

**Calendar No. 215**111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION**S. 2799****[Report No. 111-99]**

To expand the Iran Sanctions Act of 1996, to provide for the divestment of assets in Iran by State and local governments and other entities, to identify locations of concern with respect to transshipment, reexportation, or diversion of certain sensitive items to Iran, and for other purposes.

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**IN THE SENATE OF THE UNITED STATES**

NOVEMBER 19, 2009

Mr. DODD, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

To expand the Iran Sanctions Act of 1996, to provide for the divestment of assets in Iran by State and local governments and other entities, to identify locations of concern with respect to transshipment, reexportation, or diversion of certain sensitive items to 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; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Comprehensive Iran Sanctions, Accountability, and Di-  
4 vestment Act of 2009”.

5 (b) TABLE OF CONTENTS.—The table of contents for  
6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Sense of Congress regarding illicit nuclear activities and violations of human rights in Iran.

TITLE I—SANCTIONS

- Sec. 101. Definitions.
- Sec. 102. Expansion of sanctions under the Iran Sanctions Act of 1996.
- Sec. 103. Economic sanctions relating to Iran.
- Sec. 104. Liability of parent companies for violations of sanctions by foreign subsidiaries.
- Sec. 105. Prohibition on procurement contracts with persons that export sensitive technology to Iran.
- Sec. 106. Increased capacity for efforts to combat unlawful or terrorist financing.
- Sec. 107. Reporting requirements.
- Sec. 108. Sense of Congress regarding the imposition of sanctions on the Central Bank of Iran.
- Sec. 109. Policy of the United States regarding Iran’s Revolutionary Guard Corps and its affiliates.
- Sec. 110. Policy of the United States with respect to Iran and Hezbollah.
- Sec. 111. Sense of Congress regarding the imposition of multilateral sanctions with respect to Iran.

TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN

- Sec. 201. Definitions.
- Sec. 202. Authority of State and local governments to divest from certain companies that invest in Iran.
- Sec. 203. Safe harbor for changes of investment policies by asset managers.
- Sec. 204. Sense of Congress regarding certain ERISA plan investments.

TITLE III—PREVENTION OF TRANSSHIPMENT, REEXPORTATION, OR DIVERSION OF SENSITIVE ITEMS TO IRAN

- Sec. 301. Definitions.
- Sec. 302. Identification of locations of concern with respect to transshipment, reexportation, or diversion of certain items to Iran.
- Sec. 303. Destinations of Possible Diversion Concern and Destinations of Diversion Concern.
- Sec. 304. Report on expanding diversion concern system to countries other than Iran.

## TITLE IV—EFFECTIVE DATE; SUNSET

Sec. 401. Effective date; sunset.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) The illicit nuclear activities of the Govern-  
4 ment of Iran and its support for international ter-  
5 rorism represent threats to the security of the  
6 United States, its strong ally Israel, and other allies  
7 of the United States around the world.

8 (2) The United States and other responsible  
9 countries have a vital interest in working together to  
10 prevent the Government of Iran from acquiring a  
11 nuclear weapons capability.

12 (3) The International Atomic Energy Agency  
13 has repeatedly called attention to Iran's illicit nu-  
14 clear activities and, as a result, the United Nations  
15 Security Council has adopted a range of sanctions  
16 designed to encourage the Government of Iran to  
17 cease those activities and comply with its obligations  
18 under the Treaty on Non-Proliferation of Nuclear  
19 Weapons, done at Washington, London, and Moscow  
20 July 1, 1968, and entered into force March 5, 1970  
21 (commonly known as the "Nuclear Non-Proliferation  
22 Treaty").

23 (4) The serious and urgent nature of the threat  
24 from Iran demands that the United States work to-

1        together with its allies to prevent Iran from acquiring  
2        a nuclear weapons capability.

3            (5) The United States and its major European  
4        allies, including the United Kingdom, France, and  
5        Germany, have advocated that sanctions be strength-  
6        ened should international diplomatic efforts fail to  
7        achieve verifiable suspension of Iran's uranium en-  
8        richment program and an end to its illicit nuclear  
9        activities.

10           (6) There is an increasing interest by States,  
11        local governments, educational institutions, and pri-  
12        vate institutions to seek to disassociate themselves  
13        from companies that conduct business activities in  
14        the energy sector of Iran, since such business activi-  
15        ties may directly or indirectly support the efforts of  
16        the Government of Iran to achieve a nuclear weap-  
17        ons capability.

18           (7) Black market proliferation networks con-  
19        tinue to flourish in the Middle East, allowing coun-  
20        tries like Iran to gain access to sensitive dual-use  
21        technologies.

22           (8) The Government of Iran continues to en-  
23        gage in serious, systematic, and ongoing violations of  
24        human rights and religious freedom, including ille-  
25        gitimate prolonged detention, torture, and execu-

1 tions. Such violations have increased in the after-  
2 math of the presidential election in Iran on June 12,  
3 2009.

4 **SEC. 3. SENSE OF CONGRESS REGARDING ILLICIT NU-**  
5 **CLEAR ACTIVITIES AND VIOLATIONS OF**  
6 **HUMAN RIGHTS IN IRAN.**

7 It is the sense of Congress that—

8 (1) international diplomatic efforts to address  
9 Iran's illicit nuclear efforts and support for inter-  
10 national terrorism are more likely to be effective if  
11 the President is empowered with the explicit author-  
12 ity to impose additional sanctions on the Govern-  
13 ment of Iran;

14 (2) additional measures should be adopted by  
15 the United States to prevent the diversion and  
16 transshipment of sensitive dual-use technologies to  
17 Iran;

18 (3) the concerns of the United States regarding  
19 Iran are strictly the result of the actions of the Gov-  
20 ernment of Iran;

21 (4) the people of the United States—

22 (A) have a long history of friendship and  
23 exchange with the people of Iran;

1 (B) regret that developments in recent dec-  
2 ades have created impediments to that friend-  
3 ship;

4 (C) hold the people of Iran, their culture,  
5 and their ancient and rich history in the highest  
6 esteem; and

7 (D) remain deeply concerned about con-  
8 tinuing human rights abuses in Iran;

9 (5) the President should—

10 (A) continue to press the Government of  
11 Iran to respect the internationally recognized  
12 human rights and religious freedoms of its citi-  
13 zens;

14 (B) identify the officials of the Government  
15 of Iran that are responsible for continuing and  
16 severe violations of human rights and religious  
17 freedom in Iran; and

18 (C) take appropriate measures to respond  
19 to such violations, including by—

20 (i) prohibiting officials the President  
21 identifies as being responsible for such vio-  
22 lations from entry into the United States;  
23 and

24 (ii) freezing the assets of those offi-  
25 cials; and

1           (6) additional funding should be provided to the  
2           Secretary of State to document, collect, and dissemi-  
3           nate information about human rights abuses in Iran,  
4           including serious abuses that have taken place since  
5           the presidential election in Iran conducted on June  
6           12, 2009.

## 7                           **TITLE I—SANCTIONS**

### 8   **SEC. 101. DEFINITIONS.**

9           In this title:

10           (1) **AGRICULTURAL COMMODITY.**—The term  
11           “agricultural commodity” has the meaning given  
12           that term in section 102 of the Agricultural Trade  
13           Act of 1978 (7 U.S.C. 5602).

