

THE NORTH KOREA SANCTIONS ENFORCEMENT ACT; THE
HUMAN TRAFFICKING PREVENTION ACT; AND URGING THE
GOVERNMENT OF AFGHANISTAN, FOLLOWING A SUCCESSFUL
FIRST ROUND OF THE PRESIDENTIAL ELECTION ON APRIL
5, 2014, TO PURSUE A TRANSPARENT, CREDIBLE, AND INCLU-
SIVE RUN-OFF PRESIDENTIAL ELECTION ON JUNE 14, 2014,
WHILE ENSURING THE SAFETY OF VOTERS, CANDIDATES,
POLL WORKERS, AND ELECTION OBSERVERS

MARKUP

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

ON

H.R. 1771, H.R. 4449 and H. Res. 600

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MAY 29, 2014
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CONTENTS

	Page
MARKUP OF	
H.R. 1771, To improve the enforcement of sanctions against the Government of North Korea, and for other purposes	2
Amendment in the nature of a substitute to H.R. 1771 offered by the Honorable Edward R. Royce, a Representative in Congress from the State of California, and chairman, Committee on Foreign Affairs	67
Amendment to the amendment in the nature of a substitute offered by the Honorable Joaquin Castro, a Representative in Congress from the State of Texas	114
Amendment to the amendment in the nature of a substitute offered by the Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia	116
H.R. 4449, To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes	117
H. Res. 600, Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers	120
APPENDIX	
Markup notice	136
Markup minutes	137
Markup summary	139
The Honorable Gerald E. Connolly: Prepared statement	140

**THE NORTH KOREA SANCTIONS ENFORCEMENT ACT; THE
HUMAN TRAFFICKING PREVENTION ACT; AND URGING
THE GOVERNMENT OF AFGHANISTAN, FOLLOWING A SUC-
CESSFUL FIRST ROUND OF THE PRESIDENTIAL ELECTION
ON APRIL 5, 2014, TO PURSUE A TRANSPARENT, CRED-
IBLE, AND INCLUSIVE RUN-OFF PRESIDENTIAL ELECTION
ON JUNE 14, 2014, WHILE ENSURING THE SAFETY OF VOT-
ERS, CANDIDATES, POLL WORKERS, AND ELECTION OB-
SERVERS**

THURSDAY, MAY 29, 2014

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in room 2172 Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman ROYCE. This committee will come to order. Pursuant to notice we meet today to mark up three measures. As member offices were notified yesterday, in view of the six concurrent committee markups taking place right now and the broad support for the items that we are considering here, the ranking member and I intend to consider en bloc all three measures together with the amendments that were provided to you previously.

And so without objection, the following items which all members have before them are considered read and will be considered en bloc: H.R. 1771, the North Korea Sanctions Enforcement Act; Royce Amendment Number 29 in the Nature of a Substitute to that H.R. 1771; the Castro Second Degree Amendment Number 33 to H.R. 1771, expressing the sense of Congress on enforcement of relevant U.N. Security Council resolutions; the Connolly Second Degree Amendment Number 118 to H.R. 1771, requiring progress on reunification of separated Korean families including for Korean Americans; H.R. 4449, the Human Trafficking Prevention Act; and House Resolution 600 regarding the upcoming presidential run-off election in Afghanistan.

[The information referred to follows:]

113TH CONGRESS
1ST SESSION

H. R. 1771

To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2013

Mr. ROYCE (for himself, Mr. ENGEL, Mr. CILABOT, Ms. ROS-LEHTINEN, Mr. ROHRBACHER, Mr. POE of Texas, Mr. SHERMAN, and Mr. SALMON) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To improve the enforcement of sanctions against the Government of North Korea, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “North Korea Sanctions Enforcement Act of 2013”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.

TITLE I—INVESTIGATIONS, PROHIBITED ACTIVITIES, AND PENALTIES

- Sec. 101. Statement of policy.
- Sec. 102. Investigations.
- Sec. 103. Briefing to Congress.
- Sec. 104. Designation of persons, foreign governments, and financial institutions.
- Sec. 105. Forfeiture of property.

TITLE II—SANCTIONS AGAINST NORTH KOREAN PROLIFERATION, HUMAN RIGHTS VIOLATIONS, AND ILLICIT ACTIVITIES

- Sec. 201. Sanctions for material support of North Korean proliferation.
- Sec. 202. Sanctions against the provision of specialized financial messaging services to designated North Korean financial institutions.
- Sec. 203. Proliferation prevention sanctions.
- Sec. 204. Procurement sanctions.
- Sec. 205. Sanctions with respect to the provision of vessels or shipping services to transport certain goods related to proliferation, terrorism, or criminal activities of North Korea.
- Sec. 206. International assistance.
- Sec. 207. Exclusion, waiver, and removal of designation.

TITLE III—PROMOTION OF HUMAN RIGHTS AND DISINVESTMENT

- Sec. 301. Information technology.
- Sec. 302. Disclosures to Securities and Exchange Commission relating to sanctionable activities.
- Sec. 303. Authority of State and local governments to divest from companies that invest in North Korea.
- Sec. 304. Safe harbor for changes of investment policies by asset managers.
- Sec. 305. Sense of Congress regarding certain ERISA plan investments.
- Sec. 306. Report on North Korean prison camps.
- Sec. 307. Limits on jurisdictional immunity.

TITLE IV—GENERAL AUTHORITIES

- Sec. 401. Suspension of sanctions and other measures.
- Sec. 402. Termination of sanctions and other measures.
- Sec. 403. North Korea Enforcement and Humanitarian Fund.
- Sec. 404. Regulations.
- Sec. 405. Effective date.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

- 3 (1) The Government of North Korea has re-
- 4 peatedly violated its commitments to the complete,

1 verifiable, irreversible dismantlement of its nuclear
2 weapons programs, and has willfully violated mul-
3 tiple United Nations Security Council resolutions
4 calling for it to cease its development, testing, and
5 production of weapons of mass destruction.

6 (2) North Korea poses a grave risk for the pro-
7 liferation of nuclear weapons and other weapons of
8 mass destruction.

9 (3) The Government of North Korea has been
10 implicated repeatedly in money laundering and illicit
11 activities, including prohibited arms sales, narcotics
12 trafficking, the counterfeiting of United States cur-
13 rency, and the counterfeiting of intellectual property
14 of United States persons.

15 (4) The Government of North Korea has re-
16 cently and repeatedly sponsored acts of international
17 terrorism, including attempts to assassinate defec-
18 tors and human rights activists; repeated threats of
19 violence against foreign persons, leaders, news-
20 papers, and cities; and the shipment of weapons to
21 Hezbollah and Hamas via Iran.

22 (5) North Korea has unilaterally withdrawn
23 from the 1953 Armistice Agreement that ended the
24 Korean War, and committed unprovoked acts of war
25 against South Korea in 2010 by sinking the warship

1 Cheonan and killing 46 of her crew, and by shelling
2 Yeonpyeong Island, killing four civilians.

3 (6) North Korea maintains a system of brutal
4 political prison camps that contain as many as
5 200,000 men, women, and children, who live in atro-
6 cious living conditions with insufficient food, cloth-
7 ing, and medical care, and under constant fear of
8 torture or arbitrary execution.

9 (7) The Congress reaffirms the purposes estab-
10 lished in the North Korean Human Rights Act of
11 2004 (22 U.S.C. 7802).

12 (8) North Korea has prioritized weapons pro-
13 grams and the procurement of luxury goods, in defi-
14 ance of United Nations Security Council resolutions,
15 and in gross disregard of the needs of its people.

16 (9) Persons, including financial institutions,
17 who engage in transactions with, or provide financial
18 services to, the Government of North Korea and its
19 financial institutions without establishing sufficient
20 financial safeguards against North Korea's use of
21 these transactions to promote proliferation, weapons
22 trafficking, human rights violations, illicit activity,
23 and the purchase of luxury goods, aid and abet
24 North Korea's misuse of the international financial

1 system, and also violate the intent of relevant United
2 Nations Security Council resolutions.

3 (10) The Government of North Korea's conduct
4 poses an imminent threat to the security of the
5 United States and its allies, to the global economy,
6 to the safety of members of the United States armed
7 forces, to the integrity of the global financial system,
8 to the integrity of global nonproliferation programs,
9 and to the people of North Korea.

10 (11) The Congress seeks, through this legisla-
11 tion, to use nonmilitary means to address this emer-
12 gency, to provide diplomatic leverage to negotiate
13 necessary changes in North Korea's conduct, and to
14 ease the suffering of the people of North Korea.

15 **SEC. 3. DEFINITIONS.**

16 In this Act:

17 (1) ACCOUNT; CORRESPONDENT ACCOUNT; PAY-
18 ABLE-THROUGH ACCOUNT.—The terms “account”,
19 “correspondent account”, and “payable-through ac-
20 count” have the meanings given those terms, respec-
21 tively, under section 5318A of title 31, United
22 States Code.

23 (2) APPROPRIATE CONGRESSIONAL COMMIT-
24 TEES.—The term “appropriate congressional com-
25 mittees” means—

1 (A) the Committee on Foreign Affairs and
2 the Committee on Financial Services of the
3 House of Representatives; and

4 (B) the Committee on Foreign Relations
5 and the Committee on Banking, Housing, and
6 Urban Affairs of the Senate.

7 (3) CENSORSHIP.—The term “censorship”
8 means, with respect to North Korea, activities
9 that—

10 (A) prohibit, limit, or penalize the exercise
11 of freedom of expression or assembly by citizens
12 of North Korea; or

13 (B) limit access to print or broadcast
14 media, including the facilitation or support of
15 intentional frequency manipulation by the Gov-
16 ernment of North Korea that would jam or re-
17 strict an international signal.

18 (4) DESIGNATED PERSON.—The term “des-
19 ignated person” means a person, foreign govern-
20 ment, or financial institution designated by the
21 President under subsection (a), (b), (c), or (d) of
22 section 104 for purposes of applying the sanctions
23 described in title II (as applicable) with respect to
24 the person, foreign government, or financial institu-
25 tion.

1 (5) DOMESTIC FINANCIAL INSTITUTION.—The
2 term “domestic financial institution” has the mean-
3 ing given such term in section 5312 of title 31,
4 United States Code.

5 (6) FACILITATE.—

6 (A) IN GENERAL.—The term “facilitate”
7 means, with respect to any of the activities de-
8 scribed in section 104(a), to—

9 (i) provide material support to, aid,
10 abet, attempt, or conspire to commit the
11 activity;

12 (ii) conceal any evidence, proceeds, or
13 instrumentalities of the activity;

14 (iii) possess, receive, exchange, or
15 transmit the proceeds, instrumentalities, or
16 other property involved in the activity;

17 (iv) sell, lease, or provide a vessel or
18 conveyance, to register or reflag a vessel or
19 conveyance, or provide insurance or rein-
20 surance or any other shipping service in
21 furtherance of the activity; or

22 (v) engage in any act with the pur-
23 pose of causing the activity to occur.

24 (B) EXCEPTION.—Nothing in this para-
25 graph shall be construed to apply with respect

1 to the provision of specialized financial mes-
2 saging services (as described in section 202).

3 (7) FINANCIAL INSTITUTION.—The term “fi-
4 nancial institution” means a financial institution
5 specified in subparagraph (A), (B), (C), (D), (E),
6 (F), (G), (H), (I), (J), (M), or (Y) of section
7 5312(a)(2) of title 31, United States Code.

8 (8) FINANCIAL TRANSACTION.—The term “fi-
9 nancial transaction” has the meaning given such
10 term in section 1956 of title 18, United States Code.

11 (9) FOREIGN GOVERNMENT.—The term “for-
12 eign government” has the meaning given the term
13 “foreign state” in section 1603 of title 28, United
14 States Code.

15 (10) GOVERNMENT OF NORTH KOREA.—The
16 term “Government of North Korea” means—

17 (A) the Government of North Korea;

18 (B) any political subdivision, agency, or in-
19 strumentality thereof;

20 (C) the National Defense Commission of
21 North Korea and its members; and

22 (D) any person owned or controlled by, or
23 acting for or on behalf of, the Government of
24 North Korea.

1 (11) INSTRUMENTALITIES.—The term “instru-
2 mentalities” includes, with respect to any of the ac-
3 tivities described in section 104(a)—

4 (A) any property other than proceeds of
5 such transaction which is also part of the sub-
6 ject matter of such transaction;

7 (B) any property used to facilitate such
8 transaction, including any article, container, or
9 conveyance used, or intended to be used, to fa-
10 cilitate such transaction; and

11 (C) any property other than the proceeds
12 of such transaction that is involved in or used
13 to facilitate such transaction.

14 (12) INTERNATIONAL TERRORISM.—The term
15 “international terrorism” has the meaning given
16 such term in section 2331 of title 18, United States
17 Code.

18 (13) LUXURY GOODS.—The term “luxury
19 goods” has the meaning given such term in subpart
20 746.4 of title 15, Code of Federal Regulations, and
21 includes the items listed in Supplement No. 1 to
22 such regulation, and any similar items.

23 (14) MONETARY INSTRUMENT.—The term
24 “monetary instrument” has the meaning given such

1 term under section 5312 of title 31, United States
2 Code, and also includes—

3 (A) stored value cards, tangible or intan-
4 gible prepaid access devices, or other instru-
5 ments or devices for the electronic storage or
6 transmission of value, as defined in part 1010
7 of title 31, Code of Federal Regulations; and

8 (B) any covered goods, as defined in sec-
9 tion 1027.100 of title 31, Code of Federal Reg-
10 ulations, and any instrument or tangible or in-
11 tangible access device use for the electronic
12 storage and transmission of a representation of
13 covered goods.

14 (15) NORTH KOREAN FINANCIAL INSTITU-
15 TION.—The term “North Korean financial institu-
16 tion” means—

17 (A) a financial institution organized under
18 the laws of North Korea or any jurisdiction
19 within North Korea, including a foreign branch
20 of such an institution;

21 (B) a financial institution located in North
22 Korea, except as may be excluded from such
23 definition by the President in accordance with
24 section 207(d);

1 (C) a financial institution, wherever lo-
2 cated, owned or controlled by the Government
3 of North Korea; or

4 (D) a financial institution, wherever lo-
5 cated, owned or controlled by a financial insti-
6 tution described in subparagraph (A), (B), or
7 (C).

8 (16) NORTH KOREAN PROPERTY.—The term
9 “North Korean property” includes any funds, finan-
10 cial assets, technology, property, or resources that
11 are owned or controlled, directly or indirectly, by the
12 Government of North Korea.

13 (17) PERSON.—The term “person” means—

14 (A) a natural person;

15 (B) a corporation, business association,
16 partnership, association, society, trust, financial
17 institution, joint venture, corporation, group,
18 subgroup, agency, insurer, underwriter, guar-
19 antor, and any other business organization, any
20 other nongovernmental entity, organization, or
21 group, and any governmental entity operating
22 as a business enterprise; and

23 (C) a successor to any entity described in
24 subparagraph (B).

1 (18) PROCEEDS.—The term “proceeds” has the
2 meaning given such term in section 1956 of title 18,
3 United States Code.

4 (19) SERIOUS HUMAN RIGHTS ABUSE.—The
5 term “serious human rights abuse” includes geno-
6 cide, slavery, kidnaping, peonage, murder, torture,
7 and aggravated sexual abuse, as those terms are de-
8 scribed and made punishable under part I of title
9 18, United States Code, when carried out by the
10 Government of North Korea, without regard to
11 whether such conduct is within the criminal jurisdic-
12 tion of the United States.

13 (20) SPECIFIED UNLAWFUL ACTIVITY.—The
14 term “specified unlawful activity” has the meaning
15 given such term in section 1956 of title 18, United
16 States Code.

17 (21) TRANSACTION.—The term “transaction”
18 has the meaning given such term in section 1956 of
19 title 18, United States Code.

20 (22) UNITED STATES PERSON.—The term
21 “United States person” means—

22 (A) a natural person who is a citizen of the
23 United States or who owes permanent alle-
24 giance to the United States; and

1 (B) a corporation or other legal entity
2 which is organized under the laws of the United
3 States, any State or territory thereof, or the
4 District of Columbia, if a natural person de-
5 scribed in subparagraph (A) owns, directly or
6 indirectly, more than 50 percent of the out-
7 standing capital stock or other beneficial inter-
8 est in such corporation or other legal entity.

9 **TITLE I—INVESTIGATIONS, PRO-**
10 **HIBITED ACTIVITIES, AND**
11 **PENALTIES**

12 **SEC. 101. STATEMENT OF POLICY.**

13 In order to achieve the peaceful disarmament of
14 North Korea, Congress finds that it is necessary—

15 (1) to encourage all responsible members of the
16 international community to fully and promptly im-
17 plement United Nations Security Council Resolution
18 2094;

19 (2) to sanction the entities, officials, and finan-
20 cial institutions that facilitate proliferation, illicit ac-
21 tivities, arms trafficking, imports of luxury goods,
22 severe human rights abuses, cash smuggling, and
23 censorship by the Government of North Korea;

24 (3) to authorize the President to sanction finan-
25 cial institutions and jurisdictions that fail to exercise

1 due diligence to ensure that such financial institu-
2 tions and jurisdictions do not facilitate proliferation,
3 arms trafficking, kleptocracy, and imports of luxury
4 goods by the Government of North Korea; and

5 (4) to deny the Government of North Korea ac-
6 cess to the funds it uses to obtain nuclear weapons,
7 ballistic missiles, and luxury goods instead of pro-
8 viding for the needs of its people.

9 **SEC. 102. INVESTIGATIONS.**

10 (a) INITIATION OF INVESTIGATION.—The President
11 shall initiate an investigation into the possible designation
12 of a person under section 104(a) upon receipt by the
13 United States of credible information indicating that such
14 person has engaged in one or more activities described in
15 section 104(a) and, except as provided in section 207,
16 shall designate any person who the President determines
17 has engaged in one or more activities described in section
18 104(a).

19 (b) PERSONNEL.—The President shall direct the Sec-
20 retary of State, the Secretary of the Treasury, the Attor-
21 ney General, the Secretary of Homeland Security, the Sec-
22 retary of Defense, the Director of Central Intelligence, and
23 the heads of other Federal departments and agencies as
24 may be necessary to assign sufficient experienced and
25 qualified investigators, attorneys, and technical personnel

1 to investigate and sanction any of the activities described
2 in section 104(a) and to coordinate and ensure the effec-
3 tive enforcement of the provisions of this Act.

4 (c) SHARING OF INFORMATION.—The Federal de-
5 partments and agencies supporting the enforcement of
6 this Act shall share such information with, and shall pro-
7 vide each other access to, databases and other sources of
8 information as may be necessary to enforce the provisions
9 of this Act.

10 **SEC. 103. BRIEFING TO CONGRESS.**

11 (a) IN GENERAL.—Not later than 180 days after the
12 date of the enactment of this Act, and every 180 days
13 thereafter, the President shall provide to the appropriate
14 congressional committees a briefing on the following:

15 (1) ASSETS OF THE GOVERNMENT OF NORTH
16 KOREA.—The significant assets held by the Govern-
17 ment of North Korea, the amount of each such
18 asset, and the form and financial institution (if any)
19 in which each such asset is held.

20 (2) TRANSACTIONS INVOLVING THE GOVERN-
21 MENT OF NORTH KOREA.—The significant inter-
22 national financial transactions by the Government of
23 North Korea during the previous 180 days, includ-
24 ing the amounts, parties, terms, and date of each
25 such transaction, the property involved in the trans-

1 action, and the names and nationalities of any finan-
2 cial institutions involved in each such transaction.

3 (3) DESIGNATIONS.—Each person, foreign gov-
4 ernment, or financial institution designated under
5 subsection (a), (b), (c), or (d) of section 104 during
6 the previous 180 days.

7 (4) WAIVERS, ETC.—All waivers, exclusions,
8 and removals of designation granted under section
9 207 during the previous 180 days.

10 (b) CONTENTS OF BRIEFING.—The briefings re-
11 quired by subsection (a) shall also contain—

12 (1) a list of all persons and foreign govern-
13 ments that have provided financial, storage, trans-
14 portation, communication, messaging, promotional,
15 or other services with respect to such property and
16 transactions;

17 (2) an assessment of the sufficiency of financial
18 safeguards to ensure that such property and trans-
19 actions are prevented from being used to facilitate
20 any of the activities described in section 104(a), and
21 recommendations for any safeguards necessary to
22 prevent such use; and

23 (3) whether any evidence exists to suggest that
24 such property constitutes the proceeds or instrumen-
25 talities of any activity described in section 104(a).

