

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4411
OFFERED BY MR. ROYCE OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Hezbollah International Financing Prevention Act of
4 2014”.

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Statement of policy.

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

- Sec. 101. Report on imposition of sanctions on certain satellite providers that carry al-Manar TV.
- Sec. 102. Sanctions with respect to financial institutions that engage in certain transactions.

**TITLE II—REPORTS ON DESIGNATION OF HEZBOLLAH AS A SIG-
NIFICANT FOREIGN NARCOTICS TRAFFICKER AND A SIGNIFI-
CANT TRANSNATIONAL CRIMINAL ORGANIZATION**

- Sec. 201. Report on designation of Hezbollah as a significant foreign narcotics trafficker.
- Sec. 202. Report on designation of Hezbollah as a significant transnational criminal organization.
- Sec. 203. Report on Hezbollah’s involvement in the trade of conflict diamonds.
- Sec. 204. Appropriate congressional committees defined.

TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Rule of construction.
- Sec. 302. Regulatory authority.
- Sec. 303. Termination.

1 **SEC. 2. STATEMENT OF POLICY.**

2 It shall be the policy of the United States to—

3 (1) prevent Hezbollah’s global logistics and fi-
4 nancial network from operating in order to curtail
5 funding of its domestic and international activities;
6 and

7 (2) utilize all available diplomatic, legislative,
8 and executive avenues to combat the global criminal
9 activities of Hezbollah as a means to block that or-
10 ganization’s ability to fund its global terrorist activi-
11 ties.

12 **TITLE I—PREVENTION OF AC-**
13 **CESS BY HEZBOLLAH TO**
14 **INTERNATIONAL FINANCIAL**
15 **AND OTHER INSTITUTIONS**

16 **SEC. 101. REPORT ON IMPOSITION OF SANCTIONS ON CER-**
17 **TAIN SATELLITE PROVIDERS THAT CARRY**
18 **AL-MANAR TV.**

19 (a) IN GENERAL.—Not later than 30 days after the
20 date of the enactment of this Act, the President shall sub-
21 mit to the Committee on Foreign Affairs of the House
22 of Representatives and the Committee on Foreign Rela-
23 tions of the Senate a report that includes—

24 (1) a list of all satellite, broadcast, Internet, or
25 other providers that knowingly provides material

1 support to al-Manar TV, and any affiliates or suc-
2 cessors thereof; and

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

5 (A) an identification of those providers
6 that have been sanctioned pursuant to Execu-
7 tive Order 13224 (September 23, 2001); and

8 (B) an identification of those providers
9 that have not been sanctioned pursuant to Ex-
10 ecutive Order 13224 and, with respect to each
11 such provider, the reason why sanctions have
12 not been imposed.

13 (b) FORM.—The report required by subsection (a)
14 shall be submitted in unclassified form to the greatest ex-
15 tent possible, and may contain a classified annex.

16 **SEC. 102. SANCTIONS WITH RESPECT TO FINANCIAL INSTI-**
17 **TUTIONS THAT ENGAGE IN CERTAIN TRANS-**
18 **ACTIONS.**

19 (a) PROHIBITIONS AND CONDITIONS WITH RESPECT
20 TO CERTAIN ACCOUNTS HELD BY FOREIGN FINANCIAL
21 INSTITUTIONS.—

22 (1) IN GENERAL.—Not later than 120 days
23 after the date of the enactment of this Act, the Sec-
24 retary of the Treasury, with the concurrence of the
25 Secretary of State and in consultation with the

1 heads of other applicable departments and agencies,
2 shall prohibit, or impose strict conditions on, the
3 opening or maintaining in the United States of a
4 correspondent account or a payable-through account
5 by a foreign financial institution that the Secretary
6 determines, on or after the date of the enactment of
7 this Act, engages in an activity described in para-
8 graph (2).