14           (2) **APPROPRIATE CONGRESSIONAL COMMIT-**  
15           **TEES.**—The term “appropriate congressional com-  
16           mittees” has the meaning given that term in section  
17           14(2) of the Iran Sanctions Act of 1996 (Public  
18           Law 104–172; 50 U.S.C. 1701 note).

19           (3) **EXECUTIVE AGENCY.**—The term “executive  
20           agency” has the meaning given that term in section  
21           4 of the Office of Federal Procurement Policy Act  
22           (41 U.S.C. 403).

23           (4) **FAMILY MEMBER.**—The term “family mem-  
24           ber” means, with respect to an individual, the

1 spouse, children, grandchildren, or parents of the in-  
2 dividual.

3 (5) INFORMATION AND INFORMATIONAL MATE-  
4 RIALS.—The term “information and informational  
5 materials” includes publications, films, posters, pho-  
6 nograph records, photographs, microfilms, micro-  
7 fiche, tapes, compact disks, CD ROMs, artworks,  
8 and news wire feeds.

9 (6) INVESTMENT.—The term “investment” has  
10 the meaning given that term in section 14(9) of the  
11 Iran Sanctions Act of 1996 (Public Law 104–172;  
12 50 U.S.C. 1701 note).

13 (7) IRANIAN DIPLOMATS AND REPRESENTA-  
14 TIVES OF OTHER GOVERNMENT AND MILITARY OR  
15 QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—  
16 The term “Iranian diplomats and representatives of  
17 other government and military or quasi-govern-  
18 mental institutions of Iran” has the meaning given  
19 that term in section 14(11) of the Iran Sanctions  
20 Act of 1996 (Public Law 104–172; 50 U.S.C. 1701  
21 note).

22 (8) MEDICAL DEVICE.—The term “medical de-  
23 vice” has the meaning given the term “device” in  
24 section 201 of the Federal Food, Drug, and Cos-  
25 metic Act (21 U.S.C. 321).



1           (9) MEDICINE.—The term “medicine” has the  
2           meaning given the term “drug” in section 201 of the  
3           Federal Food, Drug, and Cosmetic Act (21 U.S.C.  
4           321).

5 **SEC. 102. EXPANSION OF SANCTIONS UNDER THE IRAN**  
6 **SANCTIONS ACT OF 1996.**

7           (a) IN GENERAL.—Section 5 of the Iran Sanctions  
8           Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note)  
9           is amended by striking subsection (a) and inserting the  
10          following:

11          “(a) SANCTIONS WITH RESPECT TO THE DEVELOP-  
12          MENT OF PETROLEUM RESOURCES OF IRAN, PRODUC-  
13          TION OF REFINED PETROLEUM PRODUCTS IN IRAN, AND  
14          EXPORTATION OF REFINED PETROLEUM PRODUCTS TO  
15          IRAN.—

16                  “(1) DEVELOPMENT OF PETROLEUM RE-  
17          SOURCES OF IRAN.—

18                          “(A) IN GENERAL.—Except as provided in  
19                          subsection (f), the President shall impose 2 or  
20                          more of the sanctions described in paragraphs  
21                          (1) through (6) of section 6(a) with respect to  
22                          a person if the President determines that the  
23                          person, with actual knowledge, on or after the  
24                          effective date of the Comprehensive Iran Sanc-

1 tions, Accountability, and Divestment Act of  
2 2009—

3 “(i) makes an investment described in  
4 subparagraph (B) of \$20,000,000 or more;  
5 or

6 “(ii) makes a combination of invest-  
7 ments described in subparagraph (B) in a  
8 12-month period if each such investment is  
9 at least \$5,000,000 and such investments  
10 equal or exceed \$20,000,000 in the aggre-  
11 gate.

12 “(B) INVESTMENT DESCRIBED.—An in-  
13 vestment described in this subparagraph is an  
14 investment that directly and significantly con-  
15 tributes to the enhancement of Iran’s ability to  
16 develop petroleum resources.

17 “(2) PRODUCTION OF REFINED PETROLEUM  
18 PRODUCTS.—

19 “(A) IN GENERAL.—Except as provided in  
20 subsection (f), the President shall impose the  
21 sanctions described in section 6(b) (in addition  
22 to any other sanctions imposed under this sub-  
23 section) with respect to a person if the Presi-  
24 dent determines that the person, with actual  
25 knowledge, on or after the effective date of the

1 Comprehensive Iran Sanctions, Accountability,  
2 and Divestment Act of 2009, sells, leases, or  
3 provides to Iran any goods, services, technology,  
4 information, or support described in subpara-  
5 graph (B)—

6 “(i) any of which has a fair market  
7 value of \$200,000 or more; or

8 “(ii) that, during a 12-month period,  
9 have an aggregate fair market value of  
10 \$1,000,000 or more.

11 “(B) GOODS, SERVICES, TECHNOLOGY, IN-  
12 FORMATION, OR SUPPORT DESCRIBED.—Goods,  
13 services, technology, information, or support de-  
14 scribed in this subparagraph are goods, serv-  
15 ices, technology, information, or support that  
16 could directly and significantly facilitate the  
17 maintenance or expansion of Iran’s domestic  
18 production of refined petroleum products, in-  
19 cluding any assistance with respect to construc-  
20 tion, modernization, or repair of petroleum re-  
21 fineries.

22 “(3) EXPORTATION OF REFINED PETROLEUM  
23 PRODUCTS TO IRAN.—

24 “(A) IN GENERAL.—Except as provided in  
25 subsection (f), the President shall impose the

1 sanctions described in section 6(b) (in addition  
2 to any other sanctions imposed under this sub-  
3 section) with respect to a person if the Presi-  
4 dent determines that the person, with actual  
5 knowledge, on or after the effective date of the  
6 Comprehensive Iran Sanctions, Accountability,  
7 and Divestment Act of 2009—

8 “(i) provides Iran with refined petro-  
9 leum products—

10 “(I) that have a fair market  
11 value of \$200,000 or more; or

12 “(II) that, during a 12-month pe-  
13 riod, have an aggregate fair market  
14 value of \$1,000,000 or more; or

15 “(ii) sells, leases, or provides to Iran  
16 any goods, services, technology, informa-  
17 tion, or support described in subparagraph  
18 (B)—

19 “(I) any of which has a fair mar-  
20 ket value of \$200,000 or more; or

21 “(II) that, during a 12-month pe-  
22 riod, have an aggregate fair market  
23 value of \$1,000,000 or more.

24 “(B) GOODS, SERVICES, TECHNOLOGY, IN-  
25 FORMATION, OR SUPPORT DESCRIBED.—Goods,

1 services, technology, information, or support de-  
2 scribed in this subparagraph are goods, serv-  
3 ices, technology, or support that could directly  
4 and significantly contribute to the enhancement  
5 of Iran’s ability to import refined petroleum  
6 products, including—

7 “(i) underwriting or otherwise pro-  
8 viding insurance or reinsurance for the  
9 sale, lease, or provision of such goods,  
10 services, technology, information, or sup-  
11 port;

12 “(ii) financing or brokering such sale,  
13 lease, or provision; or

14 “(iii) providing ships or shipping serv-  
15 ices to deliver refined petroleum products  
16 to Iran.”.