1 **SEC. 104. DESIGNATION OF PERSONS, FOREIGN GOVERN-**
2 **MENTS, AND FINANCIAL INSTITUTIONS.**

3 (a) DESIGNATION OF PERSONS WHO ENGAGE IN
4 CERTAIN ACTIVITIES.—Except as provided in section 207,
5 the President shall exercise the authorities of the Inter-
6 national Emergency Economic Powers Act (50 U.S.C.
7 1701 et seq.) without regard to section 202 of such Act
8 to designate and apply the sanctions described in title II,
9 as applicable, with respect to any person if the President
10 determines that the person—

11 (1) knowingly and materially contributes,
12 through the export to or import from North Korea
13 of any goods or technology, to the efforts by any
14 government or person to use, develop, produce,
15 stockpile, or otherwise acquire nuclear, radiological,
16 chemical, or biological weapons, or any device or sys-
17 tem designed in whole or in part to deliver such
18 weapons;

19 (2) knowingly exports, or facilitates the export
20 of, defense articles and defense services to the Gov-
21 ernment of North Korea, or knowingly exports, or
22 facilitates the export of, any defense articles and de-
23 fense services from North Korea to any other coun-
24 try;

25 (3) knowingly exports, or facilitates the export
26 of, any luxury goods to North Korea;

1 (4) knowingly provides, sells, leases, registers,
2 or reflags a vessel, aircraft, or other conveyance, or
3 provides insurance or reinsurance or any other ship-
4 ping or transportation service used or intended to be
5 used for, the transportation of goods to or from
6 North Korea, for purposes facilitating a specified
7 unlawful activity, or for purposes of evading a regu-
8 lation established under this Act or the International
9 Emergency Economic Powers Act;

10 (5) knowingly transfers, pays, exports, with-
11 draws, or otherwise deals with any property or inter-
12 est in property of the Government of North Korea
13 for purposes of facilitating a specified unlawful ac-
14 tivity, or for purposes of evading a regulation estab-
15 lished under this Act or the International Emer-
16 gency Economic Powers Act;

17 (6) knowingly engages in or facilitates censor-
18 ship by the Government of North Korea; or

19 (7) knowingly commits or facilitates a serious
20 human rights abuse by the Government of North
21 Korea.

22 (b) DESIGNATION OF PERSONS AND FOREIGN GOV-
23 ERNMENTS THAT ARE SANCTIONED BY EXECUTIVE
24 ORDER OR THE UNITED NATIONS.—Except as provided
25 in section 207, the President shall exercise the authorities

1 of the International Emergency Economic Powers Act (50
2 U.S.C. 1701 et seq.) without regard to section 202 of such
3 Act to designate and apply the sanctions described in title
4 II, as applicable, with respect to any person or foreign gov-
5 ernment if the President determines the person or foreign
6 government—

7 (1) has been listed or sanctioned under any reg-
8 ulation or Executive Order No. 13382, 13224,
9 13551, or otherwise pursuant to the International
10 Emergency Economic Powers Act for illicit activities
11 or activities concerning North Korea's proliferation
12 of weapons of mass destruction;

13 (2) has been sanctioned under United Nations
14 Security Council resolutions 1695, 1718, 1874,
15 2087, 2094, or other such resolution concerning
16 North Korea's proliferation of weapons of mass de-
17 struction; or

18 (3) has been convicted of a criminal offense for
19 any of the activities described in paragraphs (1)
20 through (7) of subsection (a).

21 (c) DESIGNATION OF GOVERNMENT OF NORTH
22 KOREA.—Except as provided in section 207, the President
23 shall exercise the authorities of the International Emer-
24 gency Economic Powers Act (50 U.S.C. 1701 et seq.)
25 without regard to section 202 of such Act to designate

1 and apply the sanctions described in title II, as applicable,
2 with respect to the Government of North Korea.

3 (d) DISCRETIONARY AUTHORITY TO DESIGNATE
4 FOREIGN GOVERNMENTS AND FINANCIAL INSTITU-
5 TIONS.—Except as provided in section 207, the President
6 may exercise the authorities of the International Emer-
7 gency Economic Powers Act (50 U.S.C. 1701 et seq.)
8 without regard to section 202 of such Act to designate
9 and apply any of the sanctions described in sections 201
10 and 204, as applicable, with respect to any foreign govern-
11 ment or financial institution if the President determines
12 the foreign government or financial institution, after the
13 date that is 180 days after the date of the enactment of
14 this Act—

15 (1) engages in any of the activities described in
16 paragraphs (1) through (7) of subsection (a);

17 (2) fails to freeze any funds, financial assets, or
18 economic resources of a person designated under
19 subsection (a) or (b) in accordance with the legal
20 process of the country in which such property is
21 held;

22 (3) fails to freeze any funds, financial assets, or
23 economic resources that could be used to facilitate
24 any of the activities described in paragraph (1), (2),
25 or (3) of subsection (a), in accordance with the legal

1 process of the country in which such property is
2 held;

3 (4) fails to apply enhanced monitoring to pre-
4 vent any transactions that could be used to facilitate
5 any of the activities described in paragraph (1), (2),
6 or (3) of subsection (a);

7 (5) permits any North Korean financial institu-
8 tion to open any new branch, subsidiary or rep-
9 resentative office, or to establish any new joint ven-
10 ture within its jurisdiction, or to take an ownership
11 interest in, or establish or maintain a correspondent
12 relationship with any bank in its jurisdiction, if such
13 branch, subsidiary, representative office, joint ven-
14 ture, ownership interest, or correspondent relation-
15 ship could be used to facilitate any of the activities
16 described in paragraph (1), (2), or (3) of subsection
17 (a);

18 (6) fails to prohibit any transfers of cash, in-
19 cluding through cash couriers, transiting to and
20 from North Korea so as to ensure such transfers of
21 bulk cash are not used to facilitate any of the activi-
22 ties described in paragraph (1), (2), or (3) of sub-
23 section (a);

24 (7) provides public financial support for trade
25 with the Government of North Korea (including the

1 granting of export credits, guarantees or insurance
2 to their nationals or entities involved in such trade)
3 when such financial support could be used to facili-
4 tate any of the activities described in paragraph (1),
5 (2), or (3) of subsection (a); or

6 (8) facilitates the use of any proceeds of the
7 bribery of an official of the Government of North
8 Korea, or the misappropriation, theft, or embezzle-
9 ment of public funds by, or for the benefit of, an of-
10 ficial of the Government of North Korea.

11 (e) APPLICATION TO SUCCESSORS, ETC.—The des-
12 ignation of a person, foreign government, or financial in-
13 stitution under subsection (a), (b), (c), or (d) shall also
14 apply with respect to—

15 (1) a successor entity to the designated person;

16 (2) a person owned or controlled by, or under
17 common ownership or control with, the designated
18 person, if the person owned or controlled by, or
19 under common ownership or control with (as the
20 case may be), the designated person knowingly en-
21 gaged in the transaction causing the designation;

22 (3) a corporate officer or principal of, or a
23 shareholder with a controlling interest in, such des-
24 ignated person, if such corporate officer, or principal
25 or shareholder with a controlling interest, knowingly

1 engaged in the transaction causing the designation;
2 and

3 (4) a United States person, including a domes-
4 tic financial institution, to the same extent as if the
5 transaction were engaged in by the United States
6 person or in the United States if—

7 (A) a person, including a foreign sub-
8 sidiary, owned or controlled by the United
9 States person engages in or facilitates any of
10 the activities described in paragraphs (1)
11 through (7) of subsection (a); and

12 (B) the United States person knew or
13 should have known that the person engaged in
14 or facilitated any of the activities described in
15 paragraphs (1) through (7) of subsection (a).

16 (f) REGULATIONS.—

17 (1) IN GENERAL.—The President shall promul-
18 gate such regulations as may be necessary under the
19 authority of the International Emergency Economic
20 Powers Act (50 U.S.C. 1701 et seq.) to carry out
21 this section.

22 (2) ADDITIONAL REQUIREMENT.—The regula-
23 tions promulgated under this subsection shall re-
24 quire enhanced due diligence for all transactions
25 with the Government of North Korea or involving

1 North Korean property to prevent the facilitation of
2 activities described in any of paragraphs (1) through
3 (7) of subsection (a) or any of paragraphs (1)
4 through (8) of subsection (d).

5 (g) PENALTIES.—Any person who engages in the
6 conduct described in subsection (a), or who violates any
7 regulation promulgated under subsection (f) or section
8 404, shall be subject to the penalties under section 206
9 of the International Emergency Economic Powers Act (50
10 U.S.C. 1705) in the same manner and to the same extent
11 as such penalties would apply to any person who violates
12 any license, order, regulation, or prohibition issued under
13 that Act (50 U.S.C. 1701 et seq.).

14 **SEC. 105. FORFEITURE OF PROPERTY.**

15 (a) USE OF FUNDS DERIVED FROM CIVIL FORFEIT-
16 URES.—Section 981(e) of title 18, United States Code, is
17 amended—

18 (1) in paragraph (6), by striking “or” at the
19 end;

20 (2) in paragraph (7), by striking the period at
21 the end and inserting “; or”; and

22 (3) by inserting after paragraph (7) the fol-
23 lowing new paragraph:

24 “(8) in the case of property involved in any of
25 the activities described in section 104(a) of the

1 North Korea Sanctions Enforcement Act of 2013, in
2 accordance with section 403 of that Act.”.

3 (b) CUSTOMS FORFEITURES.—Notwithstanding sec-
4 tions 609, 613(a)(3), and 613A(c) of the Tariff Act of
5 1930 (19 U.S.C. 1609(a), 1613(a)(3), and 1613b(c)), any
6 funds derived from the forfeiture of property under section
7 596 of the Tariff Act of 1930 (19 U.S.C. 1595a) that
8 relates to any of the activities described in section 104(a)
9 shall be deposited into the North Korea Enforcement and
10 Humanitarian Fund established under section 403.

11 (c) PAYMENT IN LIEU OF FORFEITURE.—If a finan-
12 cial institution or other person pays a sum of money to
13 the United States—

14 (1) in lieu of the commencement of criminal,
15 civil, or administrative forfeiture proceedings to for-
16 feit property involving any of the activities described
17 in section 104(a), or

18 (2) in settlement of such forfeiture proceedings
19 if commenced,

20 such sum of money shall be treated as forfeited funds and
21 disposed of in accordance with section 403.

1 **TITLE II—SANCTIONS AGAINST**
2 **NORTH KOREAN PROLIFERA-**
3 **TION, HUMAN RIGHTS VIOLA-**
4 **TIONS, AND ILLICIT ACTIVI-**
5 **TIES**

6 **SEC. 201. SANCTIONS FOR MATERIAL SUPPORT OF NORTH**
7 **KOREAN PROLIFERATION.**

8 (a) SENSE OF CONGRESS.—It is the sense of Con-
9 gress that the Government of North Korea should be
10 treated as a primary money laundering concern in accord-
11 ance with section 5318A of title 31, United States Code.

12 (b) REQUIREMENTS FOR FINANCIAL INSTITUTIONS
13 MAINTAINING ACCOUNTS FOR FOREIGN FINANCIAL IN-
14 STITUTIONS.—

15 (1) TERMINATION OF CORRESPONDENT OR PAY-
16 ABLE-THROUGH ACCOUNTS.—A domestic financial
17 institution shall terminate any correspondent ac-
18 count that is established, maintained, administered,
19 or managed for, or on behalf of, any person, foreign
20 government, or financial institution designated
21 under subsection (a) or (b) of section 104.

22 (2) PROHIBITION ON INDIRECT COR-
23 RESPONDENT ACCOUNTS.—If a domestic financial
24 institution has or obtains knowledge that a cor-
25 respondent account established, maintained, admin-

1 istered, or managed by that domestic financial insti-
2 tution for a foreign financial institution is being
3 used by the foreign financial institution to provide
4 financial services indirectly to any person, foreign
5 government, or financial institution designated
6 under subsection (a) or (b) of section 104, the do-
7 mestic financial institution shall ensure that the cor-
8 respondent account is no longer used to provide such
9 services, including, when necessary, terminating the
10 correspondent account.

11 (3) ENHANCED DUE DILIGENCE AND REPORT-
12 ING REQUIREMENTS.—Except as provided in section
13 207, the Secretary of Treasury shall require all do-
14 mestic financial institutions to apply one or more of
15 the special measures described in paragraphs (1)
16 through (5) of section 5318A(b) of title 31, United
17 States Code, to—

18 (A) any financial institution that estab-
19 lishes, maintains, administers, or manages any
20 correspondent account for a person, financial
21 institution, or foreign government designated
22 under subsection (a) or (b) of section 104; and

23 (B) any person, financial institution, or
24 foreign government designated under subsection
25 (c) or (d) of section 104.

1 (4) ADDITIONAL REQUIREMENTS.—A domestic
2 financial institution required to terminate an ac-
3 count pursuant to this subsection—

4 (A) shall not permit the foreign bank to
5 establish any new positions or execute any
6 transactions through such account, other than
7 those necessary to close the account; and

8 (B) may reestablish an account closed pur-
9 suant to such subsection if the Secretary of the
10 Treasury determines that the account will not
11 be used to provide financial services indirectly
12 to a person designated under subsection (a) or
13 (b) of section 104.

14 (5) PROHIBITION ON DESIGNATION AS PRIMARY
15 DEALER.—With respect to a designated person that
16 is a domestic financial institution, neither the Board
17 of Governors of the Federal Reserve System nor the
18 Federal Reserve Bank of New York may designate,
19 or permit the continuation of any prior designation
20 of, such financial institution as a primary dealer in
21 United States Government debt instruments.

22 (6) PROHIBITION ON SERVICE AS A REPOSI-
23 TORY OF GOVERNMENT FUNDS.—With respect to a
24 designated person that is a domestic financial insti-
25 tution, such domestic financial institution may not

1 serve as agent of the United States Government or
2 serve as a repository for United States Government
3 funds.

4 (7) FOREIGN EXCHANGE.—The President may
5 prohibit any transactions in foreign exchange by any
6 domestic financial institution in which a designated
7 person has any interest.

8 (8) BANKING TRANSACTIONS.—The President
9 may prohibit any transfers of credit or payments be-
10 tween domestic financial institutions or by, through,
11 or to any financial institution, to the extent that
12 such transfers or payments involve any interest of a
13 designated person.

14 (9) PENALTIES.—

15 (A) TITLE 31, U.S.C.—The penalties pro-
16 vided for in sections 5321(a) and 5322 of title
17 31, United States Code, shall apply to a person
18 that violates a regulation prescribed under
19 paragraph (1), (2), (3), or (4) in the same man-
20 ner and to the same extent as such penalties
21 would apply to any person that is otherwise
22 subject to such section 5321(a) or 5322.

23 (B) IEEPA.—The penalties provided for
24 in section 206 of the International Emergency
25 Economic Powers Act (50 U.S.C. 1705) shall

1 apply to a person who violates a regulation pre-
2 scribed under paragraph (5), (6), (7), or (8) in
3 the same manner and to the same extent as
4 such penalties would apply to any person that
5 is otherwise subject to such section.

6 (c) BLOCKING OF PROPERTY.—

7 (1) IN GENERAL.—The President shall exercise
8 the authorities of the International Emergency Eco-
9 nomic Powers Act (50 U.S.C. 1701 et seq.) without
10 regard to section 202 of such Act to immediately
11 freeze or block—

12 (A) any North Korean property, and

13 (B) any property involved in any of the ac-
14 tivities described in section 104(a),

15 within the jurisdiction of the United States, or held
16 by a domestic financial institution.

17 (2) PROPERTY OF A DESIGNATED PERSON.—

18 The President may exercise the authorities of the
19 International Emergency Economic Powers Act (50
20 U.S.C. 1701 et seq.) without regard to section 202
21 of such Act to block any property of a designated
22 person within the jurisdiction of the United States,
23 or held by a domestic financial institution.

24 (3) PROPERTY DERIVED FROM MISAPPROPRIA-
25 TION, THEFT, OR EMBEZZLEMENT OF PUBLIC

1 FUNDS.—The President shall exercise the authorities
2 of the International Emergency Economic Powers
3 Act (50 U.S.C. 1701 et seq.) without regard to sec-
4 tion 202 of such Act to encourage foreign govern-
5 ments and foreign financial institutions to block, in
6 accordance with the legal process of the country in
7 which the property is held, any property derived
8 from the misappropriation, theft, or embezzlement of
9 public funds by, or for the benefit of, an official of
10 the Government of North Korea.

11 (4) SCOPE OF AUTHORITY.—Activities prohib-
12 ited by reason of the blocking of property and finan-
13 cial transactions under this section shall include the
14 following:

15 (A) Payments or transfers of any property,
16 or any transactions involving the transfer of
17 anything of economic value by any United
18 States person, including any United States fi-
19 nancial institution and any branch or office of
20 such financial institution that is located outside
21 the United States, to a designated person.

22 (B) The transfer directly or indirectly, of
23 any goods, technology, or services by a United
24 States person to a designated person.

1 (d) REVIEW OF TRANSACTION LICENSES.—The Sec-
2 retary of the Treasury shall review all transaction licenses
3 granted pursuant to subpart E of part 510 of title 31,
4 Code of Federal Regulations, all applications for such li-
5 censes, and all exclusions from such licensing require-
6 ments not later than 180 days after the date of the enact-
7 ment of this Act, and shall deny or revoke any license for
8 any transaction that, in the determination of the Secretary
9 of the Treasury, lacks sufficient financial controls to en-
10 sure that such transaction will not facilitate any of the
11 activities described in section 104(a).

12 (e) DENIAL OF VISAS.—The President may direct the
13 Secretary of State to deny a visa to, and the Secretary
14 of Homeland Security to exclude from the United States,
15 any alien who is a designated person, or who is a corporate
16 officer or principal of, or a shareholder with a controlling
17 interest in, a designated person.

18 (f) INTERNATIONAL COOPERATION.—The President
19 shall—

20 (1) take appropriate steps to secure the effec-
21 tive enforcement of anti-money laundering protocols
22 consistent with the purpose of this Act, through bi-
23 lateral discussions with foreign governments and
24 through the Financial Action Task Force; and

1 (2) support efforts of foreign governments to
2 enact and enforce legislation consistent with the pur-
3 poses of this Act.

4 **SEC. 202. SANCTIONS AGAINST THE PROVISION OF SPE-**
5 **CIALIZED FINANCIAL MESSAGING SERVICES**
6 **TO DESIGNATED NORTH KOREAN FINANCIAL**
7 **INSTITUTIONS.**

8 (a) BRIEFINGS REQUIRED.—

9 (1) IN GENERAL.—Not later than 90 days after
10 the date of the enactment of this Act, and every 180
11 days thereafter, the President shall provide to the
12 appropriate congressional committees a briefing on
13 the following:

14 (A) A list of all persons and foreign gov-
15 ernments that the President has identified that
16 directly provide specialized financial messaging
17 services to, or enable or facilitate direct or indi-
18 rect access to such messaging services for, any
19 North Korean financial institution designated
20 under section 104(b).

21 (B) A detailed assessment of the status of
22 efforts by the President to end the direct provi-
23 sion of such messaging services to, and the ena-
24 bling or facilitation of direct or indirect access
25 to such messaging services for any North Ko-

1 rean financial institution designated under sec-
2 tion 104(b).

3 (2) ENABLING OR FACILITATION OF ACCESS TO
4 SPECIALIZED FINANCIAL MESSAGING SERVICES
5 THROUGH INTERMEDIARY FINANCIAL INSTITU-
6 TIONS.—For purposes of paragraph (1) and sub-
7 section (b), enabling or facilitating direct or indirect
8 access to specialized financial messaging services for
9 any North Korean financial institution designated
10 under section 104(b) includes doing so by serving as
11 an intermediary financial institution with access to
12 such messaging services.