9 (2) ACTIVITIES DESCRIBED.—A foreign finan-
10 cial institution engages in an activity described in
11 this paragraph if the foreign financial institution—

12 (A) knowingly facilitates a significant
13 transaction or transactions for Hezbollah;

14 (B) knowingly facilitates a significant
15 transaction or transactions of a person des-
16 ignated for acting on behalf of or at the direc-
17 tion of, or owned or controlled by, Hezbollah;

18 (C) knowingly engages in money laun-
19 dering to carry out an activity described in sub-
20 paragraph (A) or (B);

21 (D) knowingly facilitates a significant
22 transaction or transactions or provides signifi-
23 cant financial services to carry out an activity
24 described in subparagraph (A), (B), or (C), in-
25 cluding—

1 (i) facilitating a significant trans-
2 action or transactions; or

3 (ii) providing significant financial
4 services that involve a transaction of cov-
5 ered goods; or

6 (E)(i) knowingly facilitates, or participates
7 or assists in, an activity described in subpara-
8 graph (A), (B), (C), or (D), including by acting
9 on behalf of, at the direction of, or as an inter-
10 mediary for, or otherwise assisting, another per-
11 son with respect to the activity described in any
12 such subparagraph;

13 (ii) knowingly attempts or conspires to fa-
14 cilitate or participate in an activity described in
15 subparagraph (A), (B), (C), or (D); or

16 (iii) is owned or controlled by a foreign fi-
17 nancial institution that the Secretary finds
18 knowingly engages in an activity described in
19 subparagraph (A), (B), (C), or (D).

20 (3) PENALTIES.—The penalties provided for in
21 subsections (b) and (c) of section 206 of the Inter-
22 national Emergency Economic Powers Act (50
23 U.S.C. 1705) shall apply to a person that violates,
24 attempts to violate, conspires to violate, or causes a
25 violation of regulations prescribed under paragraph

1 (1) of this subsection to the same extent that such
2 penalties apply to a person that commits an unlaw-
3 ful act described in section 206(a) of that Act.

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

7 (b) WAIVER.—

8 (1) IN GENERAL.—The Secretary of the Treas-
9 ury, with the concurrence of the Secretary of State
10 and in consultation with the heads of other applica-
11 ble departments and agencies, may waive, on a case-
12 by-case basis, the application of a prohibition or con-
13 dition imposed with respect to a foreign financial in-
14 stitution pursuant to subsection (a) for a period of
15 not more than 180 days, and may renew that waiver
16 for additional periods of not more than 180 days, on
17 and after the date that the Secretary of the Treas-
18 ury, with the concurrence of the Secretary of
19 State—

20 (A) determines that such a waiver is vital
21 to the national security interests of the United
22 States; and

23 (B) submits to the appropriate congres-
24 sional committees a report describing the rea-
25 sons for the determination.

1 (2) FORM.—The report required by subpara-
2 graph (1) shall be submitted in unclassified form,
3 but may contain a classified annex.

4 (c) PROVISIONS RELATING TO FOREIGN FINANCIAL
5 INSTITUTIONS.—

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

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

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

17 (2) SPECIAL RULE TO ALLOW FOR TERMI-
18 NATION OF SANCTIONABLE ACTIVITY.—The Sec-
19 retary of the Treasury shall not be required to apply
20 sanctions to a foreign financial institution described
21 in subsection (a) if the Secretary of the Treasury,
22 with the concurrence of the Secretary of State and
23 in consultation with the heads of other applicable de-
24 partments and agencies, certifies in writing to the
25 appropriate congressional committees that—

- 1 (A) the foreign financial institution—
2 (i) is no longer engaging in the activ-
3 ity described in subsection (a)(2); or
4 (ii) has taken and is continuing to
5 take significant verifiable steps toward ter-
6 minating the activity described in sub-
7 section (a)(2); and
8 (B) the Secretary has received reliable as-
9 surances from the government with primary ju-
10 risdiction over the foreign financial institution
11 that the foreign financial institution will not en-
12 gage in any activity described in subsection
13 (a)(2) in the future.

14 (d) DEFINITIONS.—

15 (1) IN GENERAL.—In this section:

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

22 (B) AGENT.—The term “agent” includes
23 an entity established by a person for purposes
24 of conducting transactions on behalf of the per-

1 son in order to conceal the identity of the per-
2 son.

