

1 Purpose: To require the imposition of sanctions with respect to the financial sector of Iran,
2 including the Central Bank of Iran.

3
4

5 S. 1867

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7 To authorize appropriations for fiscal year 2012 for military
8 activities of the Department of Defense, for military
9 construction, and for defense activities of the Department of
10 Energy, to prescribe military personnel strengths for such fiscal
11 year, and for other purposes.

12

13 Referred to the Committee on _____ and ordered to be
14 printed

15 Ordered to lie on the table and to be printed

16 AMENDMENT INTENDED TO BE PROPOSED BY _____

17 Viz:

18 At the end of subtitle C of title XII, add the following:

19 **SEC. 1243. IMPOSITION OF SANCTIONS WITH RESPECT**
20 **TO THE FINANCIAL SECTOR OF IRAN.**

21 (a) Findings.—Congress makes the following findings:

22 (1) On November 21, 2011, the Secretary of the Treasury issued a finding under section
23 5318A of title 31, United States Code, that identified Iran as a jurisdiction of primary
24 money laundering concern.

25 (2) In that finding, the Financial Crimes Enforcement Network of the Department of the
26 Treasury wrote, “The Central Bank of Iran, which regulates Iranian banks, has assisted
27 designated Iranian banks by transferring billions of dollars to these banks in 2011. In mid-
28 2011, the CBI transferred several billion dollars to designated banks, including Saderat,
29 Mellat, EDBI and Melli, through a variety of payment schemes. In making these transfers,
30 the CBI attempted to evade sanctions by minimizing the direct involvement of large
31 international banks with both CBI and designated Iranian banks.”.

32 (3) On November 22, 2011, the Under Secretary of the Treasury for Terrorism and
33 Financial Intelligence, David Cohen, wrote, “Treasury is calling out the entire Iranian
34 banking sector, including the Central Bank of Iran, as posing terrorist financing,

1 proliferation financing, and money laundering risks for the global financial system.”.

2 (b) Designation of Financial Sector of Iran as of Primary Money Laundering Concern.—The
3 financial sector of Iran, including the Central Bank of Iran, is designated as of primary money
4 laundering concern for purposes of section 5318A of title 31, United States Code, because of the
5 threat to government and financial institutions resulting from the illicit activities of the
6 Government of Iran, including its pursuit of nuclear weapons, support for international terrorism,
7 and efforts to deceive responsible financial institutions and evade sanctions.

8 (c) Freezing of Assets of Iranian Financial Institutions.—The President shall, pursuant to the
9 International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), block and prohibit all
10 transactions in all property and interests in property of an Iranian financial institution if such
11 property and interests in property are in the United States, come within the United States, or are
12 or come within the possession or control of a United States person.

13 (d) Imposition of Sanctions With Respect to the Central Bank of Iran and Other Iranian
14 Financial Institutions.—

15 (1) IN GENERAL.—Except as specifically provided in this subsection, beginning on the
16 date that is ~~60~~ 180 days after the date of the enactment of this Act, the President—

17 (A) shall prohibit, or impose strict conditions on, the opening or maintaining in the
18 United States of a correspondent account or a payable-through account by a foreign
19 financial institution that the President determines has knowingly conducted or
20 facilitated any significant financial transaction for the sale or purchase of petroleum or
21 petroleum products to or from Iran conducted or facilitated on or after the date that is
22 180 days after the date of the enactment of this Act with the Central Bank of Iran or
23 another Iranian financial institution designated by the Secretary of the Treasury for the
24 imposition of sanctions pursuant to the International Emergency Economic Powers Act
25 (50 U.S.C. 1701 et seq.).

26 (B) may impose sanctions pursuant to the International Emergency Economic
27 Powers Act (50 U.S.C. 1701 et seq.) with respect to the Central Bank of Iran.

28 (2) EXCEPTION FOR SALES OF FOOD, MEDICINE, AND MEDICAL DEVICES.—The President
29 may not impose sanctions under paragraph (1) with respect to any person for conducting or
30 facilitating a transaction for the sale of food, medicine, or medical devices to Iran.

31 ~~(3) Applicability of sanctions with respect to foreign central banks.— Except as provided~~
32 ~~in paragraph (4), sanctions imposed under paragraph (1)(A) apply with respect to a financial~~
33 ~~transaction for the sale or purchase of petroleum or petroleum products to or from Iran~~
34 ~~conducted or facilitated on or after that date that is 180 days after the date of the enactment~~
35 ~~of this Act by a foreign financial institution owned or controlled by the government of a~~
36 ~~foreign country, including a central bank of a foreign country.~~

37 ~~(4)~~(3) APPLICABILITY OF SANCTIONS WITH RESPECT TO PETROLEUM TRANSACTIONS.—

38 (A) REPORT REQUIRED.—Not later than 60 days after the date of the enactment of
39 this Act, and every 60 days thereafter, the Administrator of the Energy Information
40 Administration, in consultation with the Secretary of the Treasury, the Secretary of
41 State and the Director of National Intelligence, shall submit to Congress a report on the
42 availability and price of petroleum and petroleum products produced in countries other

Comment [U1]: Assumes that the changes requested are made to d(1)(A).

1 than Iran in the 60-day period preceding the submission of the report.