13 (b) AUTHORIZATION OF IMPOSITION OF SANC-
14 TIONS.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), if, on or after the date that is 180 days
17 after the date of the enactment of this Act, a person
18 continues to knowingly and directly provide special-
19 ized financial messaging services to, or knowingly
20 enable or facilitate direct or indirect access to such
21 messaging services for any North Korean financial
22 institution designated under section 104(b), the
23 President may impose sanctions pursuant to section
24 206(b) of the International Emergency Economic

1 Powers Act (50 U.S.C. 1705(b)) with respect to the
2 person.

3 (2) EXCEPTION.—The President may not im-
4 pose sanctions pursuant to paragraph (1) with re-
5 spect to a person for directly providing specialized fi-
6 nancial messaging services to, or enabling or facili-
7 tating direct or indirect access to such messaging
8 services for, any North Korean financial institution
9 designated under section 104(b) if—

10 (A) the person is subject to a sanctions re-
11 gime under its governing foreign law that re-
12 quires it to eliminate the knowing provision of
13 such messaging services to, and the knowing
14 enabling and facilitation of direct or indirect ac-
15 cess to such messaging services for any North
16 Korean financial institution designated under
17 section 104(b); and

18 (B) the person has, pursuant to that sanc-
19 tions regime, terminated the knowing provision
20 of such messaging services to, and the knowing
21 enabling and facilitation of direct or indirect ac-
22 cess to such messaging services for, any North
23 Korean financial institution designated under
24 section 104(b) identified under such governing

1 foreign law for purposes of that sanctions re-
2 gime.

3 (3) REQUIREMENT FOR CONSULTATION.—The
4 President may not impose sanctions pursuant to
5 paragraph (1) with respect to a person for directly
6 providing specialized financial messaging services to,
7 or enabling or facilitating direct or indirect access to
8 such messaging services for, any North Korean fi-
9 nancial institution designated under section 104(b)
10 unless the President has made good-faith efforts to
11 obtain the voluntary cessation of such specialized fi-
12 nancial messaging services by such person.

13 **SEC. 203. PROLIFERATION PREVENTION SANCTIONS.**

14 (a) IN GENERAL.—Section 6(j) of the Export Admin-
15 istration Act of 1979 (50 U.S.C. App. 2405), as continued
16 in effect under the International Emergency Economic
17 Powers Act, is amended by adding at the end the following
18 new paragraph:

19 “(7) A validated license shall be required for
20 the export to North Korea of any goods or tech-
21 nology without regard to whether or not the Sec-
22 retary of State has designated North Korea as a
23 country the government of which has provided sup-
24 port for acts of international terrorism, as deter-

1 mined by the Secretary of State under paragraph
2 (1) or any other provision of law.”.

3 (b) **TRANSACTIONS WITH COUNTRIES SUPPORTING**
4 **ACTS OF INTERNATIONAL TERRORISM.**—The prohibitions
5 and restrictions described in section 40 of the Arms Ex-
6 port Control Act (22 U.S.C. 2780) shall also apply to ex-
7 porting or otherwise providing (by sale, lease or loan,
8 grant, or other means), directly or indirectly, any muni-
9 tions item or defense articles and defense services to the
10 Government of North Korea without regard to whether or
11 not North Korea is a country with respect to which sub-
12 section (d) of such section (relating to designation of state
13 sponsors of terrorism) applies.

14 **SEC. 204. PROCUREMENT SANCTIONS.**

15 (a) **IN GENERAL.**—Except as provided in this section,
16 the United States Government may not procure, or enter
17 into any contract for the procurement of, any goods or
18 services from any designated person.

19 (b) **FAR.**—The Federal Acquisition Regulation
20 issued pursuant to section 1303 of title 41, United States
21 Code, shall be revised to require a certification from each
22 person that is a prospective contractor that such person
23 does not engage in any of the activities described in section
24 104(a). Such amendment shall apply with respect to con-
25 tracts for which solicitations are issued on or after the

1 date that is 90 days after the date of the enactment of
2 this Act.

3 (c) GSA.—The Administrator of General Services
4 shall include on the List of Parties Excluded from Federal
5 Procurement and Nonprocurement Programs maintained
6 by the Administrator under part 9 of the Federal Acquisi-
7 tion Regulation each person that is debarred, suspended,
8 or proposed for debarment or suspension by the head of
9 an executive agency on the basis of a determination of a
10 false certification under subsection (b). If the head of an
11 executive agency determines that a person has submitted
12 a false certification under subsection (b) after the date on
13 which the Federal Acquisition Regulation is revised to im-
14 plement the requirements of this section, the head of such
15 executive agency shall terminate a contract with such per-
16 son or debar or suspend such person from eligibility for
17 Federal contracts for a period of not more than three
18 years. Any such debarment or suspension shall be subject
19 to the procedures that apply to debarment and suspension
20 under the Federal Acquisition Regulation under subpart
21 9.4 of part 9 of title 48, Code of Federal Regulations.

22 (d) CLARIFICATION REGARDING CERTAIN PROD-
23 UCTS.—The remedies specified in subsections (a) through
24 (c) shall not apply with respect to the procurement of eligi-
25 ble products, as defined in section 308(4) of the Trade

1 Agreements Act of 1979 (19 U.S.C. 2518(4)), of any for-
2 eign country or instrumentality designated under section
3 301(b) of such Act (19 U.S.C. 2511(b)).

4 (c) RULE OF CONSTRUCTION.—Nothing in his sub-
5 section may be construed to limit the use of other remedies
6 available to the head of an executive agency or any other
7 official of the Federal Government on the basis of a deter-
8 mination of a false certification under subsection (b).

9 (f) EXECUTIVE AGENCY DEFINED.—In this section,
10 the term “executive agency” has the meaning given such
11 term in section 133 of title 41, United States Code.

12 **SEC. 205. SANCTIONS WITH RESPECT TO THE PROVISION**
13 **OF VESSELS OR SHIPPING SERVICES TO**
14 **TRANSPORT CERTAIN GOODS RELATED TO**
15 **PROLIFERATION, TERRORISM, OR CRIMINAL**
16 **ACTIVITIES OF NORTH KOREA.**

17 (a) BRIEFING REQUIRED.—Not later than 180 days
18 after the date of the enactment of this Act, and every 180
19 days thereafter, the President shall provide to the appro-
20 priate congressional committees a briefing identifying for-
21 eign ports and airports whose inspections of ships, air-
22 craft, and conveyances originating in North Korea, car-
23 rying North Korean property, or operated by the Govern-
24 ment of North Korea are deficient to effectively prevent

1 the facilitation of any of the activities described in section
2 104(a).

3 (b) ENHANCED CUSTOMS INSPECTION REQUIRE-
4 MENTS.—Not later than 180 days after the identification
5 of any port or airport pursuant to subsection (a), the Sec-
6 retary of Homeland Security shall promulgate regulations
7 imposing enhanced inspection requirements on any cargo
8 landed in the United States or entering interstate com-
9 merce that has been transported through such port or air-
10 port.

11 (c) SEIZURE AND FORFEITURE.—A vessel, aircraft,
12 or conveyance used to facilitate any of the activities de-
13 scribed in section 104(a) that comes within the jurisdic-
14 tion of the United States may be seized and forfeited
15 under chapter 46 of title 18, United States Code, or under
16 chapter 4 of title 19, United States Code, and the proceeds
17 of any such forfeiture shall be available for the purposes
18 described in section 403.

19 **SEC. 206. INTERNATIONAL ASSISTANCE.**

20 (a) CONDITION ON PROVISION OF UNITED STATES
21 FUNDS TO AN INTERNATIONAL FINANCIAL INSTITU-
22 TION.—Funds appropriated for payment to an inter-
23 national financial institution (as defined in section
24 1701(e)(2) of the International Financial Institutions Act
25 (22 U.S.C. 262r(e)(2))) shall not be made available to the

1 institution unless the institution provides assurances to
2 the Secretary of State that the funds will not be used for
3 assistance to the Government of North Korea.

4 (b) OPPOSITION TO USE OF INTERNATIONAL FINAN-
5 CIAL INSTITUTION FUNDS FOR NORTH KOREA.—The
6 United States Executive Director at each international fi-
7 nancial institution (as so defined) shall use the voice, vote,
8 and influence of the United States to oppose the provision
9 by the institution of any assistance to the Government of
10 North Korea.

11 (c) TRANSACTIONS IN DEFENSE ARTICLES AND DE-
12 FENSE SERVICES.—

13 (1) IN GENERAL.—The President shall withhold
14 assistance under part I of the Foreign Assistance
15 Act of 1961 (22 U.S.C. 2151 et seq.) to the govern-
16 ment of any country that provides defense articles
17 and defense services to the Government of North
18 Korea or receives defense articles and defense serv-
19 ices from the Government of North Korea.

20 (2) APPLICABILITY.—The prohibition described
21 in paragraph (1) shall terminate on the date that is
22 2 years after the date on which such foreign govern-
23 ment ceases to provide defense articles and defense
24 services to the Government of North Korea, or to

1 purchase or receive defense articles and defense
2 services from the Government of North Korea.

3 (3) WAIVER.—Assistance may be furnished to a
4 foreign government described in paragraph (1) if the
5 President makes the determinations prescribed in
6 subsection (b) of section 620G of the Foreign Assist-
7 ance Act of 1961, as amended (22 U.S.C. 2377(b)).

8 **SEC. 207. EXCLUSION, WAIVER, AND REMOVAL OF DESIGNA-**
9 **TION.**

10 (a) EXCLUSIONS.—The following activities shall not
11 apply with respect to the requirement under subsection
12 (a), (b), (c), or (d) of section 104 to designate a person,
13 foreign government, or financial institution for purposes
14 of imposing a sanction or sanctions on the designated per-
15 son:

16 (1) Activities subject to the reporting require-
17 ments of title V of the National Security Act of
18 1947 (50 U.S.C. 413 et seq.), or to any authorized
19 intelligence activities of the United States.

20 (2) Any transaction the exclusive purpose for
21 which is to provide humanitarian assistance to the
22 people of North Korea.

23 (3) Any transaction the exclusive purpose for
24 which is to import food products into North Korea,
25 if such food items are not defined as luxury goods.

1 (4) Any transaction necessary to maintain a
2 diplomatic or consular relationship under the Agree-
3 ment between the United Nations and the United
4 States of America regarding the Headquarters of the
5 United Nations, signed June 26, 1947, and entered
6 into force November 21, 1947, or under the Vienna
7 Convention on Consular Relations, signed April 24,
8 1963, and entered into force on March 19, 1967.

9 (5) Any transaction the exclusive purpose for
10 which is to import fertilizers, pesticides, agricultural
11 equipment, or medical supplies or equipment into
12 North Korea, provided that such supplies or equip-
13 ment are not controlled under—

14 (A) the Export Administration Act of 1979
15 (50 U.S.C. App. 2401 et seq.), as continued in
16 effect under the International Emergency Eco-
17 nomic Powers Act (50 U.S.C. 1701 et seq.);

18 (B) the Arms Export Control Act (22
19 U.S.C. 2751 et seq.);

20 (C) part B of title VIII of the Nuclear
21 Proliferation Prevention Act of 1994 (22
22 U.S.C. 6301 et seq.); or

23 (D) the Chemical and Biological Weapons
24 Control and Warfare Elimination Act of 1991
25 (22 U.S.C. 5601 et seq.).

1 (b) WAIVERS.—

2 (1) IN GENERAL.—The President may waive,
3 on a case-by-case basis, and for a period not to ex-
4 ceed one year, the requirement under subsection (a)
5 or (b) of section 104 to designate a person, foreign
6 government, or financial institution, or to impose a
7 sanction or sanctions on the designated person, if
8 the President submits to the appropriate congress-
9 sional committees a written determination that the
10 waiver meets the following requirements:

11 (A) The waiver is vital to the economic or
12 national security interests of the United States.

13 (B) The waiver will advance the purposes
14 set forth in section 4 of the North Korea
15 Human Rights Act of 2004 (22 U.S.C. 7801 et
16 seq.).

17 (C) The waiver is for the benefit of a fi-
18 nancial institution that—

19 (i) has blocked all North Korean
20 property deposited in such financial insti-
21 tution, pending an audit of the origin of
22 such property and the implementation of
23 safeguards to ensure that the property is
24 not used to facilitate any of the activities
25 described in section 104(a); and

1 (ii) is providing good-faith cooperation
2 with the investigation of any of the activi-
3 ties described in section 104(a) or the en-
4 forcement of the provisions of this Act.

5 (D) The waiver is for the benefit of a per-
6 son, foreign government, or financial institution
7 that is providing good-faith cooperation with
8 the investigation of any of the activities de-
9 scribed in section 104(a) and the enforcement
10 of this Act.

11 (E) The waiver is for the benefit of a per-
12 son, foreign government, or financial institution
13 that provides underwriting, financial, insurance,
14 reinsurance, reflagging, transportation, or fi-
15 nancial messaging services, and who has exer-
16 cised due diligence in establishing and enforcing
17 official policies, procedures, and controls to en-
18 sure that the person, foreign government, or fi-
19 nancial institution (as the case may be) does
20 not facilitate any of the activities described in
21 section 104(a).

22 (F) In the absence of the waiver, the impo-
23 sition of the sanction or sanctions would have
24 a severe and adverse humanitarian impact on
25 the people of North Korea and such impact

1 substantially outweighs the interest of the
2 United States in enforcing the provisions of this
3 Act.

4 (2) GOVERNMENT OF NORTH KOREA.—The
5 President may waive, on a case-by-case basis, and
6 for a period not to exceed one year, the requirement
7 under section 104(e) to designate the Government of
8 North Korea, or to impose a sanction or sanctions
9 on the Government of North Korea, if the President
10 submits to the appropriate congressional committees
11 a written determination that the waiver meets the
12 requirements described in paragraph (1)(F).

13 (c) REMOVAL OF SANCTIONS.—The President may
14 prescribe rules and regulations for the removal of sanc-
15 tions on a person, foreign government, or financial institu-
16 tion that is designated under subsection (a), (b), or (d)
17 of section 104 and the removal of designations of a person,
18 foreign government, or financial institution with respect
19 to such sanctions if the President determines that the des-
20 ignated person has verifiably ceased its participation in
21 any of the activities described in section 104(a) and is co-
22 operating with the investigation of such activities and car-
23 rying out this Act.

24 (d) FINANCIAL SERVICES FOR HUMANITARIAN AND
25 CONSULAR ACTIVITIES.—The President may promulgate

1 regulations, rules, and polices as may be necessary to fa-
 2 cilitate the provision of financial services by a foreign fi-
 3 nancial institution that is not controlled by the Govern-
 4 ment of North Korea in support of the activities subject
 5 to exclusion under this section.

6 **TITLE III—PROMOTION OF**
 7 **HUMAN RIGHTS AND DIS-**
 8 **INVESTMENT**

9 **SEC. 301. INFORMATION TECHNOLOGY.**

10 Section 104 of the North Korean Human Rights Act
 11 of 2004 (22 U.S.C. 7814) is amended by inserting after
 12 subsection (c) the following new subsection:

13 “(d) INFORMATION TECHNOLOGY STUDY.—Not later
 14 than 180 days after the date of the enactment of this sub-
 15 section, the President shall submit to the appropriate con-
 16 gressional committees a classified report setting forth a
 17 detailed plan for making unrestricted, unmonitored, and
 18 inexpensive electronic mass communications available to
 19 the people of North Korea.”.

20 **SEC. 302. DISCLOSURES TO SECURITIES AND EXCHANGE**
 21 **COMMISSION RELATING TO SANCTIONABLE**
 22 **ACTIVITIES.**

23 (a) IN GENERAL.—Section 13 of the Securities Ex-
 24 change Act of 1934 (15 U.S.C. 78m) is amended by add-
 25 ing at the end the following new subsection:

1 “(s) DISCLOSURE OF CERTAIN ACTIVITIES RELAT-
2 ING TO NORTH KOREA, TERRORISM, AND THE PRO-
3 LIFERATION OF WEAPONS OF MASS DESTRUCTION.—

4 “(1) GENERAL DISCLOSURE REQUIRED.—Each
5 issuer required to file an annual or quarterly report
6 under subsection (a) shall include with such report
7 a statement of whether, during the period since the
8 issuer made the last such report, the issuer or any
9 affiliate of the issuer—

10 “(A) was designated under section 104 of
11 the North Korea Sanctions Enforcement Act of
12 2013, or engaged in any of the activities de-
13 scribed in section 104(a) of such Act; or

14 “(B) knowingly conducted any transaction
15 or dealing with any person designated pursuant
16 to subsection (a), (b), (c), or (d) of section 104
17 of the North Korea Sanctions Enforcement Act
18 of 2013.

19 “(2) SPECIFIC DISCLOSURE REQUIRED.—If an
20 issuer reports under paragraph (1) that the issuer or
21 an affiliate of the issuer has engaged in any activity
22 described in that paragraph, the issuer shall include
23 with the statement required under that paragraph a
24 detailed description of each such activity, includ-
25 ing—

1 “(A) the nature and extent of the activity;

2 “(B) the revenues and profits, if any, at-
3 tributable to the activity; and

4 “(C) whether the issuer or the affiliate of
5 the issuer (as the case may be) intends to con-
6 tinue the activity.

7 “(3) INVESTIGATION OF DISCLOSURES.—When
8 the Commission receives a report under paragraph
9 (1) from an issuer that the issuer or an affiliate of
10 the issuer has engaged in any activity described in
11 that paragraph, the President shall—

12 “(A) initiate an investigation into the pos-
13 sible imposition of sanctions under the North
14 Korea Sanctions Enforcement Act of 2013, the
15 International Emergency Economic Powers Act
16 (50 U.S.C. 1701 et seq.), Executive Order
17 13224, Executive Order 13382, Executive
18 Order 13551, Executive Order 13570, or any
19 other provision of law; and

20 “(B) not later than 180 days after initi-
21 ating such an investigation, make such deter-
22 minations as are required by section 104 of the
23 North Korea Sanctions Enforcement Act of
24 2013.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect with respect to reports re-
3 quired to be filed with the Securities and Exchange Com-
4 mission after a date that is 90 days after the date of the
5 enactment of this Act.

6 **SEC. 303. AUTHORITY OF STATE AND LOCAL GOVERN-**
7 **MENTS TO DIVEST FROM COMPANIES THAT**
8 **INVEST IN NORTH KOREA.**

9 (a) SENSE OF CONGRESS.—It is the sense of Con-
10 gress that the United States should support the decision
11 of any State or local government that for moral, pruden-
12 tial, or reputational reasons divests from, or prohibits the
13 investment of assets of such State or local government in,
14 a person that engages in investment activities in North
15 Korea, if North Korea is subject to economic sanctions
16 imposed by the United States.

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

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

4 (1) has an investment of \$10,000 or more in
5 North Korea; or

6 (2) is a financial institution that extends
7 \$10,000 or more in credit to another person, for 45
8 days or more, if such person will use such credit for
9 investment in North Korea.

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

13 (1) NOTICE.—The State or local government
14 shall provide written notice to each person with re-
15 spect to which a measure under this section is to be
16 applied.

17 (2) TIMING.—The measure applied under this
18 section shall apply to a person not earlier than the
19 date that is 90 days after the date on which written
20 notice is provided to such person under paragraph
21 (1).

22 (3) OPPORTUNITY FOR HEARING.—The State
23 or local government at issue shall provide an oppor-
24 tunity to comment in writing to each person with re-
25 spect to which a measure is to be applied under this

1 section. If such person demonstrates to such State
2 or local government that such person does not en-
3 gage in investment activities in North Korea de-
4 scribed in subsection (e), such measure shall not
5 apply to such person.

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

15 (e) NOTICE TO DEPARTMENT OF JUSTICE.—Not
16 later than 30 days after a State or local government ap-
17 plies a measure under this section, such State or local gov-
18 ernment shall notify the Attorney General of such meas-
19 ure.

20 (f) NONPREEMPTION.—A measure applied by a State
21 or local government authorized under subsection (b) or (i)
22 is not preempted by any Federal law or regulation.

23 (g) DEFINITIONS.—In this section:

24 (1) ASSET.—

1 (A) IN GENERAL.—Except as provided in
 2 subparagraph (B), the term “asset” refers to
 3 public monies and includes any pension, retire-
 4 ment, annuity, or endowment fund, or similar
 5 instrument, that is controlled by a State or
 6 local government.

7 (B) EXCEPTION.—The term “asset” does
 8 not include employee benefit plans covered by
 9 title I of the Employee Retirement Income Se-
 10 curity Act of 1974 (29 U.S.C. 1001 et seq.).

11 (2) INVESTMENT.—The term “investment” in-
 12 cludes—

13 (A) a commitment or contribution of funds
 14 or property;

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

16 (C) the entry into or renewal of a contract
 17 for goods or services.