17 (b) DESCRIPTION OF SANCTIONS.—Section 6 of such  
18 Act is amended—

19 (1) by striking “The sanctions to be imposed on  
20 a sanctioned person under section 5 are as follows:”  
21 and inserting the following:

22 “(a) IN GENERAL.—The sanctions to be imposed on  
23 a sanctioned person under subsections (a)(1) and (b) of  
24 section 5 are as follows:”; and

25 (2) by adding at the end the following:

1       “(b) ADDITIONAL SANCTIONS.—The sanctions to be  
2 imposed on a sanctioned person under paragraphs (2) and  
3 (3) of section 5(a) are as follows:

4           “(1) FOREIGN EXCHANGE.—The President  
5 shall, pursuant to such regulations as the President  
6 may prescribe, prohibit any transactions in foreign  
7 exchange by the sanctioned person.

8           “(2) BANKING TRANSACTIONS.—The President  
9 shall, pursuant to such regulations as the President  
10 may prescribe, prohibit any transfers of credit or  
11 payments between, by, through, or to any financial  
12 institution, to the extent that such transfers or pay-  
13 ments involve any interest of the sanctioned person.

14           “(3) PROPERTY TRANSACTIONS.—The Presi-  
15 dent shall, pursuant to such regulations as the  
16 President may prescribe and subject to the jurisdic-  
17 tion of the United States, prohibit any person  
18 from—

19           “(A) acquiring, holding, withholding,  
20 using, transferring, withdrawing, transporting,  
21 importing, or exporting any property with re-  
22 spect to which the sanctioned person has any  
23 interest;

1           “(B) dealing in or exercising any right,  
2           power, or privilege with respect to such prop-  
3           erty; or

4           “(C) conducting any transactions involving  
5           such property.”.

6           (c) REPORT RELATING TO PRESIDENTIAL WAIV-  
7 ER.—Section 9(c)(2) of such Act is amended by striking  
8 subparagraph (C) and inserting the following:

9           “(C) an estimate of the significance of the  
10           conduct of the person in contributing to the  
11           ability of Iran to, as the case may be—

12                   “(i) develop petroleum resources,  
13                   produce refined petroleum products, or im-  
14                   port refined petroleum products; or

15                   “(ii) acquire or develop—

16                           “(I) chemical, biological, or nu-  
17                           clear weapons or related technologies;  
18                           or

19                           “(II) destabilizing numbers and  
20                           types of advanced conventional weap-  
21                           ons; and”.

22           (d) CLARIFICATION AND EXPANSION OF DEFINI-  
23 TIONS.—Section 14 of such Act is amended—

24                   (1) in paragraph (13)(B)—

1 (A) by inserting “financial institution, in-  
2 surer, underwriter, guarantor, and any other  
3 business organization, including any foreign  
4 subsidiary, parent, or affiliate thereof,” after  
5 “trust,”; and

6 (B) by inserting “, such as an export cred-  
7 it agency” before the semicolon at the end;

8 (2) in paragraph (14), by striking “petroleum  
9 and natural gas resources” and inserting “petro-  
10 leum, refined petroleum products, oil or liquefied  
11 natural gas, natural gas resources, oil or liquefied  
12 natural gas tankers, and products used to construct  
13 or maintain pipelines used to transport oil or lique-  
14 fied natural gas”;

15 (3) by redesignating paragraphs (15) and (16)  
16 as paragraphs (16) and (17), respectively; and

17 (4) by inserting after paragraph (14) the fol-  
18 lowing:

19 “(15) REFINED PETROLEUM PRODUCTS.—The  
20 term ‘refined petroleum products’ means diesel, gas-  
21 oline, jet fuel (including naphtha-type and kerosene-  
22 type jet fuel), and aviation gasoline.”.

23 (e) CONFORMING AMENDMENT.—Section 4 of such  
24 Act is amended—



1 (1) in subsection (b)(2), by striking “(in addi-  
2 tion to that provided in subsection (d))”;

3 (2) by striking subsection (d); and

4 (3) by redesignating subsections (e) and (f) as  
5 subsections (d) and (e), respectively.

6 **SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.**

7 (a) IN GENERAL.—Notwithstanding any other provi-  
8 sion of law, and in addition to any other sanction in effect,  
9 beginning on the date that is 15 days after the effective  
10 date of this Act, the economic sanctions described in sub-  
11 section (b) shall apply with respect to Iran.

12 (b) SANCTIONS.—The sanctions described in this  
13 subsection are the following:

14 (1) PROHIBITION ON IMPORTS.—

15 (A) IN GENERAL.—Except as provided in  
16 subparagraph (B), no article of Iranian origin  
17 may be imported directly or indirectly into the  
18 United States.

19 (B) EXCEPTION.—The prohibition in sub-  
20 paragraph (A) does not apply to imports from  
21 Iran of information and informational mate-  
22 rials.

23 (2) PROHIBITION ON EXPORTS.—

24 (A) IN GENERAL.—Except as provided in  
25 subparagraph (B), no article of United States

1 origin may be exported directly or indirectly to  
2 Iran.

3 (B) EXCEPTIONS.—The prohibition in sub-  
4 paragraph (A) does not apply to exports to Iran  
5 of—

6 (i) agricultural commodities, food,  
7 medicine, or medical devices;

8 (ii) articles exported to Iran to pro-  
9 vide humanitarian assistance to the people  
10 of Iran;

11 (iii) except as provided in subpara-  
12 graph (C), information or informational  
13 materials;

14 (iv) goods, services, or technologies  
15 necessary to ensure the safe operation of  
16 commercial passenger aircraft produced in  
17 the United States if the exportation of  
18 such goods, services, or technologies is ap-  
19 proved by the Secretary of the Treasury, in  
20 consultation with the Secretary of Com-  
21 merce, pursuant to regulations promul-  
22 gated by the Secretary of the Treasury re-  
23 garding the exportation of such goods,  
24 services, or technologies, if appropriate; or

1 (v) goods, services, or technologies  
2 that—

3 (I) are provided to the Inter-  
4 national Atomic Energy Agency and  
5 are necessary to support activities of  
6 that Agency in Iran;

7 (II) are necessary to support ac-  
8 tivities, including the activities of non-  
9 governmental organizations, relating  
10 to promoting democracy in Iran; or

11 (III) the President determines to  
12 be necessary to the national interest  
13 of the United States.

14 (C) SPECIAL RULE WITH RESPECT TO IN-  
15 FORMATION AND INFORMATIONAL MATE-  
16 RIALS.—Notwithstanding subparagraph (B)(iii),  
17 information and informational materials of  
18 United States origin may not be exported di-  
19 rectly or indirectly to Iran—

20 (i) if the exportation of such informa-  
21 tion or informational materials is otherwise  
22 controlled—

23 (I) under section 5 of the Export  
24 Administration Act of 1979 (50  
25 U.S.C. App. 2404) (as in effect pur-

1                   suant to the International Emergency  
2                   Economic Powers Act (50 U.S.C.  
3                   1701 et seq.); or

4                   (II) under section 6 of that Act  
5                   (50 U.S.C. App. 2405), to the extent  
6                   that such controls promote the non-  
7                   proliferation or antiterrorism policies  
8                   of the United States; or

9                   (ii) if such information or informa-  
10                  tional materials are information or infor-  
11                  mational materials with respect to which  
12                  acts are prohibited by chapter 37 of title  
13                  18, United States Code.