3 (C) APPROPRIATE CONGRESSIONAL COM-
4 MITTEES.—The term “appropriate congress-
5 sional committees” means—

6 (i) the Committee on Foreign Affairs
7 and the Committee on Financial Services
8 of the House of Representatives; and

9 (ii) the Committee on Foreign Rela-
10 tions and the Committee on Banking,
11 Housing, and Urban Affairs of the Senate.

12 (D) COVERED GOODS.—The term “covered
13 goods” has the meaning given the term in sec-
14 tion 1027.100 of title 31, Code of Federal Reg-
15 ulations.

16 (E) FINANCIAL INSTITUTION.—The term
17 “financial institution” means a financial insti-
18 tution specified in subparagraph (A), (B), (C),
19 (D), (E), (F), (G), (H), (I), (J), (K), (M), (N),
20 (P), (R), (T), (Y), or (Z) of section 5312(a)(2)
21 of title 31, United States Code.

22 (F) FOREIGN FINANCIAL INSTITUTION;
23 DOMESTIC FINANCIAL INSTITUTION.—

24 (i) FOREIGN FINANCIAL INSTITU-
25 TION.—The term “foreign financial institu-

1 tion” has the meaning of such term in sec-
2 tion 1010.605 of title 31, Code of Federal
3 Regulations, and includes a foreign central
4 bank.

5 (ii) DOMESTIC FINANCIAL INSTITU-
6 TION.—The term “domestic financial insti-
7 tution” has the meaning of such term as
8 determined by the Secretary of the Treas-
9 ury.

10 (G) HEZBOLLAH.—The term “Hezbollah”
11 means—

12 (i) any person—

13 (I) the property of or interests in
14 property of which are blocked pursu-
15 ant to the International Emergency
16 Economic Powers Act (50 U.S.C.
17 1701 et seq.); and

18 (II) who is identified on the list
19 of specially designated nationals and
20 blocked persons maintained by the Of-
21 fice of Foreign Asset Control of the
22 Department of the Treasury as an
23 agent, instrumentality, or affiliate of
24 Hezbollah; and

1 (ii) the entity designated by the Sec-
2 retary of State as a foreign terrorist orga-
3 nization pursuant to section 219 of the Im-
4 migration and Nationality Act (8 U.S.C.
5 1189).

6 (H) MONEY LAUNDERING.—The term
7 “money laundering” means any of the activities
8 described in paragraph (1), (2), or (3) of sec-
9 tion 1956(a) of title 18, United States Code,
10 with respect to which penalties may be imposed
11 pursuant to such section.

12 (2) OTHER DEFINITIONS.—The Secretary of
13 the Treasury may further define the terms used in
14 this section in the regulations prescribed under this
15 section.

1 **TITLE II—REPORTS ON DES-**
2 **IGNATION OF HEZBOLLAH AS**
3 **A SIGNIFICANT FOREIGN**
4 **NARCOTICS TRAFFICKER AND**
5 **A SIGNIFICANT**
6 **TRANSNATIONAL CRIMINAL**
7 **ORGANIZATION**

8 **SEC. 201. REPORT ON DESIGNATION OF HEZBOLLAH AS A**
9 **SIGNIFICANT FOREIGN NARCOTICS TRAF-**
10 **FICKER.**

11 (a) FINDINGS.—Congress makes the following find-
12 ings:

13 (1) In 2008, after the two year Operation Titan
14 run by the U.S. Drug Enforcement Administration
15 and Colombian authorities dismantled an inter-
16 national narcotics ring that smuggled cocaine into
17 the United States, Europe, and the Middle East,
18 and was run by Chekry Harb, also known as
19 “Taliban”. According to lead prosecutor for the spe-
20 cial prosecutor’s office in Bogota, Gladys Sanchez,
21 “The profits from the sales of drugs went to finance
22 Hezbollah.”.