18 (h) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as provided in para-
 20 graph (2) or subsection (i), this section applies to
 21 measures applied by a State or local government be-
 22 fore, on, or after the date of the enactment of this
 23 Act.

24 (2) NOTICE REQUIREMENTS.—Except as pro-
 25 vided in subsection (i), subsections (d) and (e) apply

1 to measures applied by a State or local government
2 on or after the date of the enactment of this Act.

3 (i) AUTHORIZATION FOR PRIOR APPLIED MEAS-
4 URES.—

5 (1) IN GENERAL.—Notwithstanding any other
6 provision of this section or any other provision of
7 law, a State or local government may enforce a
8 measure (without regard to the requirements of sub-
9 section (d), except as provided in paragraph (2)) ap-
10 plied by such State or local government before the
11 date of the enactment of this Act that provides for
12 the divestment of assets of such State or local gov-
13 ernment from, or prohibits the investment of the as-
14 sets of such State or local government in, any per-
15 son that such State or local government determines,
16 using credible information available to the public,
17 engages in investment activities in North Korea (de-
18 termined without regard to subsection (c)) or other
19 business activities in North Korea that are identified
20 in such measure.

21 (2) APPLICATION OF NOTICE REQUIRE-
22 MENTS.—A measure described in paragraph (1)
23 shall be subject to the requirements of paragraphs
24 (1) and (2) and the first sentence of paragraph (3)

1 of subsection (d) on and after the date that is two
2 years after the date of the enactment of this Act.

3 (j) **RULE OF CONSTRUCTION.**—Nothing in this Act
4 or any other provision of law authorizing sanctions with
5 respect to North Korea shall be construed to abridge the
6 authority of a State or local government to issue and en-
7 force rules governing the safety, soundness, and solvency
8 of a financial institution subject to its jurisdiction or the
9 business of insurance pursuant to the Act of March 9,
10 1945 (15 U.S.C. 1011 et seq.) (commonly known as the
11 “McCarran-Ferguson Act”).

12 **SEC. 304. SAFE HARBOR FOR CHANGES OF INVESTMENT**
13 **POLICIES BY ASSET MANAGERS.**

14 (a) **IN GENERAL.**—Section 13(c)(1) of the Invest-
15 ment Company Act of 1940 (15 U.S.C. 80a–13(c)(1)) is
16 amended—

17 (1) in subparagraph (A), by striking “or” at
18 the end;

19 (2) in subparagraph (B), by striking the period
20 and inserting “; or”; and

21 (3) by adding at the end the following:

22 “(C) engage in investment activities in
23 North Korea described in section 303 of the
24 North Korea Sanctions Enforcement Act of
25 2013.”.

1 (b) SECURITIES AND EXCHANGE COMMISSION REGU-
2 LATIONS.—Not later than 120 days after the date of the
3 enactment of this Act, the Securities and Exchange Com-
4 mission shall issue any revisions the Commission deter-
5 mines to be necessary to the regulations requiring dislo-
6 sure by each registered investment company that divests
7 itself of securities in accordance with section 13(e) of the
8 Investment Company Act of 1940 (15 U.S.C. 80a–13(e)),
9 including divestments of securities in accordance with sub-
10 paragraph (C) of such section, as added by subsection
11 (a)(3).

12 **SEC. 305. 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 North Korea de-
20 scribed in section 406 of this Act, without breaching the
21 responsibilities, obligations, or duties imposed upon such
22 fiduciary by subparagraph (A) or (B) of section 404(a)(1)
23 of the Employee Retirement Income Security Act of 1974
24 (29 U.S.C. 1104(a)(1)), if—

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

4 (2) such fiduciary prudently determines that
5 the result of such divestment or avoidance of invest-
6 ment would not be expected to provide the employee
7 benefit plan with—

8 (A) a lower rate of return than alternative
9 investments with commensurate degrees of risk;
10 or

11 (B) a higher degree of risk than alter-
12 native investments with commensurate rates of
13 return.

14 **SEC. 306. REPORT ON NORTH KOREAN PRISON CAMPS.**

15 (a) IN GENERAL.—The Secretary of State shall sub-
16 mit to the appropriate congressional committees a report
17 describing, with respect to each political prison camp in
18 North Korea—

19 (1) the camp's estimated prisoner population;

20 (2) the camp's geographical coordinates;

21 (3) the reasons for confinement of the pris-
22 oners;

23 (4) the camp's primary industries and products,
24 and the end users of any goods produced in such
25 camp;

1 (5) the natural persons and agencies respon-
2 sible for conditions in the camp;

3 (6) the conditions under which prisoners are
4 confined, with respect to the adequacy of food, shel-
5 ter, medical care, working conditions, and reports of
6 ill-treatment of prisoners; and

7 (7) imagery, to include satellite imagery of each
8 such camp, in a format that, if published, would not
9 compromise the sources and methods used by the in-
10 telligence agencies of the United States to capture
11 geospatial imagery.

12 (b) FORM.—The report required under subsection (a)
13 shall be included in the first report required to be sub-
14 mitted to Congress after the date of the enactment of this
15 Act under sections 116(d) and 502B(b) of the Foreign As-
16 sistance Act of 1961 (22 U.S.C. 2151n(d) and 2304(b))
17 (relating to the annual human rights report).

18 **SEC. 307. LIMITS ON JURISDICTIONAL IMMUNITY.**

19 The exception to immunity provided in section 1605A
20 of title 28, United States Code, applies to North Korea,
21 to the same extent as any foreign state (as defined in sec-
22 tion 1603 of such title), and (as provided in section
23 1605(e) of such title) to any official, employee, or agent
24 of North Korea, without regard to whether or not North

1 Korea is designated as a state sponsor of terrorism, as
2 defined in section 1605A(h) of such title.

3 **TITLE IV—GENERAL**
4 **AUTHORITIES**

5 **SEC. 401. SUSPENSION OF SANCTIONS AND OTHER MEAS-**
6 **URES.**

7 (1) IN GENERAL.—Any sanction or other meas-
8 ure required by title II or III of this Act (or any
9 amendment made by title II or III of this Act) may
10 be suspended for up to 365 days upon certification
11 by the President to the appropriate congressional
12 committees that the Government of North Korea
13 has—

14 (A) verifiably ceased its counterfeiting of
15 United States currency, including the surrender
16 or destruction of specialized materials and
17 equipment used for or particularly suitable for
18 counterfeiting;

19 (B) taken significant steps toward finan-
20 cial transparency to comply with generally ac-
21 cepted protocols to cease and prevent the laun-
22 dering of monetary instruments;

23 (C) taken significant steps toward
24 verification of its compliance with United Na-

1 tions Security Council Resolutions 1695, 1718,
2 1874, 2087, and 2094;

3 (D) taken significant steps toward ac-
4 counting for and repatriating the citizens of
5 other countries abducted by the Government of
6 North Korea;

7 (E) taken significant steps toward
8 verification of its compliance with the Joint
9 Statement of September 19, 2005;

10 (F) accepted and begun to abide by inter-
11 nationally recognized standards for the distribu-
12 tion and monitoring of humanitarian aid;

13 (G) provided credible assurances that it
14 will not support further acts of international
15 terrorism; and

16 (H) taken significant and verified steps to
17 improve living conditions in its political prison
18 camps.

19 (2) RENEWAL OF SUSPENSION.—The suspen-
20 sion described in paragraph (1) may be renewed for
21 an additional consecutive period of 365 days upon
22 certification by the President to the appropriate con-
23 gressional committees that the Government of North
24 Korea—

1 (A) has continued to make significant
2 progress toward compliance with the conditions
3 described in paragraph (1) during the previous
4 year; and

5 (B) meets 2 or more of the requirements
6 described in paragraphs (1) through (6) of sec-
7 tion 402.

8 **SEC. 402. TERMINATION OF SANCTIONS AND OTHER MEAS-**
9 **URES.**

10 Any sanction or other measure required by title II
11 or III and of this Act (or any amendment made by title
12 II or III of this Act) shall terminate on the date on which
13 the President determines and certifies to the appropriate
14 congressional committees that the Government of North
15 Korea has met the requirements of section 401, and has
16 also—

17 (1) completely, verifiably, and irreversibly dis-
18 mantled all of its nuclear, chemical, biological, and
19 radiological weapons programs, including all pro-
20 grams for the development of systems designed in
21 whole or in part for the delivery of such weapons;

22 (2) released all political prisoners, including the
23 citizens of North Korea detained in the North Ko-
24 rea's political prison camps;

1 (3) ceased its censorship of peaceful political
2 activity;

3 (4) has taken significant steps toward the es-
4 tablishment of an open, transparent, and representa-
5 tive society;

6 (5) has fully accounted for all citizens of all na-
7 tions abducted by the Government of North Korea;
8 and

9 (6) made public commitments to, and continues
10 to make significant progress toward—

11 (A) establishing an independent judiciary;
12 and

13 (B) respecting the human rights and basic
14 freedoms recognized in the Universal Declara-
15 tion of Human Rights.

16 **SEC. 403. NORTH KOREA ENFORCEMENT AND HUMANI-**
17 **TARIAN FUND.**

18 (a) **ESTABLISHMENT.**—There is established in the
19 Treasury of the United States a fund to be known as the
20 North Korea Enforcement and Humanitarian Fund (in
21 this section referred to as the “Fund”).

22 (b) **DEPOSITS.**—All revenues derived from any crimi-
23 nal, civil, or administrative forfeitures of property involved
24 in any of the activities described in section 104(a), and
25 all revenues derived from any agreement to defer prosecu-

1 tion for any such activities, and all revenues derived from
2 penalties assessed under section 206 of the International
3 Emergency Economic Powers Act (50 U.S.C. 1705) aris-
4 ing from violations of section 104(a) or the regulations
5 promulgated under section 104(f) or section 404, shall be
6 deposited into the Fund, and may be transferred and con-
7 solidated on the books of the Treasury into a special ac-
8 count for the purposes described in subsection (c).

9 (c) USES.—There are authorized to be appropriated
10 from the Fund each fiscal year—

11 (1) such amounts as shall be necessary and ap-
12 propriate for the administration of the Fund; and

13 (2) without regard to fiscal year limitation,
14 amounts not exceeding—

15 (A) for salaries, benefits, and expenses for
16 persons assigned by the President to conduct
17 investigations and enforce sanctions as pre-
18 scribed in this Act, \$5,000,000;

19 (B) for any of the purposes described in
20 section 524(e) of title 28, United States Code,
21 or section 9703 of title 31, United States Code,
22 with respect to investigations and enforcement
23 activities under title I or title II, \$5,000,000;

1 (C) to carry out section 103 of the North
2 Korea Human Rights Act of 2004 (22 U.S.C.
3 7813), \$3,000,000;

4 (D) to carry out section 104 of the North
5 Korea Human Rights Act of 2004 (22 U.S.C.
6 7814), \$5,000,000;

7 (E) to carry out section 203 of the North
8 Korea Human Rights Act of 2004 (22 U.S.C.
9 7833), \$5,000,000; and

10 (F) to carry out subsection (d) of section
11 104 of the North Korean Human Rights Act of
12 2004 (22 U.S.C. 7814) (as added by section
13 301 of this Act), \$2,000,000.

14 (d) TRANSFER.—To prevent the accumulation of ex-
15 cessive surpluses in the Fund, in any fiscal year an
16 amount specified in an annual appropriation law may be
17 transferred out of the Fund and deposited, in equal pro-
18 portions, into the funds established under section 9703 of
19 title 31, United States Code, and under section 524(e) of
20 title 28, United States Code.

21 (e) SUNSET.—The Fund established under this sec-
22 tion shall cease to exist on September 30, 2023, and any
23 unexpended funds remaining in the Fund after such date
24 shall be transferred in accordance with subsection (d).

1 **SEC. 404. REGULATIONS.**

2 (a) **IN GENERAL.**—The President is authorized to
3 promulgate such rules and regulations as may be nec-
4 essary to carry out the provisions of this Act.

5 (b) **RULE OF CONSTRUCTION.**—Nothing in this Act
6 or any amendment made by this Act shall be construed
7 to limit the authority of the President to designate or
8 sanction persons pursuant to Executive Order No. 13382,
9 13224, 13551, or otherwise pursuant to the International
10 Emergency Economic Powers Act (50 U.S.C. 1701 et
11 seq.).

12 **SEC. 405. EFFECTIVE DATE.**

13 Except as otherwise provided in this Act, this Act and
14 the amendments made by this Act shall take effect on the
15 date of the enactment of this Act.

[Discussion Draft]
AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1771
OFFERED BY MR. ROYCE OF CALIFORNIA

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “North Korea Sanctions Enforcement Act of 2014”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.

**TITLE I—INVESTIGATIONS, PROHIBITED CONDUCT, AND
PENALTIES**

- Sec. 101. Statement of policy.
- Sec. 102. Investigations.
- Sec. 103. Briefing to Congress.
- Sec. 104. Prohibited conduct and mandatory and discretionary designation and sanctions authorities.
- Sec. 105. Forfeiture of property.

**TITLE II—SANCTIONS AGAINST NORTH KOREAN PROLIFERATION,
HUMAN RIGHTS ABUSES, AND ILLICIT ACTIVITIES**

- Sec. 201. Determinations with respect to North Korea as a jurisdiction of primary money laundering concern.
- Sec. 202. Ensuring the consistent enforcement of United Nations Security Council resolutions and financial restrictions on North Korea.
- Sec. 203. Proliferation prevention sanctions.
- Sec. 204. Procurement sanctions.
- Sec. 205. Enhanced inspections authorities.
- Sec. 206. Travel sanctions.
- Sec. 207. Exemptions, waivers, and removals of designation.

TITLE III—PROMOTION OF HUMAN RIGHTS

Sec. 301. Information technology.

Sec. 302. Report on North Korean prison camps.

Sec. 303. Report on persons who are responsible for serious human rights abuses or censorship in North Korea.

TITLE IV—GENERAL AUTHORITIES

Sec. 401. Suspension of sanctions and other measures.

Sec. 402. Termination of sanctions and other measures.

Sec. 403. Regulations.

Sec. 404. Effective date.

1 SEC. 2. FINDINGS.

2 Congress finds the following:

3 (1) The Government of North Korea has re-
4 peatedly violated its commitments to the complete,
5 verifiable, irreversible dismantlement of its nuclear
6 weapons programs, and has willfully violated mul-
7 tiple United Nations Security Council resolutions
8 calling for it to cease its development, testing, and
9 production of weapons of mass destruction.

10 (2) North Korea poses a grave risk for the pro-
11 liferation of nuclear weapons and other weapons of
12 mass destruction.

13 (3) The Government of North Korea has been
14 implicated repeatedly in money laundering and illicit
15 activities, including prohibited arms sales, narcotics
16 trafficking, the counterfeiting of United States cur-
17 rency, and the counterfeiting of intellectual property
18 of United States persons.

1 (4) The Government of North Korea has, both
2 historically and recently, repeatedly sponsored acts
3 of international terrorism, including attempts to as-
4 sassinate defectors and human rights activists, re-
5 peated threats of violence against foreign persons,
6 leaders, newspapers, and cities, and the shipment of
7 weapons to terrorists.

8 (5) North Korea has unilaterally withdrawn
9 from the 1953 Armistice Agreement that ended the
10 Korean War, and committed provocations against
11 South Korea in 2010 by sinking the warship
12 Cheonan and killing 46 of her crew, and by shelling
13 Yeonpyeong Island, killing four South Koreans.

14 (6) North Korea maintains a system of brutal
15 political prison camps that contain as many as
16 200,000 men, women, and children, who live in atro-
17 cious living conditions with insufficient food, cloth-
18 ing, and medical care, and under constant fear of
19 torture or arbitrary execution.

20 (7) The Congress reaffirms the purposes of the
21 North Korean Human Rights Act of 2004 contained
22 in section 4 of such Act (22 U.S.C. 7802).

23 (8) North Korea has prioritized weapons pro-
24 grams and the procurement of luxury goods, in defi-

1 ance of United Nations Security Council resolutions,
2 and in gross disregard of the needs of its people.

3 (9) Persons, including financial institutions,
4 who engage in transactions with, or provide financial
5 services to, the Government of North Korea and its
6 financial institutions without establishing sufficient
7 financial safeguards against North Korea's use of
8 these transactions to promote proliferation, weapons
9 trafficking, human rights violations, illicit activity,
10 and the purchase of luxury goods, aid and abet
11 North Korea's misuse of the international financial
12 system, and also violate the intent of relevant United
13 Nations Security Council resolutions.

14 (10) The Government of North Korea's conduct
15 poses an imminent threat to the security of the
16 United States and its allies, to the global economy,
17 to the safety of members of the United States armed
18 forces, to the integrity of the global financial system,
19 to the integrity of global nonproliferation programs,
20 and to the people of North Korea.

21 (11) The Congress seeks, through this legisla-
22 tion, to use nonmilitary means to address this crisis,
23 to provide diplomatic leverage to negotiate necessary
24 changes in North Korea's conduct, and to ease the
25 suffering of the people of North Korea.

1 **SEC. 3. DEFINITIONS.**

2 In this Act:

3 (1) **APPLICABLE EXECUTIVE ORDER.**—The
4 term “applicable Executive order” means—

5 (A) Executive Order 13382 (2005), 13466
6 (2008), 13551 (2010), or 13570 (2011), to the
7 extent that such Executive order authorizes the
8 imposition of sanctions on persons for conduct,
9 or prohibits transactions or activities, involving
10 the Government of North Korea; or

11 (B) any Executive order adopted on or
12 after the date of the enactment of this Act, to
13 the extent that such Executive order authorizes
14 the imposition of sanctions on persons for con-
15 duct, or prohibits transactions or activities, in-
16 volving the Government of North Korea.

17 (2) **APPLICABLE UNITED NATIONS SECURITY**
18 **COUNCIL RESOLUTION.**—The term “applicable
19 United Nations Security Council resolution”
20 means—

21 (A) United Nations Security Council Reso-
22 lution 1695 (2006), 1718 (2006), 1874 (2009),
23 2087 (2013), or 2094 (2013); or

24 (B) any United Nations Security Council
25 resolution adopted on or after the date of the
26 enactment of this Act, to the extent that such

1 resolution authorizes the imposition of sanctions
2 on persons for conduct, or prohibits trans-
3 actions or activities, involving the Government
4 of North Korea.

5 (3) APPROPRIATE CONGRESSIONAL COMMIT-
6 TEES.—The term “appropriate congressional com-
7 mittees” means—

8 (A) the Committee on Foreign Affairs and
9 the Committee on Financial Services of the
10 House of Representatives; and

11 (B) the Committee on Foreign Relations
12 and the Committee on Banking, Housing, and
13 Urban Affairs of the Senate.

14 (4) DESIGNATED PERSON.—The term “des-
15 ignated person” means a person designated under
16 subsection (a) or (b) of section 104 for purposes of
17 applying one or more of the sanctions described in
18 title I or II of this Act with respect to the person.

19 (5) GOVERNMENT OF NORTH KOREA.—The
20 term “Government of North Korea” means—

21 (A) the Government of the Democratic
22 People’s Republic of Korea or any political sub-
23 division, agency, or instrumentality thereof; and

1 (B) any person owned or controlled by, or
2 acting for or on behalf of, the Government of
3 the Democratic People's Republic of Korea.

4 (6) INTERNATIONAL TERRORISM.—The term
5 “international terrorism” has the meaning given
6 such term in section 140(d) of the Foreign Relations
7 Authorization Act, Fiscal Years 1988 and 1989 (22
8 U.S.C. 2656f(d)).

9 (7) LUXURY GOODS.—The term “luxury goods”
10 has the meaning given such term in subpart 746.4
11 of title 15, Code of Federal Regulations, and in-
12 cludes the items listed in Supplement No. 1 to such
13 regulation, and any similar items.

14 (8) MONETARY INSTRUMENT.—The term “mon-
15 etary instrument” has the meaning given such term
16 under section 5312 of title 31, United States Code.

17 (9) NORTH KOREAN FINANCIAL INSTITUTION.—
18 The term “North Korean financial institution”
19 means—

20 (A) a financial institution organized under
21 the laws of North Korea or any jurisdiction
22 within North Korea (including a foreign branch
23 of such institution);

24 (B) any financial institution located in
25 North Korea, except as may be excluded from

1 such definition by the President in accordance
2 with section 207(d);

3 (C) any financial institution, wherever lo-
4 cated, owned or controlled by the Government
5 of North Korea; and

6 (D) any financial institution, wherever lo-
7 cated, owned or controlled by a financial insti-
8 tution described in subparagraph (A), (B), or
9 (C).