14               (3) FREEZING ASSETS.—

15               (A) IN GENERAL.—At such time as the  
16               United States has access to the names of per-  
17               sons in Iran, including Iranian diplomats and  
18               representatives of other government and mili-  
19               tary or quasi-governmental institutions of Iran  
20               (including Iran’s Revolutionary Guard Corps  
21               and its affiliates), that satisfy the criteria for  
22               designation with respect to the imposition of  
23               sanctions under the authority of the Inter-  
24               national Emergency Economic Powers Act (50  
25               U.S.C. 1701 et seq.) or are otherwise subject to

1 sanctions under any other provision of law, the  
2 President shall take such action as may be nec-  
3 essary to freeze, as soon as possible, the funds  
4 and other assets belonging to anyone so named  
5 and any family members or associates of those  
6 so named to whom assets or property of those  
7 so named were transferred on or after January  
8 1, 2009. The action described in the preceding  
9 sentence includes requiring any United States  
10 financial institution that holds funds and assets  
11 of a person so named to report promptly to the  
12 Office of Foreign Assets Control information  
13 regarding such funds and assets.

14 (B) ASSET REPORTING REQUIREMENT.—  
15 Not later than 14 days after a decision is made  
16 to freeze the property or assets of any person  
17 under this paragraph, the President shall report  
18 the name of such person to the appropriate con-  
19 gressional committees. Such a report may con-  
20 tain a classified annex.

21 (4) UNITED STATES GOVERNMENT CON-  
22 TRACTS.—The head of an executive agency may not  
23 procure, or enter into a contract for the procurement  
24 of, any goods or services from a person that meets  
25 the criteria for the imposition of sanctions under

1 section 5 of the Iran Sanctions Act of 1996 (Public  
2 Law 104–172; 50 U.S.C. 1701 note).

3 (c) WAIVER.—The President may waive the applica-  
4 tion of the sanctions described in subsection (b) if the  
5 President—

6 (1) determines that such a waiver is in the na-  
7 tional interest of the United States; and

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

11 **SEC. 104. LIABILITY OF PARENT COMPANIES FOR VIOLA-**  
12 **TIONS OF SANCTIONS BY FOREIGN SUBSIDI-**  
13 **ARIES.**

14 (a) DEFINITIONS.—In this section:

15 (1) ENTITY.—The term “entity” means a part-  
16 nership, association, trust, joint venture, corpora-  
17 tion, or other organization.

18 (2) OWN OR CONTROL.—The term “own or con-  
19 trol” means, with respect to an entity—

20 (A) to hold more than 50 percent of the  
21 equity interest by vote or value in the entity;

22 (B) to hold a majority of seats on the  
23 board of directors of the entity; or

24 (C) to otherwise control the actions, poli-  
25 cies, or personnel decisions of the entity.

1           (3) SUBSIDIARY.—The term “subsidiary”  
2 means an entity that is owned or controlled, directly  
3 or indirectly, by a United States person.

4           (4) UNITED STATES PERSON.—The term  
5 “United States person” means—

6           (A) a natural person who is a citizen, resi-  
7 dent, or national of the United States; and

8           (B) an entity that is organized under the  
9 laws of the United States, any State or terri-  
10 tory thereof, or the District of Columbia, if nat-  
11 ural persons described in subparagraph (A) own  
12 or control the entity.

13       (b) IN GENERAL.—A United States person shall be  
14 subject to a penalty for a violation of the provisions of  
15 Executive Order 12959 (50 U.S.C. 1701 note) or Execu-  
16 tive Order 13059 (50 U.S.C. 1701 note), or any other pro-  
17 hibition on transactions with respect to Iran imposed  
18 under the authority of the International Emergency Eco-  
19 nomic Powers Act (50 U.S.C. 1701 et seq.), if—

20           (1) the President determines, pursuant to such  
21 regulations as the President may prescribe, that the  
22 United States person establishes or maintains a sub-  
23 sidiary outside of the United States for the purpose  
24 of circumventing such provisions; and

1           (2) that subsidiary engages in an act that, if  
2           committed in the United States or by a United  
3           States person, would violate such provisions.

4           (c) WAIVER.—The President may waive the applica-  
5           tion of subsection (b) if the President—

6           (1) determines that such a waiver is in the na-  
7           tional interest of the United States; and

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

11          (d) EFFECTIVE DATE.—

12          (1) IN GENERAL.—Subsection (b) shall take ef-  
13          fect on the date of the enactment of this Act and  
14          apply with respect to acts described in subsection  
15          (b)(2) that are—

16                (A) commenced on or after the date of the  
17                enactment of this Act; or

18                (B) except as provided in paragraph (2),  
19                commenced before such date of enactment, if  
20                such acts continue on or after such date of en-  
21                actment.

22          (2) EXCEPTION.—Subsection (b) shall not  
23          apply with respect to an act described in paragraph  
24          (1)(B) by a subsidiary owned or controlled by a  
25          United States person if the United States person di-



1 vests or terminates its business with the subsidiary  
2 not later than 90 days after the date of the enact-  
3 ment of this Act.

4 **SEC. 105. PROHIBITION ON PROCUREMENT CONTRACTS**  
5 **WITH PERSONS THAT EXPORT SENSITIVE**  
6 **TECHNOLOGY TO IRAN.**

7 (a) IN GENERAL.—Notwithstanding any other provi-  
8 sion of law, and pursuant to such regulations as the Presi-  
9 dent may prescribe, the head of an executive agency may  
10 not enter into or renew a contract for the procurement  
11 of goods or services with a person that exports sensitive  
12 technology to Iran.

13 (b) WAIVER.—The President may waive the applica-  
14 tion of the prohibition under subsection (a) if the Presi-  
15 dent—

16 (1) determines that such a waiver is in the na-  
17 tional interest of the United States; and

18 (2) submits to Congress a report describing the  
19 reasons for the determination.

20 (c) SENSITIVE TECHNOLOGY DEFINED.—The term  
21 “sensitive technology” means hardware, software, tele-  
22 communications equipment, or any other technology that  
23 the President determines is to be used specifically—

24 (1) to restrict the free flow of unbiased infor-  
25 mation in Iran; or

1           (2) to disrupt, monitor, or otherwise restrict  
2           speech of the people of Iran.

3 **SEC. 106. INCREASED CAPACITY FOR EFFORTS TO COMBAT**  
4 **UNLAWFUL OR TERRORIST FINANCING.**

5           (a) FINDING.—Congress finds that the work of the  
6 Office of Terrorism and Financial Intelligence of the De-  
7 partment of the Treasury, which includes the Office of  
8 Foreign Assets Control and the Financial Crimes Enforce-  
9 ment Network, is critical to ensuring that the inter-  
10 national financial system is not used for purposes of sup-  
11 porting terrorism and developing weapons of mass de-  
12 struction.

13           (b) AUTHORIZATION OF APPROPRIATIONS FOR OF-  
14 FICE OF TERRORISM AND FINANCIAL INTELLIGENCE.—  
15 There are authorized to be appropriated to the Secretary  
16 of the Treasury for the Office of Terrorism and Financial  
17 Intelligence—

18           (1) \$64,611,000 for fiscal year 2010; and

19           (2) such sums as may be necessary for each of  
20           the fiscal years 2011 and 2012.

21           (c) AUTHORIZATION OF APPROPRIATIONS FOR THE  
22 FINANCIAL CRIMES ENFORCEMENT NETWORK.—Section  
23 310(d)(1) of title 31, United States Code, is amended by  
24 striking “such sums as may be necessary for fiscal years  
25 2002, 2003, 2004, and 2005” and inserting

1 “\$104,260,000 for fiscal year 2010 and such sums as may  
2 be necessary for each of the fiscal years 2011 and 2012”.

