

114TH CONGRESS  
2D SESSION

# H. R. 5931

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 26, 2016

Received; read twice and referred to the Committee on Foreign Relations

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## AN ACT

To provide for the prohibition on cash payments to the  
Government of Iran, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Prohibiting Future  
3 Ransom Payments to Iran Act”.

4 **SEC. 2. FINDINGS.**

5 Congress makes the following findings:

6 (1) Since 1979, when it held more than 50  
7 United States citizens for 444 days, Iran has repeat-  
8 edly held United States citizens hostage.

9 (2) Presidential Policy Directive 30 issued by  
10 President Barack Obama on June 24, 2015, states  
11 that “It is United States policy to deny hostage-tak-  
12 ers the benefits of ransom, prisoner releases, policy  
13 changes, or other acts of concession.”.

14 (3) On January 17, 2016, the President an-  
15 nounced that Iran would release several United  
16 States citizens while the United States would grant  
17 clemency to and release seven Iranian nationals serv-  
18 ing sentences or awaiting trial in the United States  
19 for serious crimes.

20 (4) Senior officials of the Department of State  
21 have acknowledged that these United States citizens  
22 were released as part of a “prisoner swap” and Ira-  
23 nian negotiators reportedly asked for a cash pay-  
24 ment.

25 (5) On January 17, 2016, the President also  
26 announced that “The United States and Iran are

1 now settling a longstanding Iranian government  
2 claim against the United States Government.”.

3 (6) The overall amount of the settlement is ap-  
4 proximately \$1,700,000,000.

5 (7) Subsequent reports revealed that  
6 \$400,000,000 of this \$1,700,000,000 settlement was  
7 secretly flown to Iran, in cash, simultaneously with  
8 the release of these United States citizens.

9 (8) One of the United States citizens released  
10 that night, Pastor Saeed Abedini, has stated that  
11 Iranian officials explained a delay in their departure  
12 was due to the status of another plane.

13 (9) Senior officials at the National Security Di-  
14 vision of the Department of Justice reportedly ob-  
15 jected to the \$400,000,000 cash payment, warning  
16 that Iran would see it as a ransom.

17 (10) On August 18, 2016, a Department of  
18 State spokesman admitted that the \$400,000,000  
19 cash payment was “leverage” to gain the release of  
20 Americans held hostage by Iran.

21 (11) Iranian State Television quoted General  
22 Mohammad Reza Naghdi, commander of the Basij  
23 militia, as claiming “Taking this much money back  
24 was in return for the release of the American  
25 spies.”.

1           (12) According to Presidential Policy Directive  
2           30, the United States policy against paying ransom  
3           and releasing prisoners “protects United States na-  
4           tionals and strengthens national security by remov-  
5           ing a key incentive for hostage-takers to target  
6           United States nationals, thereby interrupting the vi-  
7           cious cycle of hostage-takings, and by helping to  
8           deny terrorists and other malicious actors the  
9           money, personnel, and other resources they need to  
10          conduct attacks against the United States, its na-  
11          tionals, and its interests.”.

12          (13) Since the United States released Iranians  
13          serving sentences or awaiting trial in the United  
14          States for serious crimes and provided Iran with  
15          \$400,000,000 in cash, Iran has taken several more  
16          United States citizens hostage.

17          (14) On August 22, 2016, the Department of  
18          State issued an “Iran Travel Warning” noting that  
19          “Iranian authorities continue to unjustly detain and  
20          imprison U.S. citizens, particularly Iranian-Ameri-  
21          cans, including students, journalists, business trav-  
22          elers, and academics, on charges including espionage  
23          and posing a threat to national security.”.

24          (15) The Government of the United States has  
25          designated Iran as a state sponsor of terrorism since

1 1984 and a jurisdiction of primary money laun-  
2 dering concern since 2011.

3 (16) The Department of State's most recent  
4 Country Reports on Terrorism makes clear that  
5 "Iran continued its terrorist-related activity in 2015,  
6 including support for Hizballah, Palestinian terrorist  
7 groups in Gaza, and various groups in Iraq and  
8 throughout the Middle East."

9 (17) In announcing Iran's designation as a ju-  
10 risdiction of primary money laundering concern, the  
11 Department of the Treasury made clear that "any  
12 and every financial transaction with Iran poses  
13 grave risk of supporting" Iran's ongoing illicit activi-  
14 ties, including terrorism.

