect to a foreign financial institution pursuant to subsection (a) on and after the date that is 30 days after the Secretary of the Treasury, with the concurrence of the Secretary of State—

(1) determines that such a waiver is vital to the national security interests of the United States; and

(2) submits to the appropriate congressional committees a report describing the reasons for the determination.

(d) **Provisions Relating to Foreign Central Banks.**—

(1) **Report.**—Not later than 45 days after the date of the enactment of this Act, and every 180 days thereafter, the Secretary of the Treasury shall
submit to the appropriate congressional committees a report that—

(A) identifies each foreign central bank that the Secretary finds engages in one or more activities described in subsection (a)(2)(D); and

(B) provides a detailed description of each such activity.

(2) Special rule to allow for termination of sanctionable activity.—The Secretary of the Treasury shall not be required to apply sanctions to a foreign central bank described in the report required under paragraph (1) if the Secretary of the Treasury, with the concurrence of the Secretary of State and in consultation with the heads of other applicable departments and agencies, certifies in writing to the appropriate congressional committees that—

(A) the foreign central bank—

(i) is no longer engaging in the activity described in subsection (a)(2)(D); or

(ii) has taken significant verifiable steps toward terminating the activity described in subsection (a)(2)(D) not later than 90 days after the date on which the Secretary makes such certification; and
(B) the Secretary has received reliable assurances from the government with primary jurisdiction over the foreign central bank that the foreign central bank will not engage in any activity described in subsection (a)(2)(D) in the future.

(e) DEFINITIONS.—

(1) IN GENERAL.—In this section:

(A) ACCOUNT; CORRESPONDENT ACCOUNT; PAYABLE-THROUGH ACCOUNT.—The terms “account”, “correspondent account”, and “payable-through account” have the meanings given those terms in section 5318A of title 31, United States Code.

(B) AGENT.—The term “agent” includes an entity established by a person for purposes of conducting transactions on behalf of the person in order to conceal the identity of the person.

(C) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—

(i) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and
(ii) the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(D) FINANCIAL INSTITUTION.—The term “financial institution” means a financial institution specified in subparagraph (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (K), (M), (N), (R), or (Y) of section 5312(a)(2) of title 31, United States Code.

(E) FOREIGN FINANCIAL INSTITUTION; DOMESTIC FINANCIAL INSTITUTION.—

(i) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution”—

(I) has the meaning of such term as determined by the Secretary of the Treasury; and

(II) includes a foreign central bank.

(ii) DOMESTIC FINANCIAL INSTITUTION.—The term “domestic financial institution” has the meaning of such term as determined by the Secretary of the Treasury.
(F) Money Laundering.—The term “money laundering” means any of the activities described in paragraph (1), (2), or (3) of section 1956(a) of title 18, United States Code, with respect to which penalties may be imposed pursuant to such section.

(2) Other Definitions.—The Secretary of the Treasury may further define the terms used in this section in the regulations prescribed under this section.

TITLE II—DESIGNATION OF HEZBOLLAH AS A MAJOR DRUG SMUGGLING ENTERPRISE AND A TRANSNATIONAL CRIMINAL ORGANIZATION

SEC. 201. DESIGNATION OF HEZBOLLAH AS SIGNIFICANT FOREIGN NARCOTICS TRAFFICKERS.

(a) In General.—Not later than 30 days after the date of the enactment of this Act, the President shall determine if Hezbollah meets the criteria specified for designation of a significant foreign narcotics trafficker under the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.).
(b) **AFFIRMATIVE DETERMINATION.**—If the President determines under subsection (a) that Hezbollah meets the criteria set forth under the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.), the President shall designate Hezbollah as a significant foreign narcotics trafficker under such Act.

(c) **NEGATIVE DETERMINATION.**—

(1) **IN GENERAL.**—If the President determines under subsection (a) that Hezbollah does not meet the criteria set forth under the Foreign Narcotics Kingpin Designation Act (21 U.S.C. 1901 et seq.), the President shall submit to the appropriate congressional committees a report that contains a detailed justification as to which criteria have not been met.

(2) **FORM.**—The report required under paragraph (1) shall be submitted in unclassified form, but may contain classified annex, if necessary.

**SEC. 202. DESIGNATION OF HEZBOLLAH AS A SIGNIFICANT TRANSNATIONAL CRIMINAL ORGANIZATION.**

(a) **IN GENERAL.**—Not later than 30 days after the date of the enactment of this Act, the President shall determine if Hezbollah meets the criteria specified for designation as a significant transnational criminal organization under Executive Order 13581 (76 Fed. Reg. 44757),
and the authorities granted to the President under the
International Emergency Economic Powers Act (50
U.S.C. 1701 et seq.), the National Emergencies Act (50
U.S.C. 1601 et seq.), and section 301 of title 3, United
States Code.

(b) Affirmative Determination.—If the President determines under subsection (a) that Hezbollah meets the criteria set forth under the orders and statutes specified in subsection (a), the President shall designate Hezbollah a significant transnational criminal organization under such orders and statutes.

(c) Negative Determination.—

(1) In General.—If the President determines under subsection (a) that Hezbollah does not meet the criteria set forth under the orders and statutes specified in subsection (a), the President shall submit to the appropriate congressional committees a report that contains a detailed justification as to which criteria have not been met.

(2) Form.—The report required under paragraph (1) shall be submitted in unclassified form, but may contain classified annex, if necessary.
SEC. 203. REPORT ON HEZBOLLAH'S INVOLVEMENT IN THE TRADE OF CONFLICT DIAMONDS.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, the Secretary of State shall submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report detailing Hezbollah’s involvement in the trade in rough diamonds outside of the Kimberley Process Certification Scheme.

(b) Form.—The report required by subsection (a) shall be submitted in unclassified form, but may contain a classified annex.

SEC. 204. APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.

In this title, the term “appropriate congressional committees” means—

(1) the Committee on Foreign Affairs, the Committee on Financial Services, and the Committee on the Judiciary of the House of Representatives; and

(2) the Committee on Foreign Relations, the Committee on Finance, and the Committee on the Judiciary of the Senate.
TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. RULE OF CONSTRUCTION.

Nothing in this Act or any amendment made by this Act shall apply to the authorized intelligence activities of the United States.

SEC. 302. REGULATORY AUTHORITY.

(a) IN GENERAL.—The President shall, not later than 90 days after the date of the enactment of this Act, promulgate regulations as necessary for the implementation of this Act and the amendments made by this Act.

(b) NOTIFICATION TO CONGRESS.—Not less than 10 days prior to the promulgation of regulations under subsection (a), the President shall notify the appropriate congressional committees (as defined in section 204) of the proposed regulations and the provisions of this Act and the amendments made by this Act that the regulations are implementing.

SEC. 303. TERMINATION.

Any provision of this Act or amendment made by this Act shall cease to be in effect beginning 30 days after the date on which the President certifies to Congress that Hezbollah—
(1) is no longer designated as a foreign terrorist organization pursuant to section 219 of the Immigration and Nationality Act (8 U.S.C. 1189);

(2) is no longer listed in the Annex to Executive Order 13224 (September 23, 2001; relating to blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism); and

(3) poses no significant threat to United States national security, interests, or allies.