3 **SEC. 107. REPORTING REQUIREMENTS.**

4 (a) REPORT ON INVESTMENT AND ACTIVITIES THAT  
5 MAY BE SANCTIONABLE UNDER IRAN SANCTIONS ACT  
6 OF 1996.—

7 (1) IN GENERAL.—Not later than 180 days  
8 after the date of the enactment of this Act, the  
9 President shall submit to the appropriate congress-  
10 sional committees a report containing—

11 (A) a description of—

12 (i) any foreign investments of  
13 \$20,000,000 or more that contribute di-  
14 rectly and significantly to the enhancement  
15 of Iran’s ability to develop petroleum re-  
16 sources made during the period described  
17 in paragraph (2);

18 (ii) any sale, lease, or provision to  
19 Iran during the period described in para-  
20 graph (2) of any goods, services, tech-  
21 nology, information, or support that would  
22 facilitate the maintenance or expansion of  
23 Iran’s domestic production of refined pe-  
24 troleum products; and

1           (iii) any refined petroleum products  
2           provided to Iran during the period de-  
3           scribed in paragraph (2) and any other ac-  
4           tivity that could contribute directly and  
5           significantly to the enhancement of Iran's  
6           ability to import refined petroleum prod-  
7           ucts during that period;

8           (B) with respect to each investment or  
9           other activity described in subparagraph (A), an  
10          identification of—

11           (i) the date or dates of the investment  
12          or activity;

13           (ii) the steps taken by the United  
14          States to respond to the investment or ac-  
15          tivity;

16           (iii) the name and United States  
17          domiciliary of any person that participated  
18          or invested in or facilitated the investment  
19          or activity; and

20           (iv) any Federal Government con-  
21          tracts to which any person referred to in  
22          clause (iii) are parties; and

23          (C) the determination of the President  
24          with respect to whether each such investment or  
25          activity qualifies as a sanctionable offense

1 under section 5(a) of the Iran Sanctions Act of  
2 1996 (Public Law 104–172; 50 U.S.C. 1701  
3 note).

4 (2) PERIOD DESCRIBED.—The period described  
5 in this paragraph is the period beginning on Janu-  
6 ary 1, 2009, and ending on the date on which the  
7 President submits the report under paragraph (1).

8 (b) SUBSEQUENT REPORTS.—Not later than 1 year  
9 after the date of the enactment of this Act, and every 180  
10 days thereafter, the President shall submit to the appro-  
11 priate congressional committees an updated version of the  
12 report required under subsection (a) that contains the in-  
13 formation required under that subsection for the 180-day  
14 period preceding the submission of the updated report.

15 (c) FORM OF REPORTS; PUBLICATION.—A report  
16 submitted under subsection (a) or (b) shall be submitted  
17 in unclassified form, but may contain a classified annex.  
18 The unclassified portion of the report shall be published  
19 in the Federal Register.

20 **SEC. 108. SENSE OF CONGRESS REGARDING THE IMPOSI-**  
21 **TION OF SANCTIONS ON THE CENTRAL BANK**  
22 **OF IRAN.**

23 Congress urges the President, in the strongest terms,  
24 to consider immediately using the authority of the Presi-  
25 dent to impose sanctions on the Central Bank of Iran and

1 any other Iranian bank engaged in proliferation activities  
2 or support of terrorist groups.

3 **SEC. 109. POLICY OF THE UNITED STATES REGARDING**  
4 **IRAN'S REVOLUTIONARY GUARD CORPS AND**  
5 **ITS AFFILIATES.**

6 It is the sense of Congress that the United States  
7 should—

8 (1) continue to target Iran's Revolutionary  
9 Guard Corps persistently with economic sanctions  
10 for its support for terrorism, its role in proliferation,  
11 and its oppressive activities against the people of  
12 Iran; and

13 (2) impose sanctions, including travel restric-  
14 tions, sanctions authorized pursuant to this Act, and  
15 the full range of sanctions available to the President  
16 under the International Emergency Economic Pow-  
17 ers Act (50 U.S.C. 1701 et seq.), on—

18 (A) any foreign individual or entity that is  
19 an agent, alias, front, instrumentality, official,  
20 or affiliate of Iran's Revolutionary Guard Corps  
21 and is designated for the imposition of sanc-  
22 tions by the President;

23 (B) any individual or entity who—

24 (i) has provided material support to  
25 Iran's Revolutionary Guard Corps or any

1 of its affiliates designated for the imposi-  
2 tion of sanctions by the President; or

3 (ii) has conducted any financial or  
4 commercial transaction with Iran's Revolu-  
5 tionary Guard Corps or any of its affiliates  
6 so designated; and

7 (C) any foreign government found—

8 (i) to be providing material support to  
9 Iran's Revolutionary Guard Corps or any  
10 of its affiliates designated for the imposi-  
11 tion of sanctions by the President; or

12 (ii) to have conducted any commercial  
13 transaction or financial transaction with  
14 Iran's Revolutionary Guard Corps or any  
15 of its affiliates so designated.

16 **SEC. 110. POLICY OF THE UNITED STATES WITH RESPECT**  
17 **TO IRAN AND HEZBOLLAH.**

18 It is the sense of Congress that the United States  
19 should—

20 (1) continue to counter support received by  
21 Hezbollah from the Government of Iran and other  
22 foreign governments in response to Hezbollah's ter-  
23 rorist activities and the threat Hezbollah poses to  
24 Israel, the democratic sovereignty of Lebanon, and  
25 the national security interests of the United States;

1           (2) impose the full range of sanctions available  
2           to the President under the International Emergency  
3           Economic Powers Act (50 U.S.C. 1701 et seq.) on  
4           Hezbollah, its designated affiliates and supporters,  
5           and persons providing Hezbollah with commercial,  
6           financial, or other services;

7           (3) urge the European Union, individual coun-  
8           tries in Europe, and other countries to classify  
9           Hezbollah as a terrorist organization to facilitate the  
10          disruption of Hezbollah's operations; and

11          (4) renew international efforts to disarm  
12          Hezbollah and disband its militias in Lebanon, as  
13          called for by United Nations Security Council Reso-  
14          lutions 1559 (2004) and 1701 (2006).

15 **SEC. 111. SENSE OF CONGRESS REGARDING THE IMPOSI-**  
16 **TION OF MULTILATERAL SANCTIONS WITH**  
17 **RESPECT TO IRAN.**

18          It is the sense of Congress that—

19           (1) in general, multilateral sanctions are more  
20           effective than unilateral sanctions at achieving de-  
21           sired results from countries such as Iran;

22           (2) the President should continue to work with  
23           allies of the United States to impose such sanctions  
24           as may be necessary to prevent the Government of



1 Iran from acquiring a nuclear weapons capability;  
2 and

3 (3) the United States should continue to con-  
4 sult with the 5 permanent members of the United  
5 Nations Security Council and Germany (commonly  
6 referred to as the “P5-plus-1”) and other interested  
7 countries regarding imposing new sanctions with re-  
8 spect to Iran in the event that diplomatic efforts to  
9 prevent Iran from acquiring a nuclear weapons capa-  
10 bility fail.