23 (2) In 2011, the Department of the Treasury
24 blacklisted the Lebanese Canadian Bank as a pri-
25 mary money laundering concern, alleging that it is

1 part of a drug trafficking network that profited
2 Hezbollah by moving approximately \$200,000,000
3 per month.

4 (3) In April 2013, when the Department of the
5 Treasury blacklisted two Lebanese exchange houses,
6 Kassem Rmeiti & Co. and Halawi Exchange Co., for
7 laundering drug profits for Hezbollah, it stated that
8 Hezbollah was operating like “an international drug
9 cartel,” adding that the “Halawi Exchange, through
10 its network of established international exchange
11 houses, initiated wire transfers from its bank ac-
12 counts to the United States without using the Leba-
13 nese banking system in order to avoid scrutiny asso-
14 ciated with Treasury’s designations of Hassan Ayash
15 Exchange, Elissa Exchange, and its Lebanese Cana-
16 dian Bank Section 311 Action. . .Money was then
17 wire transferred via Halawi’s banking relationships
18 indirectly to the United States through countries
19 that included China, Singapore, and the UAE, which
20 were perceived to receive less scrutiny by the U.S.
21 Government.”.

22 (4) The Department of Justice reported that 29
23 of the 63 organizations on its FY 2010 Consolidated
24 Priority Organization Targets list, which includes
25 the most significant international drug trafficking

1 organizations (DTOs) threatening the United States,
2 were associated with terrorist groups, and noted
3 with concern Hezbollah's international drug and
4 criminal activities.

5 (b) SENSE OF CONGRESS.—It is the sense of Con-
6 gress that—

7 (1) Hezbollah meets the criteria for designation
8 as a significant foreign narcotics trafficker as set
9 forth in the Foreign Narcotics Kingpin Designation
10 Act (21 U.S.C. 1901 et seq.); and

11 (2) the President should so designate Hezbollah
12 as a significant foreign narcotics trafficker.

13 (c) REPORT.—

14 (1) REPORT REQUIRED.—Not later than 30
15 days after the date of the enactment of this Act, the
16 President shall submit to the appropriate congress-
17 sional committees—

18 (A) a detailed report on whether the
19 Hezbollah meets the criteria for designation
20 under the Foreign Narcotics Kingpin Designa-
21 tion Act (21 U.S.C. 1901 et seq.) as a signifi-
22 cant foreign narcotics trafficker; and

23 (B) if the President determines that
24 Hezbollah does not meet the criteria for des-
25 ignation under the Foreign Narcotics Kingpin

1 Designation Act as a significant foreign nar-
2 cotics trafficker, a detailed justification as to
3 which criteria have not been met.

4 (2) FORM.—The report required by paragraph
5 (1) shall be submitted in unclassified form, but may
6 include a classified annex.

7 **SEC. 202. REPORT ON DESIGNATION OF HEZBOLLAH AS A**
8 **SIGNIFICANT TRANSNATIONAL CRIMINAL OR-**
9 **GANIZATION.**

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

12 (1) Hezbollah is engaged array of illicit activi-
13 ties, from counterfeiting currencies, passport docu-
14 ments, to stolen automobile rings and other illicit ac-
15 tivities.

16 (2) In 2002, authorities in Charlotte, North
17 Carolina arrested members of a cell run by Moham-
18 med and Chawki Hamoud and convicted them on
19 various charges, including funding the activities of
20 Hezbollah from proceeds of interstate cigarette
21 smuggling and money laundering.

22 (3) In 2006 the the Department of the Treas-
23 ury designated operations of Assad Barakat, treas-
24 urer for Hezbollah, as providing material support for
25 a foreign terrorist organization and noted that

1 Barakat had engaged in mafia-style shakedowns and
2 “threatened TBA (triborder area) shopkeepers who
3 are sympathetic to Hezbollah’s cause with having
4 family members in Lebanon placed on a ‘Hezbollah
5 blacklist’ if they did not pay their quota to
6 Hezbollah” and also was “involved in a counter-
7 feiting ring that distributes fake U.S. dollars and
8 generates cash to fund Hezbollah operations”.