15 (18) On March 17, 2016, the Department of  
16 State acknowledged in a letter to Congress that  
17 there remain some "large claims" pending before the  
18 Iran-United States Claims Tribunal, "many of which  
19 are against the United States".

20 **SEC. 3. STATEMENT OF POLICY.**

21 It shall be the policy of the United States Govern-  
22 ment not to pay ransom or release prisoners for the pur-  
23 pose of securing the release of United States citizens taken  
24 hostage abroad.

1 **SEC. 4. PROHIBITION ON CASH PAYMENTS TO THE GOV-**  
2 **ERNMENT OF IRAN.**

3 (a) PROHIBITION.—

4 (1) IN GENERAL.—Notwithstanding any other  
5 provision of law, beginning on the date of the enact-  
6 ment of this Act, the United States Government  
7 may not provide, directly or indirectly, to the Gov-  
8 ernment of Iran—

9 (A) monetary instruments; or

10 (B) precious metals.

11 (2) DEFINITIONS.—In this subsection—

12 (A) the term “monetary instruments” has  
13 the meaning given the term in paragraph (dd)  
14 of section 1010.100 of title 31, Code of Federal  
15 Regulations; and

16 (B) the term “precious metal” has the  
17 meaning given the term in section 1027.100(d)  
18 of title 31, Code of Federal Regulations.

19 (b) LICENSING REQUIREMENT.—

20 (1) IN GENERAL.—Beginning on the date of the  
21 enactment of this Act, the conduct of a transaction  
22 or payment in connection with an agreement to set-  
23 tle a claim or claims brought before the Iran-United  
24 States Claims Tribunal may be made only—

25 (A) on a case-by-case basis and pursuant  
26 to a specific license by the Office of Foreign As-

1 sets Control of the Department of the Treasury;  
2 and

3 (B) in a manner that is not in contraven-  
4 tion of the prohibition in subsection (a).

5 (2) PUBLICATION IN FEDERAL REGISTER.—The  
6 President shall publish in the Federal Register a list  
7 of transactions and payments, including the amount  
8 and method of each such transaction and payment,  
9 by the United States Government to the Government  
10 of Iran in connection with the agreement described  
11 in paragraph (1).

12 (c) RULE OF CONSTRUCTION.—The term “agreement  
13 to settle a claim or claims brought before the Iran-United  
14 States Claims Tribunal”, as used in subsection (b), shall  
15 not be construed to mean a “promissory note”, as used  
16 in the definition of “monetary instrument” for purposes  
17 of subsection (a).

18 (d) TERMINATION.—The prohibition in subsection (a)  
19 and the licensing requirement in subsection (b) shall re-  
20 main in effect until the date on which the President cer-  
21 tifies to the appropriate congressional committees that—

22 (1) the President has rescinded a preliminary  
23 draft rule or final rule (as in effect on the day be-  
24 fore the date of the enactment of this Act) that pro-  
25 vides for the designation of Iran as a jurisdiction of

1 primary money laundering concern pursuant to sec-  
2 tion 5318A of title 31, United States Code; and

3 (2) the Secretary of State has removed Iran  
4 from the list of countries determined to have repeat-  
5 edly provided support for acts of international ter-  
6 rorism under section 6(j) of the Export Administra-  
7 tion Act of 1979 (as continued in effect pursuant to  
8 the International Emergency Economic Powers Act),  
9 section 40 of the Arms Export Control Act, section  
10 620A of the Foreign Assistance Act of 1961, or any  
11 other provision of law.

12 (e) APPROPRIATE CONGRESSIONAL COMMITTEES DE-  
13 FINED.—In this section, the term “appropriate congres-  
14 sional committees” means—

15 (1) the Committee on Foreign Affairs and the  
16 Committee on Financial Services of the House of  
17 Representatives; and

18 (2) the Committee on Foreign Relations and  
19 the Committee on Banking, Housing, and Urban Af-  
20 fairs of the Senate.

21 **SEC. 5. REPORT ON OUTSTANDING CLAIMS BEFORE THE**  
22 **IRAN-UNITED STATES CLAIMS TRIBUNAL.**

23 (a) REPORT.—The President shall submit to the ap-  
24 propriate congressional committees a report that lists and

1 evaluates each outstanding claim before the Iran-United  
2 States Claims Tribunal.