2 (B) DETERMINATION REQUIRED.—Not later than 90 days after the date of the
3 enactment of the Act, and every 180 days thereafter, the President shall make a
4 determination, based on the reports required by subparagraph (A), of whether the price
5 and supply of petroleum and petroleum products produced in countries other than Iran
6 is sufficient to permit purchasers of petroleum and petroleum products from Iran to
7 reduce significantly in volume their purchases from Iran.

8 (C) APPLICATION OF SANCTIONS.—Except as provided in subparagraph (D),
9 sanctions imposed under paragraph (1)(A) shall apply with respect to a financial
10 transaction conducted or facilitated by a foreign financial institution on or after the
11 date that is 180 days after the date of the enactment of this Act for the purchase of
12 petroleum or petroleum products from Iran if the President determines pursuant to
13 subparagraph (B) that there is a sufficient supply of petroleum and petroleum products
14 from countries other than Iran to permit a significant reduction in the volume of
15 petroleum and petroleum products purchased from Iran by or through foreign financial
16 institutions.

17 (D) EXCEPTION.—Sanctions imposed pursuant to paragraph (1) shall not apply with
18 respect to a foreign financial institution if the President determines and reports to
19 Congress, not later than 90 days after the date on which the President makes the
20 determination required by subparagraph (B), and every 180 days thereafter, that the
21 country with primary jurisdiction over the foreign financial institution has ~~significantly~~
22 ~~reduced its volume of crude oil purchased from~~ closely cooperated with the United
23 States with respect to sanctions on Iran, in particular (i) with respect to efforts to
24 prevent Iran from acquiring or developing chemical, biological, or nuclear weapons or
25 related technologies or acquiring or developing destabilizing numbers and types of
26 advanced conventional weapons, or (ii) the country has significantly reduced the
27 volume of crude oil purchases, or the average price per barrel paid by the country for
28 crude was at least 5 percent less than the daily average of the prevailing global
29 benchmark for comparable crude oil, during the period beginning on the date on which
30 the President submitted the last report with respect to the ~~foreign financial institution~~
31 country under this subparagraph.

32 (4) WAIVER.—The President may waive the imposition of sanctions under paragraph (1)
33 for a period of not more than 120 days, and may renew that waiver for additional periods of
34 not more than 120 days, if the President—

35 (A) determines that such a waiver is vital to the national security of the United
36 States; and

37 (B) submits to Congress a report—

38 (i) providing a justification for the waiver; and

39 (ii) that includes any concrete cooperation the President has received or expects
40 to receive as a result of the waiver.

41 (e) Multilateral Diplomacy Initiative.—

42 (1) IN GENERAL.—The President shall—

1 (A) carry out an initiative of multilateral diplomacy to persuade countries
2 purchasing oil from Iran—

3 (i) to limit the use by Iran of revenue from purchases of oil to purchases of non-
4 luxury consumers goods from the country purchasing the oil; and

5 (ii) to prohibit purchases by Iran of—

6 (I) military or dual-use technology, including items—

7 (aa) in the Annex to the to the Missile Technology Control Regime
8 Guidelines;

9 (bb) in the Annex on Chemicals to the Convention on the Prohibition
10 of the Development, Production, Stockpiling and Use of Chemical
11 Weapons and on their Destruction, done at Paris January 13, 1993, and
12 entered into force April 29, 1997 (commonly known as the “Chemical
13 Weapons Convention”);

14 (cc) in Part 1 or 2 of the Nuclear Suppliers Group Guidelines; or

15 (dd) on a control list of the Wassenaar Arrangement on Export
16 Controls for Conventional Arms and Dual-Use Goods and
17 Technologies; or

18 (II) any other item that could contribute to Iran’s conventional, nuclear,
19 chemical or biological weapons program; and

20 (B) conduct outreach to petroleum-producing countries to encourage those countries
21 to increase their output of crude oil to ensure there is a sufficient supply of crude oil
22 from countries other than Iran and to minimize any impact on the price of oil resulting
23 from the imposition of sanctions under this section.

24 (2) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this
25 Act, and every 180 days thereafter, the President shall submit to Congress a report on the
26 efforts of the President to carry out the initiative described in paragraph (1)(A) and conduct
27 the outreach described in paragraph (1)(B) and the results of those efforts.

28 (f) Form of Reports.—Each report submitted under this section shall be submitted in
29 unclassified form, but may contain a classified annex.

30 (g) IMPLEMENTATION AND PENALTIES. —

31 (1) The President may prescribe such regulations as may be necessary to carry out this
32 section and the President may require recordkeeping, reporting, and production of documents
33 to carry out this subsection.

34 (2) The penalties provided for in subsections (b) and (c) of section 206 of the
35 International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that
36 violates, attempts to violate, conspires to violate, or causes a violation of any prohibition,
37 regulation, or requirement under subsection (c), (d), or (g)(1) of this section to the same extent
38 that such penalties apply to a person that commits an unlawful act described in section 206(a) of
39 that Act.

40 (h) Definitions.—In this section:

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

4 (2) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the
5 meaning of that term as determined by the Secretary of the Treasury pursuant to section
6 104(i) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010
7 (22 U.S.C. 8513(i)).

8 (3) UNITED STATES PERSON.—The term “United States person” means—

9 (A) a natural person who is a citizen or resident of the United States or a national of
10 the United States (as defined in section 101(a) of the Immigration and Nationality Act
11 (8 U.S.C. 1101(a)); and

12 (B) an entity that is organized under the laws of the United States or jurisdiction
13 within the United States.
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