9 (4) In 2009, Paraguayan authorities arrested
10 Moussa Hamdan and three other individuals for sell-
11 ing fraudulent passports and trafficking in counter-
12 feit money and sporting goods, illegally obtained
13 consumer electronics and automobiles and then
14 using the proceeds to buy arms for Hezbollah.

15 (5) In October 2011, a group of businessmen
16 pled guilty to attempting to ship electronics to a
17 shopping center in South America that the Depart-
18 ment of the Treasury had designated as a Hezbollah
19 front.

20 (6) A June 2014 “threat assessment” report by
21 Canada’s Integrated Terrorism Assessment Centre
22 indicated that Hezbollah members in Canada are in-
23 volved in organized crime.

24 (b) SENSE OF CONGRESS.—It is the sense of Con-
25 gress that—

1 (1) Hezbollah meets the criteria for designation
2 as a significant transnational criminal organization
3 under Executive Order 13581 (76 Fed. Reg. 44757);
4 and

5 (2) the President should so designate Hezbollah
6 as a significant transnational criminal organization.

7 (c) REPORT.—

8 (1) REPORT REQUIRED.—Not later than 30
9 days after the date of the enactment of this Act, the
10 President shall submit to the appropriate commit-
11 tees of Congress—

12 (A) a detailed report on whether the
13 Hezbollah meets the criteria for designation as
14 a significant transnational criminal organization
15 under Executive Order 13581 (76 Fed. Reg.
16 44757); and

17 (B) if the President determines that
18 Hezbollah does not meet the criteria for des-
19 ignation as a significant transnational criminal
20 organization under Executive Order 13581, a
21 detailed justification as to which criteria have
22 not been met.

23 (2) FORM.—The report required by paragraph
24 (1) shall be submitted in unclassified form, but may
25 include a classified annex.

1 **SEC. 203. REPORT ON HEZBOLLAH'S INVOLVEMENT IN THE**
2 **TRADE OF CONFLICT DIAMONDS.**

3 (a) IN GENERAL.—Not later than 120 days after the
4 date of the enactment of this Act, the Secretary of State
5 shall submit to the Committee on Foreign Affairs and the
6 Committee on Ways and Means of the House of Rep-
7 resentatives and the Committee on Foreign Relations of
8 the Senate a report detailing Hezbollah's involvement in
9 the trade in rough diamonds outside of the Kimberly Proc-
10 ess Certification Scheme.

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

14 **SEC. 204. APPROPRIATE CONGRESSIONAL COMMITTEES**
15 **DEFINED.**

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

18 (1) the Committee on Foreign Affairs, the
19 Committee on Financial Services, and the Com-
20 mittee on the Judiciary of the House of Representa-
21 tives; and

22 (2) the Committee on Foreign Relations, the
23 Committee on Finance, and the Committee on the
24 Judiciary of the Senate.

1 **TITLE III—MISCELLANEOUS**
2 **PROVISIONS**

3 **SEC. 301. RULE OF CONSTRUCTION.**

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

7 **SEC. 302. REGULATORY AUTHORITY.**

8 (a) **IN GENERAL.**—The President shall, not later
9 than 90 days after the date of the enactment of this Act,
10 promulgate regulations as necessary for the implementa-
11 tion of this Act and the amendments made by this Act.

12 (b) **NOTIFICATION TO CONGRESS.**—Not less than 10
13 days prior to the promulgation of regulations under sub-
14 section (a), the President shall notify the appropriate con-
15 gressional committees (as defined in section 204) of the
16 proposed regulations and the provisions of this Act and
17 the amendments made by this Act that the regulations are
18 implementing.

19 **SEC. 303. TERMINATION.**

20 This Act shall cease to be in effect beginning 30 days
21 after the date on which the President certifies to Congress
22 that Hezbollah—

23 (1) is no longer designated as a foreign ter-
24 rorist organization pursuant to section 219 of the
25 Immigration and Nationality Act (8 U.S.C. 1189);

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

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