3 (b) MATTERS TO BE INCLUDED.—The report re-  
4 quired under subsection (a) shall include the following:

5 (1) The total value of each outstanding claim.

6 (2) The current status of each outstanding  
7 claim.

8 (3) The likelihood that each claim will be re-  
9 solved in the next 6 months.

10 (c) SUBMISSION TO CONGRESS.—The report required  
11 under subsection (a) shall be submitted to the appropriate  
12 congressional committees not later than 30 days after the  
13 date of the enactment of this Act and every 180 days  
14 thereafter for a period not to exceed 3 years.

15 (d) APPROPRIATE CONGRESSIONAL COMMITTEES  
16 DEFINED.—In this section, the term “appropriate con-  
17 gressional committees” means—

18 (1) the Committee on Foreign Affairs of the  
19 House of Representatives; and

20 (2) the Committee on Foreign Relations of the  
21 Senate.

1 **SEC. 6. NOTIFICATION AND CERTIFICATION RELATING TO**  
2 **SETTLEMENTS OF OUTSTANDING CLAIMS BE-**  
3 **FORE THE IRAN-UNITED STATES CLAIMS TRI-**  
4 **BUNAL.**

5 (a) NOTIFICATION.—The President shall notify the  
6 appropriate congressional committees not later than 30  
7 days prior to conducting a transaction or payment from  
8 the Government of the United States to the Government  
9 of Iran in connection with an agreement to settle a claim  
10 or claims brought before the Iran-United States Claims  
11 Tribunal.

12 (b) MATTERS TO BE INCLUDED.—The notification  
13 required under subsection (a) shall include the following:

14 (1) The total amount of the settlement, includ-  
15 ing the total principal and interest, and an expla-  
16 nation of the calculation of the interest.

17 (2) A legal analysis of why the settlement was  
18 made, including a detailed description of all claims  
19 and counter-claims covered by the settlement.

20 (3) A certification by the President that the  
21 settlement is not a ransom for the release of individ-  
22 uals held hostage by Iran.

23 (4) An identification of each entity of the Gov-  
24 ernment of Iran that will receive amounts from the  
25 settlement.

1           (5) A certification that the funds provided to  
2           Iran under the settlement will not be used to provide  
3           support to foreign terrorist organizations, the regime  
4           of Bashar al-Assad, or other destabilizing activities.

5           (6) Whether an equal amount of Iranian funds  
6           are available and accessible in the United States to  
7           satisfy judgments against Iran by victims of Iranian-  
8           sponsored terrorism.

9           (7) A copy of the settlement agreement.

10          (8) A description of the disposition of any re-  
11          lated claims that have been subrogated to the United  
12          States Government.

13          (9) A certification that the settlement is in the  
14          best interest of the United States.

15          (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-  
16          FINED.—In this section, the term “appropriate congres-  
17          sional committees” means—

18                 (1) the Committee on Foreign Affairs of the  
19                 House of Representatives; and

20                 (2) the Committee on Foreign Relations of the  
21                 Senate.

22          **SEC. 7. EXCLUSION OF CERTAIN ACTIVITIES.**

23          Nothing in this Act shall apply to any activities sub-  
24          ject to the reporting requirements of title V of the Na-  
25          tional Security Act of 1947.

1 **SEC. 8. RULE OF CONSTRUCTION.**

2 Nothing in this Act shall be construed to authorize  
3 any payment by the Government of the United States to  
4 the Government of Iran.

5 **SEC. 9. DEFINITIONS.**

6 In this Act:

7 (1) GOVERNMENT OF IRAN.—The term “Gov-  
8 ernment of Iran” means—

9 (A) the state and the Government of Iran,  
10 as well as any political subdivision, agency, or  
11 instrumentality thereof;

12 (B) any entity owned or controlled directly  
13 or indirectly by the foregoing;

14 (C) any person to the extent that such per-  
15 son is, or has been, or to the extent that there  
16 is reasonable cause to believe that such person  
17 is, or has been, acting or purporting to act di-  
18 rectly or indirectly on behalf of any of the fore-  
19 going; and

20 (D) any person or entity identified by the  
21 Secretary of the Treasury to be the Government  
22 of Iran under part 560 of title 31, Code of Fed-  
23 eral Regulations.