11 **TITLE II—DIVESTMENT FROM**  
12 **CERTAIN COMPANIES THAT**  
13 **INVEST IN IRAN**

14 **SEC. 201. DEFINITIONS.**

15 In this title:

16 (1) ENERGY SECTOR.—The term “energy sec-  
17 tor” refers to activities to develop petroleum or nat-  
18 ural gas resources or nuclear power.

19 (2) FINANCIAL INSTITUTION.—The term “fi-  
20 nancial institution” has the meaning given that term  
21 in section 14(5) of the Iran Sanctions Act of 1996  
22 (Public Law 104–172; 50 U.S.C. 1701 note).

23 (3) IRAN.—The term “Iran” includes any agen-  
24 cy or instrumentality of Iran.

25 (4) PERSON.—The term “person” means—

1           (A) a natural person, corporation, com-  
2           pany, business association, partnership, society,  
3           trust, or any other nongovernmental entity, or-  
4           ganization, or group;

5           (B) any governmental entity or instrumen-  
6           tality of a government, including a multilateral  
7           development institution (as defined in section  
8           1701(c)(3) of the International Financial Insti-  
9           tutions Act (22 U.S.C. 262r(c)(3))); and

10          (C) any successor, subunit, parent com-  
11          pany, or subsidiary of any entity described in  
12          subparagraph (A) or (B).

13          (5) STATE.—The term “State” means each of  
14          the several States, the District of Columbia, the  
15          Commonwealth of Puerto Rico, the United States  
16          Virgin Islands, Guam, American Samoa, and the  
17          Commonwealth of the Northern Mariana Islands.

18          (6) STATE OR LOCAL GOVERNMENT.—The term  
19          “State or local government” includes—

20                (A) any State and any agency or instru-  
21                mentality thereof;

22                (B) any local government within a State,  
23                and any agency or instrumentality thereof;

24                (C) any other governmental instrumen-  
25                tality; and

1 (D) any public institution of higher edu-  
2 cation within the meaning of the Higher Edu-  
3 cation Act of 1965 (20 U.S.C. 1001 et seq.).

4 **SEC. 202. AUTHORITY OF STATE AND LOCAL GOVERN-**  
5 **MENTS TO DIVEST FROM CERTAIN COMPA-**  
6 **NIES THAT INVEST IN IRAN.**

7 (a) SENSE OF CONGRESS.—It is the sense of Con-  
8 gress that the United States Government should support  
9 the decision of any State or local government that for  
10 moral, prudential, or reputational reasons divests from, or  
11 prohibits the investment of assets of the State or local gov-  
12 ernment in, a person that engages in investment activities  
13 in the energy sector of Iran, as long as that country is  
14 subject to economic sanctions imposed by the United  
15 States.

16 (b) AUTHORITY TO DIVEST.—Notwithstanding any  
17 other provision of law, a State or local government may  
18 adopt and enforce measures that meet the requirements  
19 of subsection (d) to divest the assets of the State or local  
20 government from, or prohibit investment of the assets of  
21 the State or local government in, any person that the  
22 State or local government determines, using credible infor-  
23 mation available to the public, engages in investment ac-  
24 tivities in Iran described in subsection (c).

1 (c) INVESTMENT ACTIVITIES DESCRIBED.—A person  
2 engages in investment activities in Iran described in this  
3 subsection if the person—

4 (1) has an investment of \$20,000,000 or more  
5 in the energy sector of Iran, including in a person  
6 that provides oil or liquified natural gas tankers, or  
7 products used to construct or maintain pipelines  
8 used to transport oil or liquified natural gas, for the  
9 energy sector in Iran; or

10 (2) is a financial institution that extends  
11 \$20,000,000 or more in credit to another person, for  
12 45 days or more, if that person will use the credit  
13 to invest in the energy sector in Iran.

14 (d) REQUIREMENTS.—Any measure taken by a State  
15 or local government under subsection (b) shall meet the  
16 following requirements:

17 (1) NOTICE.—The State or local government  
18 shall provide written notice to each person to which  
19 a measure is to be applied.

20 (2) TIMING.—The measure shall apply to a per-  
21 son not earlier than the date that is 90 days after  
22 the date on which written notice is provided to the  
23 person under paragraph (1).

24 (3) OPPORTUNITY FOR HEARING.—The State  
25 or local government shall provide an opportunity to

1 comment in writing to each person to which a meas-  
2 ure is to be applied. If the person demonstrates to  
3 the State or local government that the person does  
4 not engage in investment activities in Iran described  
5 in subsection (c), the measure shall not apply to the  
6 person.

7 (4) SENSE OF CONGRESS ON AVOIDING ERRO-  
8 NEOUS TARGETING.—It is the sense of Congress  
9 that a State or local government should not adopt  
10 a measure under subsection (b) with respect to a  
11 person unless the State or local government has  
12 made every effort to avoid erroneously targeting the  
13 person and has verified that the person engages in  
14 investment activities in Iran described in subsection  
15 (c).

16 (e) NOTICE TO DEPARTMENT OF JUSTICE.—Not  
17 later than 30 days after adopting a measure pursuant to  
18 subsection (b), a State or local government shall submit  
19 written notice to the Attorney General describing the  
20 measure.

21 (f) NONPREEMPTION.—A measure of a State or local  
22 government authorized under subsection (b) is not pre-  
23 empted by any Federal law or regulation.

24 (g) DEFINITIONS.—In this section:

1           (1) INVESTMENT.—The “investment” of assets,  
2 with respect to a State or local government, in-  
3 cludes—

4           (A) a commitment or contribution of as-  
5 sets;

6           (B) a loan or other extension of credit; and

7           (C) the entry into or renewal of a contract  
8 for goods or services.

9           (2) ASSETS.—

10           (A) IN GENERAL.—Except as provided in  
11 subparagraph (B), the term “assets” refers to  
12 public monies and includes any pension, retire-  
13 ment, annuity, or endowment fund, or similar  
14 instrument, that is controlled by a State or  
15 local government.

16           (B) EXCEPTION.—The term “assets” does  
17 not include employee benefit plans covered by  
18 title I of the Employee Retirement Income Se-  
19 curity Act of 1974 (29 U.S.C. 1001 et seq.).

20           (h) EFFECTIVE DATE.—

21           (1) IN GENERAL.—Except as provided in para-  
22 graph (2), this section applies to measures adopted  
23 by a State or local government before, on, or after  
24 the date of the enactment of this Act.

1           (2) NOTICE REQUIREMENTS.—Subsections (d)  
2           and (e) apply to measures adopted by a State or  
3           local government on or after the date of the enact-  
4           ment of this Act.

5 **SEC. 203. SAFE HARBOR FOR CHANGES OF INVESTMENT**  
6                                   **POLICIES BY ASSET MANAGERS.**

7           (a) IN GENERAL.—Section 13(c)(1) of the Invest-  
8           ment Company Act of 1940 (15 U.S.C. 80a–13(c)(1)) is  
9           amended to read as follows:

10                   “(1) IN GENERAL.—Notwithstanding any other  
11           provision of Federal or State law, no person may  
12           bring any civil, criminal, or administrative action  
13           against any registered investment company, or any  
14           employee, officer, director, or investment adviser  
15           thereof, based solely upon the investment company  
16           divesting from, or avoiding investing in, securities  
17           issued by persons that the investment company de-  
18           termines, using credible information available to the  
19           public—

20                                   “(A) conduct or have direct investments in  
21           business operations in Sudan described in sec-  
22           tion 3(d) of the Sudan Accountability and Di-  
23           vestment Act of 2007 (50 U.S.C. 1701 note); or

24                                   “(B) engage in investment activities in  
25           Iran described in section 202(c) of the Com-

1           prehensive Iran Sanctions, Accountability, and  
2           Divestment Act of 2009.”.