10 (10) OTHER STORES OF VALUE.—The term
11 “other stores of value” means—

12 (A) prepaid access devices, tangible or in-
13 tangible prepaid access devices, or other instru-
14 ments or devices for the storage or transmission
15 of value, as defined in part 1010 of title 31,
16 Code of Federal Regulations; and

17 (B) any covered goods, as defined in sec-
18 tion 1027.100 of title 31, Code of Federal Reg-
19 ulations, and any instrument or tangible or in-
20 tangible access device used for the storage and
21 transmission of a representation of covered
22 goods.

23 (11) PERSON.—The term “person” has the
24 meaning given that term in section 510.306 of title
25 31, Code of Federal Regulations.

1 **TITLE I—INVESTIGATIONS, PRO-**
2 **HIBITED CONDUCT, AND PEN-**
3 **ALTIES**

4 **SEC. 101. STATEMENT OF POLICY.**

5 In order to achieve the peaceful disarmament of
6 North Korea, Congress finds that it is necessary—

7 (1) to encourage all states to fully and promptly
8 implement United Nations Security Council Resolu-
9 tion 2094 (2013);

10 (2) to sanction the persons, including financial
11 institutions, that facilitate proliferation, illicit activi-
12 ties, arms trafficking, imports of luxury goods, seri-
13 ous human rights abuses, cash smuggling, and cen-
14 sorship by the Government of North Korea;

15 (3) to authorize the President to sanction per-
16 sons who fail to exercise due diligence to ensure that
17 such financial institutions and jurisdictions do not
18 facilitate proliferation, arms trafficking, kleptocracy,
19 and imports of luxury goods by the Government of
20 North Korea;

21 (4) to deny the Government of North Korea ac-
22 cess to the funds it uses to obtain nuclear weapons,
23 ballistic missiles, and luxury goods instead of pro-
24 viding for the needs of its people; and

1 (5) to enforce sanctions in a manner that
2 avoids any adverse humanitarian impact on the peo-
3 ple of North Korea.

4 **SEC. 102. INVESTIGATIONS.**

5 The President shall initiate an investigation into the
6 possible designation of a person under section 104(a) upon
7 receipt by the President of credible information indicating
8 that such person has engaged in conduct described in sec-
9 tion 104(a).

10 **SEC. 103. BRIEFING TO CONGRESS.**

11 Not later than 180 days after the date of the enact-
12 ment of this Act, and periodically thereafter, the President
13 shall provide to the appropriate congressional committees
14 a briefing on efforts to implement this Act, to include the
15 following, to the extent the information is available:

16 (1) The principal foreign assets and sources of
17 foreign income of the Government of North Korea.

18 (2) A list of the persons designated under sub-
19 sections (a) and (b) of section 104.

20 (3) A list of the persons with respect to which
21 sanctions were waived or removed under section 207.

22 (4) A summary of any diplomatic efforts made
23 in accordance with section 202(b) and of the
24 progress realized from such efforts, including efforts
25 to encourage the European Union and other states

1 and jurisdictions to sanction and block the assets of
2 the Foreign Trade Bank of North Korea and
3 Daedong Credit Bank.

4 **SEC. 104. PROHIBITED CONDUCT AND MANDATORY AND**
5 **DISCRETIONARY DESIGNATION AND SANC-**
6 **TIONS AUTHORITIES.**

7 (a) PROHIBITED CONDUCT AND MANDATORY DES-
8 IGNATION AND SANCTIONS AUTHORITY.—

9 (1) CONDUCT DESCRIBED.—Except as provided
10 in section 207 the President shall designate under
11 this subsection any person the President determines
12 to—

13 (A) have knowingly engaged in significant
14 activities or transactions with the Government
15 of North Korea that have materially contrib-
16 uted to the proliferation of weapons of mass de-
17 struction or their means of delivery (including
18 missiles capable of delivering such weapons), in-
19 cluding any efforts to manufacture, acquire,
20 possess, develop, transport, transfer or use such
21 items, by any person or foreign country;

22 (B) have knowingly imported, exported, or
23 reexported to, into, or from North Korea any
24 arms or related materiel, whether directly or in-
25 directly;

1 (C) have knowingly provided significant
2 training, advice, or other services or assistance,
3 or engaged in transactions, related to the man-
4 ufacture, maintenance, or use of any arms or
5 related materiel to be imported, exported, or re-
6 exported to, into, or from North Korea, or fol-
7 lowing their importation, exportation, or re-
8 exportation to, into, or from North Korea,
9 whether directly or indirectly;

10 (D) have knowingly, directly or indirectly,
11 imported, exported, or reexported significant
12 luxury goods to or into North Korea;

13 (E) have knowingly engaged in or been re-
14 sponsible for censorship by the Government of
15 North Korea, including prohibiting, limiting, or
16 penalizing the exercise of freedom of expression
17 or assembly, limiting access to print or broad-
18 cast media, or the facilitation or support of in-
19 tentional frequency manipulation that would
20 jam or restrict an international signal;

21 (F) have knowingly engaged in or been re-
22 sponsible for serious human rights abuses by
23 the Government of North Korea, including tor-
24 ture or cruel, inhuman, or degrading treatment
25 or punishment, prolonged detention without

1 charges and trial, causing the disappearance of
2 persons by the abduction and clandestine deten-
3 tion of those persons, and other denial of the
4 right to life, liberty, or the security of a person;

5 (G) have knowingly, directly or indirectly,
6 engaged in significant acts of money laun-
7 dering, the counterfeiting of goods or currency,
8 bulk cash smuggling, narcotics trafficking, or
9 other illicit activity that involves or supports the
10 Government of North Korea or any senior offi-
11 cial thereof, whether directly or indirectly; or

12 (H) have knowingly attempted to engage in
13 any of the conduct described in subparagraphs
14 (A) through (G) in this paragraph.

15 (2) EFFECT OF DESIGNATION.—With respect to
16 any person designated under this subsection, the
17 President—

18 (A) shall exercise the authorities of the
19 International Emergency Economic Powers Act
20 (50 U.S.C. 1705 et seq.) without regard to sec-
21 tion 202 of such Act to block all property and
22 interests in property of any person designated
23 under this subsection that are in the United
24 States, that hereafter come within the United
25 States, or that are or hereafter come within the

1 possession or control of any United States per-
2 son, including any overseas branch; and

3 (B) may apply any of the sanctions de-
4 scribed in section 204.

5 (3) PENALTIES.—The penalties provided for in
6 section 206 of the International Emergency Eco-
7 nomic Powers Act (50 U.S.C. 1705) shall apply to
8 a person who violates, attempts to violate, conspires
9 to violate, or causes a violation of any prohibition of
10 this subsection, or of an order or regulation pre-
11 scribed under this Act, to the same extent that such
12 penalties apply to a person that commits an unlaw-
13 ful act described in section 206(a) of that Act (50
14 U.S.C. 1705(a)).

15 (b) DISCRETIONARY DESIGNATION AND SANCTIONS
16 AUTHORITY.—

17 (1) CONDUCT DESCRIBED.—Except as provided
18 in section 207, the President may designate under
19 this subsection any person the President determines
20 to—

21 (A) have knowingly engaged in, contrib-
22 uted to, assisted, sponsored, or provided finan-
23 cial, material or technological support for, or
24 goods and services in support of, any violation

1 of, or evasion of, an applicable United Nations
2 Security Council resolution;

3 (B) have knowingly facilitated the transfer
4 of any funds, financial assets, or economic re-
5 sources of, or property or interests in property
6 of a person designated under an applicable Ex-
7 ecutive order, or by the United Nations Secu-
8 rity Council pursuant to an applicable United
9 Nations Security Council resolution;

10 (C) have knowingly facilitated the transfer
11 of any funds, financial assets, or economic re-
12 sources, or any property or interests in property
13 derived from, involved in, or that has materially
14 contributed to conduct prohibited by an applica-
15 ble United Nations Security Council resolution;

16 (D) have knowingly facilitated any trans-
17 action that contributes materially to a violation
18 of an applicable United Nations Security Coun-
19 cil resolution;

20 (E) have knowingly facilitated any trans-
21 actions in cash or monetary instruments or
22 other stores of value, including through cash
23 couriers transiting to or from North Korea,
24 used to facilitate any conduct prohibited by an

1 applicable United Nations Security Council res-
2 olution;

3 (F) have knowingly contributed to the
4 bribery of an official of the Government of
5 North Korea, the misappropriation, theft, or
6 embezzlement of public funds by, or for the
7 benefit of, an official of the Government of
8 North Korea, or the use of any proceeds of any
9 such conduct; or

10 (G) have knowingly and materially as-
11 sisted, sponsored, or provided financial, mate-
12 rial, or technological support for, or goods or
13 services to or in support of, the conduct de-
14 scribed in subparagraphs (A) through (F) of
15 this paragraph or the conduct described in sub-
16 paragraphs (A) through (G) of subsection
17 (a)(1).

18 (2) EFFECT OF DESIGNATION.—With respect to
19 any person designated under this subsection, the
20 President—

21 (A) may apply the sanctions described in
22 section 204;

23 (B) may apply any of the special measures
24 described in section 5318A of title 31, United
25 States Code;

1 (C) may prohibit any transactions in for-
2 eign exchange that are subject to the jurisdic-
3 tion of the United States and in which such
4 person has any interest;

5 (D) may prohibit any transfers of credit or
6 payments between financial institutions or by,
7 through, or to any financial institution, to the
8 extent that such transfers or payments are sub-
9 ject to the jurisdiction of the United States and
10 involve any interest of the person; and

11 (E) may exercise the authorities of the
12 International Emergency Economic Powers Act
13 (50 U.S.C. 1705 et seq.) without regard to sec-
14 tion 202 of such Act to block any property and
15 interests in property of the person that are in
16 the United States, that hereafter come within
17 the United States, or that are or hereafter come
18 within the possession or control of any United
19 States person, including any overseas branch.

20 (c) BLOCKING OF ALL PROPERTY AND INTERESTS
21 IN PROPERTY OF THE GOVERNMENT OF NORTH
22 KOREA.—The President shall exercise the authorities of
23 the International Emergency Economic Powers Act (50
24 U.S.C. 1705 et seq.) without regard to section 202 of such
25 Act to block all property and interests in property of the

1 Government of North Korea that are in the United States,
2 that hereafter come within the United States, or that are
3 or hereafter come within the possession or control of any
4 United States person, including any overseas branch.

5 (d) APPLICATION.—The designation of a person and
6 the blocking of property under subsection (a), (b), or (c)
7 shall also apply with respect to a person who is determined
8 to be owned or controlled by, or to have acted or purported
9 to act for or on behalf of, directly or indirectly, any person
10 whose property and interests in property are blocked pur-
11 suant to this section.

12 (e) TRANSACTION LICENSING.—The President shall
13 deny or revoke any license for any transaction that, in the
14 determination of the President, lacks sufficient financial
15 controls to ensure that such transaction will not facilitate
16 any of the conduct described in subsection (a) or sub-
17 section (b).

18 **SEC. 105. FORFEITURE OF PROPERTY.**

19 (a) AMENDMENT TO PROPERTY SUBJECT TO FOR-
20 FEITURE.—Section 981(a)(1) of title 18, United States
21 Code, is amended by adding at the end the following new
22 subparagraph:

23 “(I) Any property, real or personal, that is in-
24 volved in a violation or attempted violation, or which
25 constitutes or is derived from proceeds traceable to

1 a violation, of section 104(a) of the North Korea
2 Sanctions Enforcement Act of 2014.”.

3 (b) AMENDMENT TO DEFINITION OF CIVIL FOR-
4 FEITURE STATUTE.—Section 983(i)(2)(D) of title 18,
5 United States Code, is amended—

6 (1) by striking “or the International Emergency
7 Economic Powers Act” and inserting “, the Inter-
8 national Emergency Economic Powers Act”; and

9 (2) by adding at the end before the semicolon
10 the following: “, or the North Korea Sanctions En-
11 forcement Act of 2014”.

12 (c) AMENDMENT TO DEFINITION OF SPECIFIED UN-
13 LAWFUL ACTIVITY.—Section 1956(c)(7)(D) of title 18,
14 United States Code, is amended—

15 (1) by striking “or section 92 of the Atomic
16 Energy Act of 1954” and inserting “section 92 of
17 the Atomic Energy Act of 1954”; and

18 (2) by adding at the end the following: “, or
19 section 104(a) of the North Korea Sanctions En-
20 forcement Act of 2014”.

1 **TITLE II—SANCTIONS AGAINST**
2 **NORTH KOREAN PROLIFERA-**
3 **TION, HUMAN RIGHTS**
4 **ABUSES, AND ILLICIT ACTIVI-**
5 **TIES**

6 **SEC. 201. DETERMINATIONS WITH RESPECT TO NORTH**
7 **KOREA AS A JURISDICTION OF PRIMARY**
8 **MONEY LAUNDERING CONCERN.**

9 (a) FINDINGS.—Congress makes the following find-
10 ings:

11 (1) The Undersecretary of the Treasury for
12 Terrorism and Financial Intelligence, who is respon-
13 sible for safeguarding the financial system against il-
14 licit use, money laundering, terrorist financing, and
15 the proliferation of weapons of mass destruction, has
16 repeatedly expressed concern about North Korea’s
17 misuse of the international financial system as fol-
18 lows:

19 (A) In 2006, the Undersecretary stated
20 that, given North Korea’s “counterfeiting of
21 U.S. currency, narcotics trafficking and use of
22 accounts worldwide to conduct proliferation-re-
23 lated transactions, the line between illicit and
24 licit North Korean money is nearly invisible”
25 and urged financial institutions worldwide to

1 “think carefully about the risks of doing any
2 North Korea-related business.”.

3 (B) In 2011, the Undersecretary stated
4 that “North Korea remains intent on engaging
5 in proliferation, selling arms as well as bringing
6 in material,” and was “aggressively pursuing
7 the effort to establish front companies.”.

8 (C) In 2013, the Undersecretary stated, in
9 reference to North Korea’s distribution of high-
10 quality counterfeit United States currency, that
11 “North Korea is continuing to try to pass a
12 supernote into the international financial sys-
13 tem,” and that the Department of the Treasury
14 would soon introduce new currency with im-
15 proved security features to protect against
16 counterfeiting by the Government of North
17 Korea.

18 (2) The Financial Action Task Force, an inter-
19 governmental body whose purpose is to develop and
20 promote national and international policies to com-
21 bat money laundering and terrorist financing, has
22 repeatedly—

23 (A) expressed concern at deficiencies in
24 North Korea’s regimes to combat money laun-
25 dering and terrorist financing;

1 (B) urged North Korea to adopt a plan of
2 action to address significant deficiencies in
3 these regimes and the serious threat they pose
4 to the integrity of the international financial
5 system;

6 (C) urged all jurisdictions to apply coun-
7 termeasures to protect the international finan-
8 cial system from ongoing and substantial money
9 laundering and terrorist financing risks ema-
10 nating from North Korea;

11 (D) urged all jurisdictions to advise their
12 financial institutions to give special attention to
13 business relationships and transactions with
14 North Korea, including North Korean compa-
15 nies and financial institutions; and

16 (E) called on all jurisdictions to protect
17 against correspondent relationships being used
18 to bypass or evade countermeasures and risk
19 mitigation practices, and take into account
20 money laundering and terrorist financing risks
21 when considering requests by North Korean fi-
22 nancial institutions to open branches and sub-
23 sidiaries in their jurisdiction.

1 (3) On March 7, 2013, the United Nations Se-
2 curity Council unanimously adopted Resolution
3 2094, which—

4 (A) welcomed the Financial Action Task
5 Force’s recommendation on financial sanctions
6 related to proliferation, and its guidance on the
7 implementation of sanctions;

8 (B) decided that Member States should
9 apply enhanced monitoring and other legal
10 measures to prevent the provision of financial
11 services or the transfer of property that could
12 contribute to activities prohibited by applicable
13 United Nations Security Council resolutions;
14 and

15 (C) called on Member States to prohibit
16 North Korean banks from establishing or main-
17 taining correspondent relationships with banks
18 in their jurisdictions, to prevent the provision of
19 financial services, if they have information that
20 provides reasonable grounds to believe that
21 these activities could contribute to activities
22 prohibited by an applicable United Nations Se-
23 curity Council resolution, or to the evasion of
24 such prohibitions.

1 (b) SENSE OF CONGRESS REGARDING THE DESIGNA-
2 TION OF NORTH KOREA AS A JURISDICTION OF PRIMARY
3 MONEY LAUNDERING CONCERN.—Congress—

4 (1) acknowledges the efforts of the United Na-
5 tions Security Council to impose limitations on, and
6 require enhanced monitoring of, transactions involv-
7 ing North Korean financial institutions that could
8 contribute to sanctioned activities;

9 (2) urges the President, in the strongest terms,
10 to consider immediately designating North Korea as
11 a jurisdiction of primary money laundering concern,
12 and to adopt stringent special measures to safeguard
13 the financial system against the risks posed by
14 North Korea's willful evasion of sanctions and its il-
15 licit activities; and

16 (3) urges the President to seek the prompt im-
17 plementation by other states of enhanced monitoring
18 and due diligence to prevent North Korea's misuse
19 of the international financial system, including by
20 sharing information about activities, transactions,
21 and property that could contribute to activities sanc-
22 tioned by applicable United Nations Security Council
23 resolutions, or to the evasion of sanctions.

24 (c) DETERMINATIONS REGARDING NORTH KOREA.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury shall, not later than 180 days after the date of
3 the enactment of this Act, determine, in consultation
4 with the Secretary of State and Attorney General,
5 and in accordance with section 5318A of title 31,
6 United States Code, whether reasonable grounds
7 exist for concluding that North Korea is a jurisdic-
8 tion of primary money laundering concern.

9 (2) ENHANCED DUE DILIGENCE AND REPORT-
10 ING REQUIREMENTS.—Except as provided in section
11 207, if the Secretary of the Treasury determines
12 under this subsection that reasonable grounds exist
13 for finding that North Korea is a jurisdiction of pri-
14 mary money laundering concern, the Secretary of
15 the Treasury, in consultation with the Federal func-
16 tional regulators, shall impose one or more of the
17 special measures described in paragraphs (1)
18 through (5) of section 5318A(b) of title 31, United
19 States Code, with respect to the jurisdiction of
20 North Korea.

21 (3) REPORT REQUIRED.—

22 (A) IN GENERAL.—The Secretary of the
23 Treasury shall, not later than 180 days after
24 the enactment of this Act, and for each of the
25 3 calendar years thereafter, submit to the ap-

1 appropriate congressional committees a report on
2 the determination made under subsection (c)(1)
3 together with the reasons for that determina-
4 tion.

5 (B) FORM.—A report or copy of any re-
6 port submitted under this paragraph shall be
7 submitted in unclassified form but may contain
8 a classified annex.

9 **SEC. 202. ENSURING THE CONSISTENT ENFORCEMENT OF**
10 **UNITED NATIONS SECURITY COUNCIL RESO-**
11 **LUTIONS AND FINANCIAL RESTRICTIONS ON**
12 **NORTH KOREA.**

13 (a) FINDINGS.—Congress finds that—

14 (1) all states and jurisdictions are obligated to
15 implement and enforce applicable United Nations
16 Security Council resolutions fully and promptly, in-
17 cluding by—

18 (A) blocking the property of, and ensuring
19 that any property is prevented from being made
20 available to, persons designated by the Security
21 Council under applicable United Nations Secu-
22 rity Council resolutions;

23 (B) blocking any property associated with
24 an activity prohibited by applicable United Na-
25 tions Security Council resolutions; and

1 (C) preventing any transfer of property
2 and any provision of financial services that
3 could contribute to an activity prohibited by ap-
4 plicable United Nations Security Council resolu-
5 tions, or to the evasion of sanctions under such
6 resolutions;

7 (2) all states and jurisdictions share a common
8 interest in protecting the international financial sys-
9 tem from the risks of money laundering and illicit
10 transactions emanating from North Korea;

11 (3) the United States Dollar and the Euro are
12 the world's principal reserve currencies, and the
13 United States and the European Union are pri-
14 marily responsible for the protection of the inter-
15 national financial system from these risks;

16 (4) the cooperation of the People's Republic of
17 China, as North Korea's principal trading partner,
18 is essential to the enforcement of applicable United
19 Nations Security Council resolutions and to the pro-
20 tection of the international financial system;

21 (5) the report of the Panel of Experts estab-
22 lished pursuant to United Nations Security Council
23 Resolution 1874, dated June 11, 2013, expressed
24 concern about the ability of banks in states with less
25 effective regulators and those unable to afford effec-

1 tive compliance to detect and prevent illicit transfers
2 involving North Korea;

3 (6) North Korea has historically exploited in-
4 consistencies between jurisdictions in the interpreta-
5 tion and enforcement of financial regulations and
6 applicable United Nations Security Council resolu-
7 tions to circumvent sanctions and launder the pro-
8 ceeds of illicit activities;

9 (7) Amroggang Development Bank, Bank of
10 East Land, and Tanchon Commercial Bank have
11 been designated by the Secretary of the Treasury,
12 the United Nations Security Council, and the Euro-
13 pean Union;

14 (8) Korea Dacsong Bank and Korea Kwangson
15 Banking Corporation have been designated by the
16 Secretary of the Treasury and the European Union;

17 (9) the Foreign Trade Bank of North Korea
18 has been designated by the Secretary of the Treas-
19 ury for facilitating transactions on behalf of persons
20 linked to its proliferation network, and for serving as
21 “a key financial node”; and

22 (10) Daedong Credit Bank has been designated
23 by the Secretary of the Treasury for activities pro-
24 hibited by applicable United Nations Security Coun-
25 cil resolutions, including the use of deceptive finan-

1 cial practices to facilitate transactions on behalf of
2 persons linked to North Korea's proliferation net-
3 work.