24 (2) IRAN-UNITED STATES CLAIMS TRIBUNAL.—  
25 The term “Iran-United States Claims Tribunal”  
26 means the tribunal established pursuant to the Al-

1       giers Accords on January 19, 1981, to resolve cer-  
2       tain claims by nationals of one party against the  
3       other party and certain claims between the parties.

4       **SEC. 10. PROHIBITION ON UNITED STATES GOVERNMENT**  
5               **PAYMENT OF RANSOM.**

6       (a) **IN GENERAL.**—Except as provided by subsection  
7 (b), the President and all officers of the United States  
8 Government shall not make a payment to a government  
9 or person for the purpose of securing the release of un-  
10 justly detained individuals who are nationals of the United  
11 States or aliens who are lawfully admitted for permanent  
12 residence in the United States.

13       (b) **EXCEPTION.**—The prohibition under subsection  
14 (a) does not prohibit the United States Government from  
15 providing assistance to individuals who are nationals of  
16 the United States or aliens who are lawfully admitted for  
17 permanent residence in the United States that have been  
18 arrested.

19       (c) **ENFORCEMENT.**—The Secretary of the Treasury,  
20 in consultation with the Secretary of State and the Attor-  
21 ney General, may take such actions, including the promul-  
22 gation of such rules and regulations, as may be necessary  
23 to carry out the purposes of this section.

24       (d) **DEFINITIONS.**—In this section:

1           (1) ENTITY.—The term “entity” means a cor-  
2           poration, business association, partnership, trust, so-  
3           ciety, or any other entity.

4           (2) PERSON.—The term “person” means an in-  
5           dividual or entity.

6 **SEC. 11. SANCTIONS WITH RESPECT TO IRANIAN PERSONS**  
7                           **THAT HOLD OR DETAIN UNITED STATES NA-**  
8                           **TIONALS OR ALIENS LAWFULLY ADMITTED**  
9                           **FOR PERMANENT RESIDENCE.**

10          (a) IMPOSITION OF SANCTIONS.—Not later than 60  
11          days after the date of the enactment of this Act, the Presi-  
12          dent shall impose the sanctions described in subsection (b)  
13          with respect to—

14               (1) any Iranian person involved in the kidnap-  
15               ping or unjust detention of any individual who is a  
16               national of the United States or an alien who is law-  
17               fully admitted for permanent residence in the United  
18               States;

19               (2) any Iranian person that engages, or at-  
20               tempts to engage, in an activity or transaction that  
21               materially contributes to, or poses a risk of materi-  
22               ally contributing to, kidnapping or unjust detention  
23               described in paragraph (1); and

24               (3) any Iranian person that—

1 (A) is owned or controlled by a person de-  
2 scribed in paragraph (1) or (2);

3 (B) is acting for or on behalf of such a  
4 person; or

5 (C) provides, or attempts to provide—

6 (i) financial, material, technological,  
7 or other support to a person described in  
8 paragraph (1) or (2); or

9 (ii) goods or services in support of an  
10 activity or transaction described in para-  
11 graph (1) or (2).

12 (b) SANCTIONS DESCRIBED.—The President shall  
13 block, in accordance with the International Emergency  
14 Economic Powers Act (50 U.S.C. 1701 et seq.), all trans-  
15 actions in all property and interests in property of any  
16 person subject to subsection (a) if such property and inter-  
17 ests in property are in the United States, come within the  
18 United States, or are or come within the possession or  
19 control of a United States person.

20 (c) EXCEPTION; PENALTIES.—

21 (1) INAPPLICABILITY OF NATIONAL EMER-  
22 GENCY REQUIREMENT.—The requirements of section  
23 202 of the International Emergency Economic Pow-  
24 ers Act (50 U.S.C. 1701) shall not apply for pur-  
25 poses of subsection (b).

1           (2) EXCEPTION RELATING TO IMPORTATION OF  
2           GOODS.—The requirement to block and prohibit all  
3           transactions in all property and interests in property  
4           under subsection (b) shall not include the authority  
5           to impose sanctions on the importation of goods.