3           (b) SEC REGULATIONS.—Not later than 120 days  
4 after the date of the enactment of this Act, the Securities  
5 and Exchange Commission shall issue any revisions the  
6 Commission determines to be necessary to the regulations  
7 requiring disclosure by each registered investment com-  
8 pany that divests itself of securities in accordance with  
9 section 13(c) of the Investment Company Act of 1940 to  
10 include divestments of securities in accordance with para-  
11 graph (1)(B) of such section, as added by subsection (a).

12 **SEC. 204. SENSE OF CONGRESS REGARDING CERTAIN**  
13 **ERISA PLAN INVESTMENTS.**

14           It is the sense of Congress that a fiduciary of an em-  
15 ployee benefit plan, as defined in section 3(3) of the Em-  
16 ployee Retirement Income Security Act of 1974 (29  
17 U.S.C. 1002(3)), may divest plan assets from, or avoid  
18 investing plan assets in, any person the fiduciary deter-  
19 mines engages in investment activities in Iran described  
20 in section 202(c) of this Act, without breaching the re-  
21 sponsibilities, obligations, or duties imposed upon the fidu-  
22 ciary by section 404 of the Employee Retirement Income  
23 Security Act of 1974 (29 U.S.C. 1104), if—



1           (1) the fiduciary makes such determination  
2 using credible information that is available to the  
3 public; and

4           (2) such divestment or avoidance of investment  
5 is conducted in accordance with section 2509.08–1  
6 of title 29, Code of Federal Regulations (as in effect  
7 on the day before the date of the enactment of this  
8 Act).

9 **TITLE III—PREVENTION OF**  
10 **TRANSSHIPMENT, REEXPOR-**  
11 **TATION, OR DIVERSION OF**  
12 **SENSITIVE ITEMS TO IRAN**

13 **SEC. 301. DEFINITIONS.**

14 In this title:

15           (1) **APPROPRIATE CONGRESSIONAL COMMIT-**  
16 **TEES.**—The term “appropriate congressional com-  
17 mittees” means—

18           (A) the Committee on Banking, Housing,  
19 and Urban Affairs, the Committee on Foreign  
20 Relations, and the Select Committee on Intel-  
21 ligence of the Senate; and

22           (B) the Committee on Financial Services,  
23 the Committee on Foreign Affairs, and the Per-  
24 manent Select Committee on Intelligence of the  
25 House of Representatives.

1           (2) END-USER.—The term “end-user” means  
2           an end-user as that term is used in the Export Ad-  
3           ministration Regulations.

4           (3) EXPORT ADMINISTRATION REGULATIONS.—  
5           The term “Export Administration Regulations”  
6           means subchapter C of chapter VII of title 15, Code  
7           of Federal Regulations.

8           (4) GOVERNMENT.—The term “government”  
9           includes any agency or instrumentality of a govern-  
10          ment.

11          (5) IRAN.—The term “Iran” includes any agen-  
12          cy or instrumentality of Iran.

13          (6) STATE SPONSOR OF TERRORISM.—The term  
14          “state sponsor of terrorism” means any country the  
15          government of which the Secretary of State has de-  
16          termined has repeatedly provided support for acts of  
17          international terrorism pursuant to—

18                 (A) section 6(j)(1)(A) of the Export Ad-  
19                 ministration Act of 1979 (50 U.S.C. App.  
20                 2405(j)(1)(A)) (or any successor thereto);

21                 (B) section 40(d) of the Arms Export Con-  
22                 trol Act (22 U.S.C. 2780(d)); or

23                 (C) section 620A(a) of the Foreign Assist-  
24                 ance Act of 1961 (22 U.S.C. 2371(a)).

1           (7) TRANSSHIPMENT, REEXPORTATION, OR DI-  
2           VERSION.—The term “transshipment, reexportation,  
3           or diversion” means the exportation, directly or indi-  
4           rectly, of items that originated in the United States  
5           to an end-user whose identity cannot be verified or  
6           to an entity in Iran in violation of the laws or regu-  
7           lations of the United States by any means, including  
8           by—

9                   (A) shipping such items through 1 or more  
10           foreign countries; or

11                   (B) by using false information regarding  
12           the country of origin of such items.

13 **SEC. 302. IDENTIFICATION OF LOCATIONS OF CONCERN**  
14                   **WITH RESPECT TO TRANSSHIPMENT, RE-**  
15                   **EXPORTATION, OR DIVERSION OF CERTAIN**  
16                   **ITEMS TO IRAN.**

17           Not later than 180 days after the date of the enact-  
18           ment of this Act, and annually thereafter, the Director  
19           of National Intelligence shall submit to the Secretary of  
20           Commerce, the Secretary of State, the Secretary of the  
21           Treasury, and the appropriate congressional committees  
22           a report that identifies all countries that the Director de-  
23           termines are of concern with respect to transshipment, re-  
24           exportation, or diversion of items subject to the provisions

1 of the Export Administration Regulations to an entity in  
2 Iran.

3 **SEC. 303. DESTINATIONS OF POSSIBLE DIVERSION CON-**  
4 **CERN AND DESTINATIONS OF DIVERSION**  
5 **CONCERN.**

6 (a) DESTINATIONS OF POSSIBLE DIVERSION CON-  
7 CERN.—

8 (1) DESIGNATION.—The Secretary of Com-  
9 merce shall designate a country as a Destination of  
10 Possible Diversion Concern if the Secretary, in con-  
11 sultation with the Secretary of State and the Sec-  
12 retary of the Treasury, determines that such des-  
13 ignation is appropriate to carry out activities to  
14 strengthen the export control systems of that coun-  
15 try based on criteria that include—

16 (A) the volume of items that originated in  
17 the United States that are transported through  
18 the country to end-users whose identities cannot  
19 be verified;

20 (B) the inadequacy of the export and reex-  
21 port controls of the country;

22 (C) the unwillingness or demonstrated in-  
23 ability of the government of the country to con-  
24 trol diversion activities; and

1 (D) the unwillingness or inability of the  
2 government of the country to cooperate with the  
3 United States in interdiction efforts.

4 (2) STRENGTHENING EXPORT CONTROL SYS-  
5 TEMS OF DESTINATIONS OF POSSIBLE DIVERSION  
6 CONCERN.—If the Secretary of Commerce designates  
7 a country as a Destination of Possible Diversion  
8 Concern under paragraph (1), the United States  
9 shall initiate government-to-government activities de-  
10 scribed in paragraph (3) to strengthen the export  
11 control systems of the country.

12 (3) GOVERNMENT-TO-GOVERNMENT ACTIVITIES  
13 DESCRIBED.—The government-to-government activi-  
14 ties described in this paragraph include—

15 (A) cooperation by agencies and depart-  
16 ments of the United States with counterpart  
17 agencies and departments in a country des-  
18 ignated as a Destination of Possible Diversion  
19 Concern under paragraph (1) to—

20 (i) develop or strengthen export con-  
21 trol systems in the country;

22 (ii) strengthen cooperation and facili-  
23 tate enforcement of export control systems  
24 in the country; and

1 (iii) promote information and data ex-  
2 changes among agencies of the country  
3 and with the United States; and

4 (B) efforts by the Office of International  
5 Programs of the Department of Commerce to  
6 strengthen the export control systems of the  
7 country to—

8 (i) facilitate legitimate trade in high-  
9 technology goods; and

10 (ii) prevent terrorists and state spon-  
11 sors of terrorism, including Iran, from ob-  
12 taining nuclear, biological, and chemical  
13 weapons, defense technologies, components  
14 for improvised explosive devices, and other  
15 defense items.