4 (b) SENSE OF CONGRESS.—It is the sense of Con-
5 gress that the President should intensify diplomatic ef-
6 forts, both in appropriate international fora such as the
7 United Nations and bilaterally, to develop and implement
8 a coordinated, consistent, multilateral strategy for pro-
9 tecting the global financial system against risks emanating
10 from North Korea, including—

11 (1) the cessation of any financial services whose
12 continuation is inconsistent with applicable United
13 Nations Security Council resolutions;

14 (2) the cessation of any financial services to
15 persons, including financial institutions, that present
16 unacceptable risks of facilitating money laundering
17 and illicit activity by the Government of North
18 Korea;

19 (3) the blocking by all states and jurisdictions,
20 in accordance with the legal process of the state or
21 jurisdiction in which the property is held, of any
22 property required to be blocked under applicable
23 United Nations Security Council resolutions; and

24 (4) the blocking of any property derived from il-
25 licit activity, or from the misappropriation, theft, or

1 embezzlement of public funds by, or for the benefit
2 of, officials of the Government of North Korea.

3 **SEC. 203. PROLIFERATION PREVENTION SANCTIONS.**

4 (a) EXPORT OF CERTAIN GOODS OR TECHNOLOGY.—

5 (1) IN GENERAL.—Subject to section
6 207(a)(2)(C) of this Act, a license shall be required
7 for the export to North Korea of any goods or tech-
8 nology subject to the Export Administration Regula-
9 tions (part 730 of title 15, Code of Federal Regula-
10 tions) without regard to whether the Secretary of
11 State has designated North Korea as a country the
12 government of which has provided support for acts
13 of international terrorism, as determined by the Sec-
14 retary of State under section 6(j) of the Export Ad-
15 ministration Act of 1979 (50 U.S.C. App. 2045), as
16 continued in effect under the International Emer-
17 gency Economic Powers Act.

18 (2) PRESUMPTION OF DENIAL.—A license for
19 the export to North Korea of any goods or tech-
20 nology as described in subsection (a) shall be subject
21 to a presumption of denial.

22 (b) TRANSACTIONS WITH COUNTRIES SUPPORTING
23 ACTS OF INTERNATIONAL TERRORISM.—The prohibitions
24 and restrictions described in section 40 of the Arms Ex-
25 port Control Act (22 U.S.C. 2780), as well as other provi-

1 sions in that Act, shall also apply to exporting or otherwise
2 providing (by sale, lease or loan, grant, or other means),
3 directly or indirectly, any munitions item to the Govern-
4 ment of North Korea without regard to whether or not
5 North Korea is a country with respect to which subsection
6 (d) of such section (relating to designation of state spon-
7 sors of terrorism) applies.

8 (c) TRANSACTIONS IN LETHAL MILITARY EQUIP-
9 MENT.—

10 (1) IN GENERAL.—The President shall withhold
11 assistance under the Foreign Assistance Act of 1961
12 (22 U.S.C. 2151 et seq.) to any country that pro-
13 vides lethal military equipment to, or receives lethal
14 military equipment from, the Government of North
15 Korea.

16 (2) APPLICABILITY.—The prohibition under
17 this subsection with respect to a foreign government
18 shall terminate on the date that is 1 year after the
19 date on which such foreign government ceases to
20 provide lethal military equipment to the Government
21 of North Korea.

22 (3) WAIVER.—The President may waive the
23 prohibition under this subsection with respect to a
24 country if the President determines that it is in the
25 national interest of the United States to do so.

1 **SEC. 204. PROCUREMENT SANCTIONS.**

2 (a) **IN GENERAL.**—Except as provided in this section,
3 the United States Government may not procure, or enter
4 into any contract for the procurement of, any goods or
5 services from any designated person.

6 (b) **FAR.**—The Federal Acquisition Regulation
7 issued pursuant to section 1303 of title 41, United States
8 Code, shall be revised to require a certification from each
9 person that is a prospective contractor that such person
10 does not engage in any of the conduct described in section
11 104(a). Such revision shall apply with respect to contracts
12 in an amount greater than the simple acquisition threshold
13 (as defined in section 134 of title 41, United States Code)
14 for which solicitations are issued on or after the date that
15 is 90 days after the date of the enactment of this Act.

16 (c) **TERMINATION OF CONTRACTS AND INITIATION**
17 **OF SUSPENSION AND DEBARMENT PROCEEDING.**—

18 (1) **TERMINATION OF CONTRACTS.**—Except as
19 provided in paragraph (2), the head of an executive
20 agency shall terminate a contract with a person who
21 has provided a false certification under subsection
22 (b).

23 (2) **WAIVER.**—The head of an executive agency
24 may waive the requirement under paragraph (1)
25 with respect to a person based upon a written find-
26 ing of urgent and compelling circumstances signifi-

1 cantly affecting the interests of the United States. If
2 the head of an executive agency waives the require-
3 ment under paragraph (1) for a person, the head of
4 the agency shall submit to the appropriate congress-
5 sional committees, within 30 days after the waiver is
6 made, a report containing the rationale for the waiv-
7 er and relevant information supporting the waiver
8 decision.

9 (3) INITIATION OF SUSPENSION AND DEBAR-
10 MENT PROCEEDING.—The head of an executive
11 agency shall initiate a suspension and debarment
12 proceeding against a person who has provided a
13 false certification under subsection (b). Upon deter-
14 mination of suspension, debarment, or proposed de-
15 barment, the agency shall ensure that such person
16 is entered into the Government-wide database con-
17 taining the list of all excluded parties ineligible for
18 Federal programs pursuant to Executive Order
19 12549 (31 U.S.C. 6101 note; relating to debarment
20 and suspension) and Executive Order 12689 (31
21 U.S.C. 6101 note; relating to debarment and sus-
22 pension).

23 (d) CLARIFICATION REGARDING CERTAIN PROD-
24 UCTS.—The remedies specified in subsections (a) through
25 (e) shall not apply with respect to the procurement of eligi-

1 ble products, as defined in section 308(4) of the Trade
2 Agreements Act of 1979 (19 U.S.C. 2518(4)), of any for-
3 eign country or instrumentality designated under section
4 301(b) of such Act (19 U.S.C. 2511(b)).

5 (e) RULE OF CONSTRUCTION.—Nothing in this sub-
6 section may be construed to limit the use of other remedies
7 available to the head of an executive agency or any other
8 official of the Federal Government on the basis of a deter-
9 mination of a false certification under subsection (b).

10 (f) EXECUTIVE AGENCY DEFINED.—In this section,
11 the term “executive agency” has the meaning given such
12 term in section 133 of title 41, United States Code.

13 **SEC. 205. ENHANCED INSPECTIONS AUTHORITIES.**

14 (a) BRIEFING REQUIRED.—Not later than 180 days
15 after the date of the enactment of this Act, and every 180
16 days thereafter, the President, acting through the Sec-
17 retary of Homeland Security, shall provide to the appro-
18 priate congressional committees, the Committee on Home-
19 land Security of the House of Representatives, and the
20 Committee on Homeland Security and Governmental Af-
21 fairs of the Senate, a briefing identifying foreign sea ports
22 and airports whose inspections of ships, aircraft, and con-
23 veyances originating in North Korea, carrying North Ko-
24 rean property, or operated by the Government of North

1 Korea are deficient to effectively prevent the facilitation
2 of any of the activities described in section 104(a).

3 (b) ENHANCED SECURITY TARGETING REQUIRE-
4 MENTS.—Not later than 180 days after the identification
5 of any sea port or airport pursuant to subsection (a), the
6 Secretary of Homeland Security shall promulgate regula-
7 tions imposing enhanced physical inspection requirements,
8 as identified by the Automated Targeting System operated
9 by the National Targeting Center in U.S. Customs and
10 Border Protection, on any cargo landed in the United
11 States that has been transported through such sea port
12 or airport.

13 (c) SEIZURE AND FORFEITURE.—A vessel, aircraft,
14 or conveyance used to facilitate any of the activities de-
15 scribed in section 104(a) that comes within the jurisdic-
16 tion of the United States may be seized and forfeited
17 under chapter 46 of title 18, United States Code, or under
18 the Tariff Act of 1930 and the proceeds of any such for-
19 feiture shall be available for the purposes described in sec-
20 tion 403.

21 **SEC. 206. TRAVEL SANCTIONS.**

22 (a) ALIENS INELIGIBLE FOR VISAS, ADMISSION, OR
23 PAROLE.—

24 (1) VISAS, ADMISSION, OR PAROLE.—An alien
25 who the Secretary of State or the Secretary of

1 Homeland Security (or a designee of one of such
2 Secretaries) knows, or has reasonable grounds to be-
3 lieve, is described in subsection (a)(1) or (b)(1) of
4 section 104 is—

5 (A) inadmissible to the United States;

6 (B) ineligible to receive a visa or other doc-
7 umentation to enter the United States; and

8 (C) otherwise ineligible to be admitted or
9 paroled into the United States or to receive any
10 other benefit under the Immigration and Na-
11 tionality Act (8 U.S.C. 1101 et seq.).

12 (2) CURRENT VISAS REVOKED.—

13 (A) IN GENERAL.—The issuing consular
14 officer, the Secretary of State, or the Secretary
15 of Homeland Security (or a designee of one of
16 such Secretaries) shall revoke any visa or other
17 entry documentation issued to an alien who is
18 described in subsection (a)(1) or (b)(1) of sec-
19 tion 104 regardless of when issued.

20 (B) EFFECT OF REVOCATION.—A revoca-
21 tion under subparagraph (A)—

22 (i) shall take effect immediately; and

23 (ii) shall automatically cancel any
24 other valid visa or entry documentation
25 that is in the alien's possession.

1 (b) EXCEPTION TO COMPLY WITH UNITED NATIONS
2 HEADQUARTERS AGREEMENT.—Sanctions under sub-
3 section (a)(1)(B) shall not apply to an alien if admitting
4 the alien into the United States is necessary to permit the
5 United States to comply with the Agreement regarding the
6 Headquarters of the United Nations, signed at Lake Suc-
7 cess June 26, 1947, and entered into force November 21,
8 1947, between the United Nations and the United States,
9 or other applicable international obligations.

10 **SEC. 207. EXEMPTIONS, WAIVERS, AND REMOVALS OF DES-**
11 **IGNATION.**

12 (a) EXEMPTIONS.—

13 (1) MANDATORY EXEMPTIONS.—The following
14 activities shall be exempt from sanctions under sec-
15 tion 104:

16 (A) Activities subject to the reporting re-
17 quirements of title V of the National Security
18 Act of 1947 (50 U.S.C. 413 et seq.), or to any
19 authorized intelligence activities of the United
20 States.

21 (B) Any transaction necessary to comply
22 with United States obligations under the Agree-
23 ment between the United Nations and the
24 United States of America regarding the Head-
25 quarters of the United Nations, signed June

1 continued in effect under the International
2 Emergency Economic Powers Act (50
3 U.S.C. 1701 et seq.);

4 (ii) the Arms Export Control Act (22
5 U.S.C. 2751 et seq.);

6 (iii) part B of title VIII of the Nu-
7 clear Proliferation Prevention Act of 1994
8 (22 U.S.C. 6301 et seq.); or

9 (iv) the Chemical and Biological
10 Weapons Control and Warfare Elimination
11 Act of 1991 (22 U.S.C. 5601 et seq.).

12 (b) WAIVER.—The President may waive, on a case-
13 by-case basis, the imposition of sanctions for a period of
14 not more than one year, and may renew that waiver for
15 additional periods of not more than one year, any sanction
16 or other measure under section 104, 204, 205, 206, or
17 303 if the President submits to the appropriate congres-
18 sional committees a written determination that the waiver
19 meets one or more of the following requirements:

20 (1) The waiver is important to the economic or
21 national security interests of the United States.

22 (2) The waiver will further the enforcement of
23 this Act or is for an important law enforcement pur-
24 pose.

1 (3) The waiver is for an important humani-
2 tarian purpose, including any of the purposes de-
3 scribed in section 4 of the North Korean Human
4 Rights Act of 2004 (22 U.S.C. 7802).

5 (c) REMOVALS OF SANCTIONS.—The President may
6 prescribe rules and regulations for the removal of sanc-
7 tions on a person that is designated under subsection (a)
8 or (b) of section 104 and the removal of designations of
9 a person with respect to such sanctions if the President
10 determines that the designated person has verifiably
11 ceased its participation in any of the conduct described
12 in subsection (a) or (b) of section 104, as the case may
13 be, and has given assurances that it will abide by the re-
14 quirements of this Act.

15 (d) FINANCIAL SERVICES FOR HUMANITARIAN AND
16 CONSULAR ACTIVITIES.—The President may promulgate
17 regulations, rules, and policies as may be necessary to fa-
18 cilitate the provision of financial services by a foreign fi-
19 nancial institution that is not controlled by the Govern-
20 ment of North Korea in support of the activities subject
21 to exemption under this section.

1 **TITLE III—PROMOTION OF**
2 **HUMAN RIGHTS**

3 **SEC. 301. INFORMATION TECHNOLOGY.**

4 Section 104 of the North Korean Human Rights Act
5 of 2004 (22 U.S.C. 7814) is amended by inserting after
6 subsection (e) the following new subsection:

7 “(d) INFORMATION TECHNOLOGY STUDY.—Not later
8 than 180 days after the date of the enactment of this sub-
9 section, the President shall submit to the appropriate con-
10 gressional committees a classified report setting forth a
11 detailed plan for making unrestricted, unmonitored, and
12 inexpensive electronic mass communications available to
13 the people of North Korea.”.

14 **SEC. 302. REPORT ON NORTH KOREAN PRISON CAMPS.**

15 (a) IN GENERAL.—The Secretary of State shall sub-
16 mit to the appropriate congressional committees a report
17 describing, with respect to each political prison camp in
18 North Korea to the extent information is available—

- 19 (1) the camp’s estimated prisoner population;
20 (2) the camp’s geographical coordinates;
21 (3) the reasons for confinement of the pris-
22 oners;
23 (4) the camp’s primary industries and products,
24 and the end users of any goods produced in such
25 camp;

1 tion of such abuses or censorship engaged in by such per-
2 son.

3 (b) CONSIDERATION.—In preparing the report re-
4 quired under subsection (a), the Secretary of State shall
5 give due consideration to the findings of the United Na-
6 tions Commission of Inquiry on Human Rights in North
7 Korea, and shall make specific findings with respect to
8 the responsibility of Kim Jong Un, and of each natural
9 person who is a member of the National Defense Commis-
10 sion of North Korea, for serious human rights abuses and
11 censorship.

12 (c) DESIGNATION OF PERSONS.—The President shall
13 designate under section 104(a) any person listed in the
14 report required under subsection (a) as responsible for se-
15 rious human rights abuses or censorship in North Korea.

16 (d) SUBMISSION AND FORM.—

17 (1) SUBMISSION.—The report required under
18 subsection (a) shall be submitted not later than 90
19 days after the date of the enactment of this Act, and
20 every 180 days thereafter for a period not to exceed
21 3 years, shall be included in each report required
22 under sections 116(d) and 502B(b) of the Foreign
23 Assistance Act of 1961 (22 U.S.C. 2151n(d) and
24 2304(b)) (relating to the annual human rights re-
25 port).

1 (2) FORM.—The report required under sub-
2 section (a) shall be submitted in unclassified form,
3 but may include a classified annex. The Secretary of
4 State shall also publish the unclassified part of the
5 report on the Department of State’s website.

6 **TITLE IV—GENERAL**
7 **AUTHORITIES**

8 **SEC. 401. SUSPENSION OF SANCTIONS AND OTHER MEAS-**
9 **URES.**

10 (a) IN GENERAL.—Any sanction or other measure re-
11 quired by title I, II, or III of this Act (or any amendment
12 made by title I, II, or III of this Act) may be suspended
13 for up to 365 days upon certification by the President to
14 the appropriate congressional committees that the Govern-
15 ment of North Korea has—

16 (1) verifiably ceased its counterfeiting of United
17 States currency, including the surrender or destruc-
18 tion of specialized materials and equipment used for
19 or particularly suitable for counterfeiting;

20 (2) taken significant steps toward financial
21 transparency to comply with generally accepted pro-
22 tocols to cease and prevent the laundering of mone-
23 tary instruments;

24 (3) taken significant steps toward verification
25 of its compliance with United Nations Security

1 Council Resolutions 1695, 1718, 1874, 2087, and
2 2094;

3 (4) taken significant steps toward accounting
4 for and repatriating the citizens of other countries
5 abducted or unlawfully held captive by the Govern-
6 ment of North Korea or detained in violation of the
7 1953 Armistice Agreement;

8 (5) accepted and begun to abide by internation-
9 ally recognized standards for the distribution and
10 monitoring of humanitarian aid;

11 (6) provided credible assurances that it will not
12 support further acts of international terrorism; and

13 (7) taken significant and verified steps to im-
14 prove living conditions in its political prison camps.

15 (b) RENEWAL OF SUSPENSION.—The suspension de-
16 scribed in subsection (a) may be renewed for additional
17 consecutive periods of 365 days upon certification by the
18 President to the appropriate congressional committees
19 that the Government of North Korea has continued to
20 comply with the conditions described in subsection (a) dur-
21 ing the previous year.

22 **SEC. 402. TERMINATION OF SANCTIONS AND OTHER MEAS-**
23 **URES.**

24 Any sanction or other measure required by title I, II,
25 or III of this Act (or any amendment made by title I, II,

1 or III of this Act) shall terminate on the date on which
2 the President determines and certifies to the appropriate
3 congressional committees that the Government of North
4 Korea has met the requirements of section 401, and has
5 also—

6 (1) completely, verifiably, and irreversibly dis-
7 mantled all of its nuclear, chemical, biological, and
8 radiological weapons programs, including all pro-
9 grams for the development of systems designed in
10 whole or in part for the delivery of such weapons;

11 (2) released all political prisoners, including the
12 citizens of North Korea detained in North Korea's
13 political prison camps;

14 (3) ceased its censorship of peaceful political
15 activity;

16 (4) taken significant steps toward the establish-
17 ment of an open, transparent, and representative so-
18 ciety;

19 (5) fully accounted for and repatriated all citi-
20 zens of all nations abducted or unlawfully held cap-
21 tive by the Government of North Korea or detained
22 in violation of the 1953 Armistice Agreement; and

23 (6) agreed with the Financial Action Task
24 Force on a plan of action to address deficiencies in

1 its anti-money laundering regime and begun to im-
2 plement this plan of action.

3 **SEC. 403. REGULATIONS.**

4 (a) IN GENERAL.—The President is authorized to
5 promulgate such rules and regulations as may be nec-
6 essary to carry out the provisions of this Act (which may
7 include regulatory exceptions), including under section
8 205 of the International Emergency Economic Powers Act
9 (50 U.S.C. 1704).

10 (b) RULE OF CONSTRUCTION.—Nothing in this Act
11 or any amendment made by this Act shall be construed
12 to limit the authority of the President to designate or
13 sanction persons pursuant to an applicable Executive
14 order or otherwise pursuant to the International Emer-
15 gency Economic Powers Act (50 U.S.C. 1701 et seq.).