6           (3) PENALTIES.—The penalties provided for in  
7           subsections (b) and (c) of section 206 of the Inter-  
8           national Emergency Economic Powers Act (50  
9           U.S.C. 1705) shall apply to a person that violates,  
10          attempts to violate, conspires to violate, or causes a  
11          violation of regulations prescribed under subsection  
12          (b) to the same extent that such penalties apply to  
13          a person that commits an unlawful act described in  
14          subsection (a) of such section 206.

15          (d) DEFINITIONS.—In this section:

16               (1) ENTITY.—The term “entity” means a cor-  
17               poration, business association, partnership, trust, so-  
18               ciety, or any other entity.

19               (2) IRANIAN PERSON.—The term “Iranian per-  
20               son” means—

21                       (A) an individual who is a citizen or na-  
22                       tional of the Islamic Republic of Iran; or

23                       (B) an entity organized under the laws of  
24                       the Islamic Republic of Iran or otherwise sub-

1           ject to the jurisdiction of the Government of the  
2           Islamic Republic of Iran.

3           (3) PERSON.—The term “person” means an in-  
4           dividual or entity.

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

7                   (A) an individual who is a national of the  
8                   United States or an alien who is lawfully admit-  
9                   ted for permanent residence in the United  
10                  States; or

11                  (B) an entity organized under the laws of  
12                  the United States or of any jurisdiction within  
13                  the United States, including a foreign branch of  
14                  such an entity.

15 **SEC. 12. PROHIBITION ON CASH PAYMENTS TO STATE**  
16 **SPONSORS OF TERRORISM.**

17           (a) PROHIBITION.—

18                   (1) IN GENERAL.—Notwithstanding any other  
19                   provision of law, beginning on the date of the enact-  
20                   ment of this Act, the United States Government  
21                   may not provide, directly or indirectly, to a govern-  
22                   ment of a state sponsor of terrorism, or an agent  
23                   acting on behalf of such a government—

24                           (A) monetary instruments; or

25                           (B) precious metals.

1 (2) DEFINITIONS.—In this subsection—

2 (A) the term “monetary instruments” has  
3 the meaning given the term in paragraph (dd)  
4 of section 1010.100 of title 31, Code of Federal  
5 Regulations; and

6 (B) the term “precious metal” has the  
7 meaning given the term in section 1027.100(d)  
8 of title 31, Code of Federal Regulations.

9 (b) APPLICATION TO NORTH KOREA.—

10 (1) IN GENERAL.—Subsection (a) shall apply  
11 with respect to a payment, or an agreement to make  
12 a payment, to an agency or instrumentality of the  
13 Government of the Democratic Peoples’ Republic of  
14 Korea, or an agent acting on behalf of such Govern-  
15 ment, in the same manner and to the same extent  
16 as such subsection applies with respect to a pay-  
17 ment, or an agreement to make a payment, to an  
18 agency or instrumentality of a state sponsor of ter-  
19 rorism, subject to the termination provisions de-  
20 scribed in paragraph (2).

21 (2) TERMINATION.—Subsection (a) shall cease  
22 to apply with respect to a payment, or an agreement  
23 to make a payment, to an agency or instrumentality  
24 of the Government of the Democratic Peoples’ Re-  
25 public of Korea, or an agent acting on behalf of such

1 Government, beginning on the date on which the  
2 President makes the certification to Congress under  
3 section 402 of the North Korea Sanctions and Policy  
4 Enhancement Act of 2016 (Public Law 114–122; 22  
5 U.S.C. 92512).

6 (c) STATE SPONSOR OF TERRORISM DEFINED.—In  
7 this section, the term “state sponsor of terrorism” means  
8 a country the government of which the Secretary of State  
9 has determined, for purposes of section 6(j)(1)(A) of the  
10 Export Administration Act of 1979 (50 U.S.C. App.  
11 2405(j)(1)(A)) (as continued in effect pursuant to the  
12 International Emergency Economic Powers Act (50  
13 U.S.C. 1701 et seq.)), section 620A(a) of the Foreign As-  
14 sistance Act of 1961 (22 U.S.C. 2371(a)), section 40(d)  
15 of the Arms Export Control Act (22 U.S.C. 2780(d)), or  
16 any other provision of law, to be a government that has  
17 repeatedly provided support for acts of international ter-  
18 rorism.

Passed the House of Representatives September 22,  
2016.

Attest:

KAREN L. HAAS,

*Clerk.*