16 (b) DESTINATIONS OF DIVERSION CONCERN.—

17 (1) DESIGNATION.—The Secretary of Com-  
18 merce shall designate a country as a Destination of  
19 Diversion Concern if the Secretary, in consultation  
20 with the Secretary of State and the Secretary of the  
21 Treasury, determines—

22 (A) that the government of the country al-  
23 lows substantial transshipment, reexportation,  
24 or diversion of items that originated in the

1 United States to end-users whose identities can-  
2 not be verified or to entities in Iran; or

3 (B) 12 months after the Secretary of Com-  
4 merce designates the country as a Destination  
5 of Possible Diversion Concern under subsection  
6 (a)(1), that the country has failed—

7 (i) to cooperate with the government-  
8 to-government activities initiated by the  
9 United States under subsection (a)(2); or

10 (ii) based on the criteria described in  
11 subsection (a)(1), to adequately strengthen  
12 the export control systems of the country.

13 (2) LICENSING CONTROLS WITH RESPECT TO  
14 DESTINATIONS OF DIVERSION CONCERN.—

15 (A) REPORT ON SUSPECT ITEMS.—

16 (i) IN GENERAL.—Not later than 45  
17 days after the date of the enactment of  
18 this Act, the Secretary of Commerce, in  
19 consultation with the Director of National  
20 Intelligence, the Secretary of State, and  
21 the Secretary of the Treasury, shall submit  
22 to the appropriate congressional commit-  
23 tees a report containing a list of items  
24 that, if the items were transshipped, reex-

1 ported, or diverted to Iran, could con-  
2 tribute to—

3 (I) Iran obtaining nuclear, bio-  
4 logical, or chemical weapons, defense  
5 technologies, components for impro-  
6 vised explosive devices, or other de-  
7 fense items; or

8 (II) support by Iran for acts of  
9 international terrorism.

10 (ii) CONSIDERATIONS FOR LIST.—In  
11 developing the list required under clause  
12 (i), the Secretary of Commerce shall con-  
13 sider—

14 (I) the items subject to licensing  
15 requirements under section 742.8 of  
16 title 15, Code of Federal Regulations  
17 (or any corresponding similar regula-  
18 tion or ruling) and other existing li-  
19 censing requirements; and

20 (II) the items added to the list of  
21 items for which a license is required  
22 for exportation to North Korea by the  
23 final rule of the Bureau of Export Ad-  
24 ministration of the Department of  
25 Commerce issued on June 19, 2000



1 (65 Fed. Reg. 38148; relating to ex-  
2 port restrictions on North Korea).

3 (B) LICENSING REQUIREMENT.—Not later  
4 than 180 days after the date of the enactment  
5 of this Act, the Secretary of Commerce shall re-  
6 quire a license to export an item on the list re-  
7 quired under subparagraph (A)(i) to a country  
8 designated as a Destination of Diversion Con-  
9 cern.

10 (C) WAIVER.—The President may waive  
11 the imposition of the licensing requirement  
12 under subparagraph (B) with respect to a coun-  
13 try designated as a Destination of Diversion  
14 Concern if the President—

15 (i) determines that such a waiver is in  
16 the national interest of the United States;  
17 and

18 (ii) submits to the appropriate con-  
19 gressional committees a report describing  
20 the reasons for the determination.

21 (c) TERMINATION OF DESIGNATION.—The designa-  
22 tion of a country as a Destination of Possible Diversion  
23 Concern or a Destination of Diversion Concern shall ter-  
24minate on the date on which the Secretary of Commerce  
25 determines, based on the criteria described in subpara-

1 graphs (A) through (D) of subsection (a)(1), and certifies  
2 to Congress and the President that the country has ade-  
3 quately strengthened the export control systems of the  
4 country to prevent transshipment, reexportation, and di-  
5 version of items through the country to end-users whose  
6 identities cannot be verified or to entities in Iran.

7 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
8 are authorized to be appropriated such sums as may be  
9 necessary to carry out this section.

10 **SEC. 304. REPORT ON EXPANDING DIVERSION CONCERN**  
11 **SYSTEM TO COUNTRIES OTHER THAN IRAN.**

12 Not later than 180 days after the date of the enact-  
13 ment of this Act, the Director of National Intelligence, in  
14 consultation with the Secretary of Commerce, the Sec-  
15 retary of State, and the Secretary of the Treasury, shall  
16 submit to the appropriate congressional committees a re-  
17 port that—

18 (1) identifies any country that the Director de-  
19 termines may be transshipping, reexporting, or di-  
20 verting items subject to the provisions of the Export  
21 Administration Regulations to another country if  
22 such other country—

23 (A) is seeking to obtain nuclear, biological,  
24 or chemical weapons, defense technologies, com-

1           ponents for improvised explosive devices, or  
2           other defense items; or

3                   (B) provides support for acts of inter-  
4           national terrorism; and

5           (2) assesses the feasibility and advisability of  
6           expanding the system established under section 303  
7           for designating countries as Destinations of Possible  
8           Diversion Concern and Destinations of Diversion  
9           Concern to include countries identified under para-  
10          graph (1).

11           **TITLE IV—EFFECTIVE DATE;**  
12                           **SUNSET**

13           **SEC. 401. EFFECTIVE DATE; SUNSET.**

14           (a) **EFFECTIVE DATE.**—Except as provided in sec-  
15          tions 104, 202, and 303(b)(2), the provisions of, and  
16          amendments made by, this Act shall take effect on the  
17          date that is 120 days after the date of the enactment of  
18          this Act.

19           (b) **SUNSET.**—The provisions of this Act shall termi-  
20          nate on the date that is 30 days after the date on which  
21          the President certifies to Congress that—

22                   (1) the Government of Iran has ceased pro-  
23          viding support for acts of international terrorism  
24          and no longer satisfies the requirements for designa-  
25          tion as a state sponsor of terrorism under—

1 (A) section 6(j)(1)(A) of the Export Ad-  
2 ministration Act of 1979 (50 U.S.C. App.  
3 2405(j)(1)(A)) (or any successor thereto);

4 (B) section 40(d) of the Arms Export Con-  
5 trol Act (22 U.S.C. 2780(d)); or

6 (C) section 620A(a) of the Foreign Assist-  
7 ance Act of 1961 (22 U.S.C. 2371(a)); and

8 (2) Iran has ceased the pursuit, acquisition,  
9 and development of nuclear, biological, and chemical  
10 weapons and ballistic missiles and ballistic missile  
11 launch technology.



Calendar No. 215

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 2799**

[Report No. 111-99]

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**A BILL**

To expand the Iran Sanctions Act of 1996, to provide for the divestment of assets in Iran by State and local governments and other entities, to identify locations of concern with respect to transshipment, reexportation, or diversion of certain sensitive items to Iran, and for other purposes.

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NOVEMBER 19, 2009

Read twice and placed on the calendar