16 **SEC. 404. EFFECTIVE DATE.**

17 Except as otherwise provided in this Act, this Act and
18 the amendments made by this Act shall take effect on the
19 date of the enactment of this Act.



AMENDMENT TO H.R. 1771
OFFERED BY MR. CASTRO OF TEXAS

At the appropriate place, insert the following:

1 **SEC. __. SENSE OF CONGRESS ON ENFORCEMENT OF SANC-**
2 **TIONS ON NORTH KOREA.**

3 (a) **FINDINGS.**—Congress finds the following:

4 (1) On March 6, 2014, pursuant to United Na-
5 tions Security Council Resolution 1874, a Panel of
6 Experts issued a report assessing the enforcement of
7 existing sanctions on North Korea. The Panel re-
8 ported that North Korea continues to “trade in
9 arms and related materiel in violation of the resolu-
10 tions” and that “there is no question that it is one
11 of the country’s most profitable revenue sources”.

12 (2) The Panel of Experts found that North
13 Korea “presents a stiff challenge to Member States”
14 through “multiple and tiered circumvention tech-
15 niques” and “is experienced in actions it takes to
16 evade sanctions”.

17 (b) **SENSE OF CONGRESS.**—It is the sense of Con-
18 gress that the United States should work to increase the
19 capacity of responsible nations to implement United Na-
20 tions Security Council Resolutions 1695, 1718, 1874,

1 2087, and 2094, including to strengthen the capacity of
2 responsible nations to monitor and interdict shipments to
3 and from North Korea that contribute to prohibited activi-
4 ties under such Resolutions.



AMENDMENT

**OFFERED BY MR. CONNOLLY OF VIRGINIA TO THE
AMENDMENT IN THE NATURE OF A SUB-
STITUTE TO H.R. 1771 OFFERED BY MR.
ROYCE OF CALIFORNIA**

Page 45, line 12, strike “and” at the end.

Page 45, line 14, strike the period at the end and
insert “; and”.

Page 45, beginning line 15, insert the following:

- 1 (8) made significant progress in planning for
- 2 unrestricted family reunification meetings, including
- 3 for those individuals among the two million strong
- 4 Korean-American community who maintain family
- 5 ties with relatives in North Korea.



113TH CONGRESS
2D SESSION

H. R. 4449

To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2014

Mr. SEAN PATRICK MALONEY of New York introduced the following bill;
which was referred to the Committee on Foreign Affairs

A BILL

To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, 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 “Human Trafficking
5 Prevention Act”.

6 **SEC. 2. EXPANDED TRAINING RELATING TO TRAFFICKING**

7 **IN PERSONS.**

8 Section 105(c)(4) of the Trafficking Victims Protec-
9 tion Act of 2000 (22 U.S.C. 7105(c)(4)) is amended—

1 (1) by inserting “, including members of the
2 Service (as such term is defined in section 103 of
3 the Foreign Service Act of 1980 (22 U.S.C. 3903))”
4 after “Department of State”; and

5 (2) by adding at the end the following: “Train-
6 ing under this paragraph shall include, at a min-
7 imum, the following:

8 “(A) A distance learning course on traf-
9 ficking-in-persons issues and the Department of
10 State’s obligations under this Act, targeted for
11 embassy reporting officers, regional bureaus’
12 trafficking-in-persons coordinators, and their
13 superiors.

14 “(B) Specific trafficking-in-persons brief-
15 ings for all ambassadors and deputy chiefs of
16 mission before such individuals depart for their
17 posts.

18 “(C) At least annual reminders to all such
19 personnel, including appropriate personnel from
20 other Federal departments and agencies, at
21 each diplomatic or consular post of the Depart-
22 ment of State located outside the United States
23 of key problems, threats, methods, and warning
24 signs of trafficking in persons specific to the
25 country or jurisdiction in which each such post

1 is located, and appropriate procedures to report
2 information that any such personnel may ac-
3 quire about possible cases of trafficking in per-
4 sons.”.

.....
(Original Signature of Member)

113TH CONGRESS
2D SESSION

H. RES. _____

Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

IN THE HOUSE OF REPRESENTATIVES

Mr. GRAYSON submitted the following resolution; which was referred to the Committee on _____

RESOLUTION

Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

Whereas on April 5, 2014, the Government of Afghanistan held the first round of the presidential election in which voter participation was 60 percent;

Whereas on May 15, 2014, Afghanistan's Independent Election Commission (IEC) certified the results, and an-

nounced that a run-off election would be held on June 14, 2014, because no candidate received more than 50 percent of the votes;

Whereas on May 14, 2014, the IEC invalidated votes from 331 polling stations and removed them from the final tabulation, based on Electoral Complaints Commission (ECC) decisions;

Whereas there have been widespread reports of voter and election monitor intimidation, including the killing of members of the National Democratic Institute (NDI) during an attack at the Serena Hotel in Kabul on March 20, 2014, as well as attempts to bribe members of the IEC, the ECC, and other election monitoring organizations;

Whereas investigations by the ECC, and its coordination with the IEC, have not been conducted in a transparent manner;

Whereas 17 members of the Afghanistan National Security Forces (ANSF) were killed while supporting the April 5, 2014, elections;

Whereas United States and coalition armed forces have greatly contributed to the stability and security of Afghanistan at a considerable personal sacrifice; and

Whereas the United States has contributed more than \$200,000,000 toward the 2014 Afghan presidential election: Now, therefore, be it

1 *Resolved*, That the House of Representatives—

2 (1) commends the Government of Afghanistan
3 for holding a successful first round of the presi-
4 dential election and expresses strong support for a

1 credible, inclusive, and transparent second round on
2 June 14, 2014;

3 (2) supports the mandate of Afghan electoral
4 bodies such as the Independent Election Commission
5 (IEC) and the Electoral Complaints Commission
6 (ECC) to administer, adjudicate, and manage polls,
7 as well as oversee logistical and technical prepara-
8 tions in a transparent, fair, and credible manner to
9 prevent fraud and misconduct;

10 (3) encourages the Government of Afghanistan
11 to implement measures that will increase voter par-
12 ticipation, particularly among the Afghan female
13 population;

14 (4) recognizes the determination of the Afghan
15 people to exercise their right to vote and determine
16 their country's destiny;

17 (5) urges the Government of Afghanistan to
18 take steps to assure that fraudulent electoral activi-
19 ties do not take place during the runoff;

20 (6) urges the IEC to adopt measures to better
21 mitigate fraud, improve electoral transparency of the
22 polling and counting process, and communicate these
23 measures clearly and consistently to the people of
24 Afghanistan;

1 (7) urges close and continuing communication
2 between the IEC and the Afghanistan National Se-
3 curity Forces (ANSF) to identify and provide secu-
4 rity for vulnerable areas of the country during the
5 election period;

6 (8) encourages all elements of Afghan society to
7 refrain from fomenting violence and other disturb-
8 ances in voting areas;

9 (9) urges the ANSF to make every necessary
10 effort to ensure the safety of voters, candidates, poll
11 workers, and election observers;

12 (10) expresses its support for the full participa-
13 tion of Afghan civil society in the election process;

14 (11) recognizes that a democratically-elected
15 government that reflects the will of the Afghan peo-
16 ple would promote the long-term prosperity, sta-
17 bility, and security interests of Afghanistan and its
18 neighbors, its partners in the North Atlantic Treaty
19 Organization International Security Assistance
20 Force, and the United States; and

21 (12) recognizes the sacrifices of United States
22 and coalition armed forces that have contributed,
23 and will continue to contribute, to the security and
24 stability of Afghanistan.

Chairman ROYCE. So without objection all members may have 5 days to submit statements for the record and any extraneous materials on today's items. And after opening remarks by myself and by the ranking member, Eliot Engel, I will be glad to recognize any member seeking recognition to speak on the en bloc items.

So, beginning with our legislation on North Korea. That country remains one of the greatest threats due to the fact that they are developing weapons, and given the attitude of Kim Jong-un, one of the greatest threats not to just the United States but to our allies in Northeast Asia. The dictators of North Korea have repeatedly defied the international community's efforts to dismantle the nuclear program there.

For years, North Korea has repeatedly dangled the promise of nuclear disarmament and dismantlement of their program in order to get existing sanctions eased. It has been 6 years since North Korea walked away from the negotiating table. The only thing that has changed since 2008 is that North Korea is closer to miniaturizing a nuclear warhead. Our North Korea policy, frankly, has been a bipartisan failure. Last year when we held a hearing on North Korea, it had just completed its third nuclear test and it had successfully launched a three-stage intercontinental ballistic missile. Today, reports show that North Korea may soon conduct a fourth nuclear test. The administration says that its North Korea policy remains one of strategic patience.

It is now time for Congress to lead by providing a clear legislative framework for sanctions to deprive Kim Jong-un of his ability to build nuclear weapons and to deprive him of his ability to repress and abuse the North Korean people. The North Korea Sanctions Enforcement Act seeks to apply the same type of pressure that the Treasury Department successfully applied in 2005 when it targeted a small bank in Macau that was complicit in Pyongyang's counterfeiting. This was the bank of Delta Asia. This impact sent a ripple throughout the international financial system. If you will recall, 10 other banks complied once Banco Delta Asia was named, and as a consequence hard currency was cut off from North Korea. It seriously crimped the financing there. It stopped the ability for them to continue their build-up on their missile program. It made it impossible for the dictator there to pay his generals, which is never a good position for a dictator to be in. So this was one of the most effective steps we have taken against North Korea. It lasted in place, as I recall, about 8 months until the State Department brought significant pressure on Treasury, and this was under the Bush administration. State was interested in getting them lifted in the hopes that that would then get North Korea to the table, of course those negotiations proved to be fruitless. And we lost the ability at that time for the one thing that had held in check, the ability of the regime to continue on its program.

This legislation we have with us today enables our Government to go after Kim Jong-un's illicit activities just like we went after organized crime in our own country. And it does so by interdicting shipments and disrupting the flow of money. And these sanctions target North Korea's money laundering. Just as in '05 it was a case of them counterfeiting \$100 bills that got us to the point where sanctions were put in place, they are involved in money laundering,

they are involved in counterfeiting. Of course they are involved in illicit smuggling and narcotics trafficking, for those who have watched the way in which the regime gets the lion's share of its hard currency. And there is a focus on North Korea's deplorable human rights violations in this legislation by targeting those officials responsible specifically for torture, for the gulags, for the extrajudicial killings that are sadly a fact of life in North Korea today. So this bipartisan piece of legislation has over 135 co-sponsors. It has garnered the support of humanitarian groups worldwide. And humanitarian aid is in no way affected, I should note for the members here.

Second, we go to H.R. 4449, the Human Trafficking Prevention Act, and this seeks to ensure that U.S. personnel overseas are properly equipped to perceive and combat the scourge of human trafficking. Though current law requires that the State Department be trained to identify trafficking victims, it does not prescribe minimum training requirements, this bill does that.

It adds some of these specifics which I think are important, a training course for Department personnel who deal with trafficking issues; trafficking briefings of all the ambassadors and deputy chiefs of mission before they depart to their posts so they know their responsibilities in this regard; annual reminders to personnel regarding key trafficking issues relating to their countries of focus. As you know we have made significant changes in the law and we want to make sure that they are enforcing it.

So let me see if we have some additional notes here. Lastly, we have House Resolution 600, which urges the Government of Afghanistan to pursue a transparent, credible, and inclusive run-off Presidential election. I thank Mr. Grayson of Florida for his work on this timely resolution. Less than 2 months ago, Afghans overwhelmingly flocked to the polls to vote in Presidential and provisional elections.

Now I think this is interesting. More than 7 million Afghan citizens cast a ballot during the first round of voting. That dwarfs the 4.5 million who voted in 2009. Although the April elections were a significant improvement, there is still progress to be made. Numerous electoral complaints led to the invalidation of votes in certain precincts, and just last week, Afghanistan's Independent Election Commission fired poll workers who were accused of voter fraud.

This resolution urges the Government of Afghanistan to lessen the risk of fraud, to improve electoral transparency, to enhance security efforts, and increase voter participation during the upcoming run-off. Importantly, it also recognizes the sacrifices of the members of our armed forces and underscores that this election will contribute to the security and stability interests of both Afghanistan and of the United States. Afghans will finally select a successor to President Karzai on June the 14th. This election offers the chance for a fresh start with a new President and will allow Afghans to create a new and better era.

We now go to Mr. Eliot Engel of New York for his opening comments, the ranking member.

Mr. ENGEL. Mr. Chairman, thank you very much for holding this markup and for again the bipartisan collaboration on the three

measures before us today. I would like to begin by commending you for your hard work on the North Korea Sanctions Enforcement Act, and for your longstanding commitment to address the grave threat posed by North Korea. I have been there twice. It doesn't make me an expert, but once you step foot in that country you realize something is terribly wrong.

This bill would broaden U.S. sanctions against those helping sustain the regime in Pyongyang whose crimes against humanity the U.N. Human Rights Office says are, and I quote, "without parallel in the modern world." The North Korean regime is no stranger to sanctions, and it is clear why: Development of nuclear weapons, arms smuggling, transnational crime. To me, however, the brutal repression of the North Korean people, above all, warrants the enactment of this legislation.

With this bill, Congress labels North Korea supporters as equally responsible for the horrors imposed by Kim Jong-un and his cronies on the North Korean people. This measure provides broader and tougher sanctions against North Korea's illicit activities. It gives the President flexibility to use the authorities in this act most effectively, and it carefully avoids any interference with the relief organizations providing food, medicine, and other humanitarian aid to the North Korean people.

That is the irony. The United States has been the strongest and the greatest provider of food and medicine and other humanitarian aid to the North Korean people, while their brutal regime kills their own people and vilifies the United States. This bill is aimed at those few around the world who have chosen to remain morally blind to the crimes of the North Korean State. I urge all of our colleagues to support it.

I want to commend our colleague, Mr. Connolly, who has been relentless in urging passage of this legislation. Indeed, he has been relentless in terms of everything involving the repression in North Korea. He was speaking to me about it, urging us to pass it, working with us on it to help stop the North Korean regime. And I want to publicly thank Mr. Connolly for his strong support and his help with this legislation.

Mr. Chairman, I also support H.R. 4449, a bill introduced by my colleague from New York, Representative Sean Patrick Maloney. His legislation would expand training requirements for Federal Government personnel including employees of the State Department in identifying and preventing human trafficking.

Human trafficking is modern-day slavery and its victims are robbed of their freedom and dignity. This crime spans the globe, driving profits of up to \$32 billion a year. Best estimates tell us that as many as 27 million people are victims of human trafficking, many coerced into forced labor or commercial sex with no means of escape.

One of the best ways to stop this crime is to make sure people know it when they see it. This bill would provide comprehensive mandatory training and special briefings on human trafficking for embassy reporting offices, regional bureaus' trafficking in persons coordinators and their superiors. It would also keep our State Department and other Federal Government personnel up to speed on

the key problems, threats, methods, and warning signs of human trafficking, specific to their country or post.

Mr. Chairman, we need to remember that people, not policies, are often the first line of defense against modern slavery, and this legislation will better prepare our diplomats and other public servants to spot this crime and take action as they serve at their diplomatic posts abroad. So I urge my colleagues to support this important legislation as well.

And finally, I support a resolution on the Presidential election in Afghanistan that was introduced by our colleague, Representative Grayson. On April 5th, the people of Afghanistan went to the polls. We saw incredible courage that day from the candidates, the poll workers, and all those who have braved countless acts of violence and intimidation because they wanted their voices to be heard.

Afghanistan's Independent Election Commission recently announced that none of the candidates garnered more than 50 percent of the vote, so the Commission scheduled a run-off election for June 14th. The Afghans should be proud of their electoral system, civil society, media, and security forces for carrying out a successful first round of voting. Let me also congratulate the two leading vote recipients, Dr. Abdullah Abdullah, and Dr. Ashraf Ghani.

This run-off represents another step forward for the people of Afghanistan. The future of their country is in their hands. And this resolution conveys, it is critical that this run-off election be credible, inclusive and transparent. The long-term stability, prosperity and security in Afghanistan depend on a democratically-elected government that reflects the will of the Afghan people. So I urge our colleagues to support this resolution as well.

So Mr. Chairman, in closing I would like to again thank you for holding this markup and look forward to working with you to advance all three of these measures.

Chairman ROYCE. Well, thank you, Mr. Engel. I will just ask if any of the members here seek recognition to speak on any of the en bloc amendments.

Mr. Rohrabacher of California?

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and let me thank you and the ranking member. Both you and the ranking member have provided such great leadership on this, and the bipartisan positive spirit that now, I think, dominates this committee reflects the hard work and spirit that both of you have given to your job. And you do work really hard at this job, I know. So first to commend both of you on this, and of course I am supportive of all three of the resolutions that have been brought before us.

Just to take one note about North Korea. My father was a Korean War veteran, and over the years I had many talks with him about that particular conflict. I think what is interesting is that battle was 50 years ago. I remember, and I have mentioned that my father told me that he could not imagine that at that time when he was a young man in Korea that we would still have American military personnel stationed in Korea and doing a job, a military job in Korea. None of those guys who fought there felt that this was something that they were going to do to establish an American garrison overseas that would be there forever, and that

their job forever would be, and America's job would be, to be deterring action, hostile action on that peninsula.

I would suggest the reason they are still there is because we have not taken those steps that are necessary to bring about a change of regime, if you would like to say, or a change in the situation in North Korea. We in fact over the years have subsidized North Korea. And many of the people in the committee now don't remember those days, I do, in which we were spending millions of dollars providing food and energy to North Korea. That obviously has not worked.

We need to understand that North Korea is a vicious dictatorship and we should be taking the steps that will permit in some way a unification of Korea but under democratic government. And that means that we should be supporting people who will have an impact in North Korea rather than just thinking we will keep our troops there for another 50 years.

Today we celebrate the 25th anniversary of Tiananmen Square. And celebrate, we commemorate, I should say, commemorate Tiananmen Square. We didn't do the right thing there either, and we still have a dictatorship. It was a turning point 25 years ago that we could have sided with the people. And there was no price or penalty that the Chinese Communist regime has paid for this monstrous obliteration of freedom at Tiananmen Square 25 years ago.

Let us note that behind Korea, behind the Government of Korea is the Government of China, the Communist Chinese Party of China. We as a country, we should do more than just think that our policies need to focus on providing a garrison at a point in the world that might be some kind of an area, a volatile area like Korea.

But instead, we should be thinking about the power of liberty and justice and democracy and the ideals that our country was founded upon, and start finding people in those other countries who will ally ourselves with those values and start supporting them. That is the way we can bring about real change and not have to have our troops garrisoning various parts of the world.

We appreciate again your resolutions on Korea, and Mr. Chairman, you have taken such a heartfelt position on this human trafficking, and we know that, and then again Afghanistan. Thank you for those three pieces of hard work on your and Mr. Engel's part today.

Chairman ROYCE. Well, thank you. Like Mr. Engel, I have been in North Korea, and our hearts go out to the people of North Korea in terms of what they have suffered through for the last three generations now of the dictatorship there. And our hope is that that situation will evolve into one where they have some modicum of human rights, some freedoms, some liberty.

And it is our hope that between this legislation and what we passed a few weeks ago with respect to the revamping of the Broadcasting Board of Governors that we might be able to better broadcast into North Korea the types of messaging which might lead to the pressures for a respect for human rights in that country.

The result of how one treats one's own people is also indicative of how a regime will treat its neighbors, and that is one of the great problems for North Korea with respect to the horror of the human rights condition there. For those of us who have talked to those who have escaped out of the gulags, it is a numbing experience to hear people recount to you the types of stories we heard about concentration camps generations ago during the time of the Second World War and predating the War, to know that that happens today on a daily basis in North Korea, I think, is a heavy weight for all of us in the international community who feel some responsibility to try to do something about it to push North Korea in the right direction.

We now go to Mr. Albio Sires from New Jersey.

Mr. SIRES. Mr. Chairman, thank you very much. I just want to express how refreshing it is to have a chairman and a ranking member that work so well together, and all the members. This is truly an atmosphere of bi-partisanship especially against such a leader in the world. And I want to commend the members participating. And all the amendments, I support all three amendments.

But I especially want to recognize my colleague, Congressman Connolly. He has been an outspoken member of this Congress against the North Koreans and their abuses, and his amendment today shows a great deal of sensitivity toward the 2 million Korean families that are in those countries. So I thank you, and I thank my colleague for all his work.

Chairman ROYCE. Thank you, Mr. Sires. Any other members seeking recognition?

Mr. Connolly?

Mr. CONNOLLY. Thank you, Mr. Chairman, and I thank you and Mr. Engel for scheduling this markup. We talked on the floor and I really appreciate you scheduling it. I thank you for your kind words, Mr. Engel, and yours as well, Mr. Sires.

This legislation, I think, is an important symbol by the Congress that we are not going to stand idly by and allow the depredations and the unspeakable brutality of a regime that would make George Orwell pause in the systematic suppression of free thought, of freedom of any kind, in creating this system, state system, that has so degraded the human spirit.

And whether it is the development of a nuclear capability or the tact as you said, Mr. Chairman, that their own internal policies clearly reflect their external policies. And we have seen that where they have engaged in provocative activity, they have actually engaged in acts of terrorism and violence against their neighbor in South Korea and others, and we must speak out.

They have actually engaged of course in the—we talk about human trafficking today, legislation, and I also enthusiastically support—but the North Korea regime has actually degraded itself to the point of abducting individuals as part of their policy. And this regime has to fall, and the United States, as I said, must be a beacon of hope and freedom for those who suffer under its oppression.

You mentioned, Mr. Chairman, the gulags in North Korea. It is estimated that as many as 200,000 North Koreans are being held against their will in such gulags. This is something we thought was

over with at the end of the Stalin period 60 years ago, and yet here it is, persistent in the 21st century.

And so I think this legislation is important not only for what it does in tightening sanctions against that regime, but in sending the strongest message I hope in a unanimous bipartisan basis by this Congress that we will stand shoulder to shoulder with the people of North Korea in their aspirations and hopes for a freer future.

Thank you, Mr. Chairman. And I also want to finally echo the comments of my friend, Mr. Rohrabacher of California. It is such a refreshing and hopeful experience to come to this committee and see how work is conducted in a professional and bipartisan manner. I think it is a model for other committees in the Congress, and I commend you and your staff, Mr. Chairman, a delight to work with. And you, Mr. Engel, and your staff, similarly, a delight to work with. Thank you for your bipartisan leadership.

Chairman ROYCE. Thank you, Mr. Connolly. I think that when we speak about the Orwellian system there, the late Christopher Hitchens wrote a piece, "Why Orwell Matters," but I think of all that he has written about totalitarian regimes. His story about his trip into North Korea is one of the most riveting you can read, and the nightmarish conditions there that people struggle under is a reminder that all of us in the international sphere have some personal responsibility to make certain that we do all that we can do to see that some modicum of civilization comes to an area where people are beaten down the way they are in North Korea.

I think Mr. Smith of New Jersey.

Mr. SMITH. Thank you very much, Mr. Chairman, and thank you for bringing to the committee the North Korea Sanctions Enforcement Act of 2014. I think there is a very dangerous propensity both in Congress and at the State Department to think that North Korea is so bad, its violations of human rights so egregious, and its isolation makes it so that people are tempted to do very little or nothing to engage it and to seek to bring light and scrutiny to these horrific abuses that go on each and every day in the past.

Mr. Chairman, I have chaired four hearings on North Korean human rights, and we have actually heard from women who escaped from North Korea into China, only to be trafficked once they got to China. And then when they were forcibly repatriated, they were put into the gulag system, which you called for an important study on, the 200,000-plus people who are tortured in those terrible gulags and many of them have died. When you try to escape North Korea it is considered treasonous, and as a direct result those individuals are often tortured to death.

I also want to thank you for again requiring that there be a comprehensive study about the gulag system. Again, we need to do more. We need to expose more. No tyrannical regime need be forever, and that goes for North Korea as well.

Finally, I want to again thank Dr. King for the good work he has done. He is a former staff director here who has served very admirably and very effectively, but very much in isolation, the Ambassador to North Korea on behalf of human rights with regards to that country. His job has to be as frustrating as it gets. He is not allowed to visit Pyongyang, but he does do a wonderful job trying to keep the issue front and center. And again, he sat right over

here on the other side of the aisle as the democratic staff director for a whole lot of years, and let me express my deep respect for his work.

And also we have got to keep obviously Kenneth Bae and his plight, the American who continues to be held in North Korea, and hopefully this kind of legislation will become an additional prod to effectuate his release. So again, thank you Mr. Chairman, and I yield back the balance.

Chairman ROYCE. Thank you, Mr. Smith.

We go now to Mr. Grayson of Florida.

Mr. GRAYSON. Thank you, Mr. Chairman. This measure regarding the Afghan election, the second round, is an important one. On May 11, 2013, in Kabul, the U.S. Deputy Secretary of State William Burns said that “a successful political transition is an essential prerequisite for sustainable security. It is vitally important that the election held next April be transparent, credible, and inclusive.”

On July 9, 2013, the United States Senate unanimously agreed to a resolution stating that the Government of Afghanistan is urged “to ensure transparent and credible Presidential and provincial elections in April 2014 by adhering to internationally accepted democratic standards, establishing a transparent electoral process, and ensuring security for voters and candidates.”

In the first round of these elections, voter participation increased from approximately 35 percent in the 2009 Presidential election to almost 60 percent in the election held in April, with the percentage of newly-registered female voters slightly increasing.

The 2009 Afghan Presidential election experienced low female votes due to the insufficient number of female poll workers, and the U.N. Development Programme’s Law and Order Trust Fund for Afghanistan approved the Ministry of Interior request to fund the hiring of 13,000 female election security officers in order to bolster female voter turnout for the recent Presidential election. Yet, 40 out of Afghanistan’s 407 districts still did not have female election staff due to security concerns.

Twenty seven Afghans were killed on election day in 2009, and 17 members of the Afghan National Security Forces were killed over the course of nearly 300 insurgent attacks carried out during the election held a few weeks ago. After the 2009 Presidential election, the Independent Electoral Commission ordered results from 210 polling places be invalidated, and later, after investigating 570 more polling stations quarantined by the IEC, found that all but 18 should be invalidated as well.

In the recent election, 809,349 votes cast for the first Presidential candidate, 165,339 cast for the second Presidential candidate, and 39,555 cast for the third Presidential candidate during the June 2014 election have been invalidated for fraud.

The Independent Electoral Commission has performed behind closed doors instead of in front of international monitors, and information from that Commission was leaked to some candidates and not others. In addition to that, on the evening prior to the 2014 Presidential election until 5 o’clock p.m. on election day, the Government of Afghanistan eliminated text messaging capabilities and this greatly inhibited monitoring efforts by international organiza-

tions. The members of the National Democratic Institute were killed in an attack on the Serena Hotel in Kabul on March 20, 2014, causing NDI to remove significant numbers of staff from Afghanistan and spreading fear among other monitors.

It is very important to understand that while some candidates and some campaign staff have proclaimed that, should their opponents prevail, Afghanistan will be a less secure nation in which more civilians die, therefore creating a climate which is not conducive to democratic transition, our resolution seeks to address these problems and to solve these problems in meaningful ways.

In advance of the Presidential election now to be held off the schedule for June 14th, we commend the Afghan people for completing the first round of a Presidential election while at the same time urging them toward a credible, inclusive, and transparent second round. Great lengths were taken in drafting this measure to ensure that it focused solely on the pending election, an event on which the House of Representatives has yet to comment.

This measure does not delve into such issues as the appropriate number of coalition forces in Afghanistan. Instead, what it does simply is commend the Afghan people simply for completing the first round of elections, albeit in a somewhat flawed fashion, and supporting that the Commission is responsible for ensuring transparent and fair voting.

We encourage the Government of Afghanistan to pursue measures that will increase female voter participation. We urge the Government of Afghanistan to take all necessary steps to combat fraud during the election, including preserving the text messaging capabilities that the visitors and observers find so essential to be able perform their functions properly. And we recognize the important role that Afghan National Security Forces, NATO forces, and currently, American forces have had and will have ensuring safety on voting day.

Thank you very much, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Grayson. We go now to Ms. Tulsi Gabbard of Hawaii.

Ms. GABBARD. Thank you very much, Mr. Chairman. I am in support of all three of the items that we are marking up today, but want to speak very briefly with connection to H.R. 1771, the North Korean Sanctions Enforcement Act. And like my colleagues, thank you and our ranking member for your leadership on this, and especially your remarks that opened up this conversation today.

Much has been said very eloquently about the human rights violations that are occurring in North Korea, but specifically, the fact that strategic patience, the time for that has come and gone. We can talk about the threat that North Korea has to the region that it is one of the primary causes of instability within the Asia Pacific region.

I was there in Japan, South Korea, and China last month, and heard in each of those three places, both from our military as well as folks on the ground there that the threat that North Korea continues to provide is one of the most destabilizing factors, inhibiting economic growth and opportunity in the region. But this is also something that hits very close to home.

You mentioned the intercontinental ballistic missile tests, the continued growing capabilities of North Korea, and how every time we go through this cycle of threats and then some kind of talk of negotiations and finding a peaceful path through this, which ideally is what we all would like, North Korea's capabilities continue to grow.

It is a great disservice to our country when North Korea makes threats that we have people here at home saying they are not close enough or their threats are not serious or they are not actually threatening the United States. They are actually threatening us very directly. States like mine in Hawaii do fall within the range of the ICBMs that they are developing.

So when we talk about the need for stronger sanctions, the need to look back to the hard currency sanctions that have worked in the past, this is something that is very real. And it is very real to American citizens, it is very real to the military assets that we have in our own country, and is critical for our own national security and the safety of our people that we take this seriously and understand that this is a threat that is urgent today, not something that we can continue to wait and be patient on to deal with in the future.

So I appreciate your leadership and your hard and thoughtful work on this, and on behalf of the people of my State of Hawaii, extend my gratitude. Thank you very much.

Chairman ROYCE. Thank you, Ms. Gabbard. We are going to go now to Mr. Ted Poe, Judge Ted Poe of Texas.

Mr. POE. Thank you, Mr. Chairman. Thank you for bringing all of these bills before the committee today. I would like to speak specifically on H.R. 4449, the Trafficking Prevention Act, by Mr. Maloney.

This requires training of State Department officials, and I wanted to emphasize the importance of the training to recognize especially overseas victims that are trafficked into the United States, specifically minor children: Not only that we recognize who those children are, but we also need to have training. State Department officials need to have training on recognizing the problem of the demand, whether that demand occurs by Americans or someone else overseas for this scourge of human trafficking.

So this is a good piece of legislation. Education and training on human trafficking is critical for us on a worldwide basis to stop this criminal conduct, this scourge, but it also includes training to recognize the problem and the issue of the demand sector. And with that I will yield back.

Chairman ROYCE. Thank you, Mr. Poe. We go now Mr. Joaquin Castro of Texas.

Mr. CASTRO. Thank you, Mr. Chairman, and I want to thank you and Ranking Member Engel for including my amendment to H.R. 1771 in the en bloc package.

Recently a U.N. panel recommended that the international community must significantly improve enforcement of existing resolutions particularly relating to cargo inspections at air and sea ports. Recognizing that there are enforcement gaps, my amendment urges the United States to strengthen the capacity of responsible nations to monitor and intercept shipments to and from North Korea that

provide them cash as well as technology and material for its nuclear and ballistic missiles program.

I encourage my colleagues of course to support the amendment and I thank you all for your support. I yield back.

Chairman ROYCE. Thank you, Mr. Castro. Hearing no further requests for recognition, the question occurs on the items considered en bloc. All those in favor say aye.

All those opposed, no.

In the opinion of the Chair the ayes have it. The measures are considered en bloc. That would be H.R. 1771, H.R. 4449, and House Resolution 600. They are agreed to as amended, and without objection each of the measures as amended is ordered favorably reported as a single amendment in the nature of a substitute. Staff is directed to make any technical and conforming changes, and that concludes business for today.

I want to thank our ranking member, Eliot Engel, and all of our committee members for their contributions and for their assistance, and this committee is adjourned.

[Whereupon, at 10:45 a.m., the committee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE RECORD

FULL COMMITTEE MARKUP NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

May 29, 2014

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN meeting of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Thursday, May 29, 2014

TIME: 10:00 a.m.

MARKUP OF: H.R. 1771, To improve the enforcement of sanctions against the Government of North Korea, and for other purposes;

H.R. 4449, To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes; and

H. Res. 600, Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE MARKUP

Day Thursday Date 05/29/14 Room 2172

Starting Time 10:06 a.m. Ending Time 10:45 a.m.

Recesses 0 (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___)

Presiding Member(s)

Edward R. Royce, Chairman

Check all of the following that apply:

Open Session

Electronically Recorded (taped)

Executive (closed) Session

Stenographic Record

Televised

BILLS FOR MARKUP: (Include bill number(s) and title(s) of legislation.)

H.R. 1771

H.R. 4449

H. Res. 600

COMMITTEE MEMBERS PRESENT:

See Attendance Sheet.

NON-COMMITTEE MEMBERS PRESENT:

None.

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

Connolly

ACTIONS TAKEN DURING THE MARKUP: (Attach copies of legislation and amendments.)

See Markup Summary.


RECORDED VOTES TAKEN (FOR MARKUP): (Attach final vote tally sheet listing each member.)

<u>Subject</u>	<u>Yeas</u>	<u>Nays</u>	<u>Present</u>	<u>Not Voting</u>
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TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 10:45 a.m.


Doug Anderson, General Counsel

HOUSE COMMITTEE ON FOREIGN AFFAIRS

FULL COMMITTEE MARKUP

<i>PRESENT</i>	<i>MEMBER</i>
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
	Ileana Ros-Lehtinen, FL
X	Dana Rohrabacher, CA
X	Steve Chabot, OH
	Joe Wilson, SC
	Michael T. McCaul, TX
X	Ted Poe, TX
	Matt Salmon, AZ
	Tom Marino, PA
	Jeff Duncan, SC
	Adam Kinzinger, IL
X	Mo Brooks, AL
X	Tom Cotton, AR
X	Paul Cook, CA
X	George Holding, NC
X	Randy K. Weber, Sr., TX
	Scott Perry, PA
	Steve Stockman, TX
	Ron DeSantis, FL
	Doug Collins, GA
	Mark Meadows, NC
X	Ted S. Yoho, FL

<i>PRESENT</i>	<i>MEMBER</i>
X	Eliot L. Engel, NY
	Eni F.H. Faleomavaega, AS
X	Brad Sherman, CA
	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
	Brian Higgins, NY
	Karen Bass, CA
X	William Keating, MA
X	David Cicilline, RI
X	Alan Grayson, FL
X	Juan Vargas, CA
X	Bradley S. Schneider, IL
	Joseph P. Kennedy III, MA
X	Ami Bera, CA
	Alan S. Lowenthal, CA
X	Grace Meng, NY
	Lois Frankel, FL
X	Tulsi Gabbard, HI
X	Joaquin Castro, TX

5/29/14 Foreign Affairs Committee Markup Summary

The Chair obtained unanimous consent to consider the following items (previously provided to Members) *en bloc*:

1. H.R. 1771 (Royce), “To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.”;
 - a. Royce 29, an amendment in the nature of a substitute to H.R. 1771;
 - i. Castro 33, amending Royce 29;
 - ii. Connolly 118, amending Royce 29;
2. H.R. 4449 (Mr. Maloney), “To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes.”; and
3. H. Res. 600 (Grayson), “Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.”

The *en bloc* items were agreed to by voice vote, and the measures, as amended, were ordered favorably reported to the House by unanimous consent.

The Committee adjourned.



Statement for the Record

Submitted by the Honorable Gerald E. Connolly

I would like to thank Chairman Royce and Ranking Member Engel for bringing H.R. 1771, the North Korea Sanctions Enforcement Act of 2014, to the Full Committee for markup. This legislation, which I am pleased to cosponsor, provides us with the opportunity to communicate that our Committee and the Congress is resolved to hold North Korea accountable for its brutality against its people and the erratic and dangerous manner in which it conducts itself on the world stage.

This comprehensive sanctions legislation addresses money laundering, currency counterfeiting, the violation of UN Security Council resolutions and financial restrictions, and various other offenses committed by North Korea. It also addresses human rights abuses and promotes unrestricted communications to the citizens of North Korea.

The sanctions are warranted, as North Korea is a reckless international actor that has amassed a litany of violations and abuses of international law. It continues to develop a nuclear weapons program in defiance of the United National Security Council and worldwide condemnation. North Korea supports the development of Iranian missile technology and nuclear capabilities. Hamas and Hezbollah, both designated foreign terrorist organizations by the United States, receive missile technology and training from North Korea that they have used to attack Israel, an ally of the United States. United Nations Security Council resolutions deterring missile tests and launches are routinely flouted. It is clear that a pattern of behavior has developed in North Korea that should be concerning to all in the international community.

In addition to the legislation before us today, I also am an original cosponsor of H.R. 673, the North Korea Sanctions and Diplomatic Nonrecognition Act of 2013. H.R. 673 calls on the Secretary of State to redesignate North Korea as a state sponsor of terrorism and to continue to withhold formal diplomatic recognition of the Kim Jong Un regime. Both pieces of legislation send a strong and clear message to North Korea that its international transgressions are not without consequence. The United States will not and cannot allow an authoritarian regime to operate with impunity and threaten our national security and the security of our allies.

Of course, the United States and international community should not only address the aggression North Korea has projected outward. The atrocities committed inside the borders of North Korea are equally disturbing and deserving of condemnation. The status of human rights seems to have regressed under Kim Jong Un. A recent United Nations report recounts, in horrifying detail, the "offenses" which land individuals in labor camps, including misspelling the name of Kim Jong Il. Deplorable conditions persist in the nation's system of gulags that reports say contain 200,000 prisoners. People seeking refuge from the oppressive regime must disregard public executions used to intimidate the populace and brave a "shoot to kill" threat levied against citizens attempting to cross the border with China.

Family reunifications between South Korean families and their loved ones behind the DMZ remain limited to fleeting reunions. I thank the Chairman and Committee staff for working with me on an amendment that makes the suspension of sanctions in this legislation conditional on North Korea making significant progress in planning for unrestricted family reunification meetings, including for those individuals among the two-million strong Korean-American community who maintain family ties with relatives in North Korea.

Pyongyang must pay, and the lives of North Koreans must be improved. I applaud this legislation for levying extensive sanctions against bad actors in the North Korean saga, while recognizing the urgency of humanitarian, medical and food assistance for North Korean citizens. Rest assured that no such reprieve is offered by Pyongyang. Again, I commend my colleagues for finding common ground on North Korea sanctions and for taking decisive action against this despotic regime.

H.R. 4449, To amend the Trafficking Victims Protection Act of 2000 to expand the training for Federal Government personnel related to trafficking in persons, and for other purposes.

H.R. 4449, the Human Trafficking Prevention Act codifies specific minimum training requirements for certain State Department employees who would be in a position to address trafficking issues and assist trafficking victims. I support sensible steps our government can take to ensure that we are combatting human trafficking and not complicit in this abhorrent practice. I authored legislation that was included in the FY2013 National Defense Authorization Act to address the serious problem of human trafficking by some government contractors and subcontractors operating overseas. The *End Trafficking in Government Contracting Act* enhanced and expanded on President Obama's Executive Order on Human Trafficking issued in September 2012. The President was absolutely correct in stating that the fight against human trafficking is one of the great human rights causes of our time, and I am glad our government employees on the front line of our diplomatic missions abroad will be well-prepared to join this fight.

H. Res. 600, Urging the Government of Afghanistan, following a successful first round of the presidential election on April 5, 2014, to pursue a transparent, credible, and inclusive run-off presidential election on June 14, 2014, while ensuring the safety of voters, candidates, poll workers, and election observers.

As the United States winds down its involvement in Afghanistan, the most concrete measure the Government of Afghanistan can take to support a democratic transition is the administration of free, fair and transparent elections. H. Res 600 prescribes specific policies Afghanistan can adopt to ensure that the run-off presidential election on June 14, 2014 meets international election standards. A democratically-elected government will be vital to the long-term stability of Afghanistan and will engender the support of the people of Afghanistan. With the observance of Memorial Day this past weekend, it also pays a timely homage to the sacrifice of U.S. and coalition forces. Over 2,100 American soldiers made the ultimate sacrifice while promoting the security interests of the United States and maintaining the stability of Afghanistan. We honor their service and sacrifice by promoting abroad the very freedoms they fought to defend.