

Sectional Analysis of the Iran Accountability Act of 2016

Overview: This legislation is intended to hold Iran accountable for its continued development and testing of its ballistic missile program, its support for international terrorism, and for its ongoing record of human rights abuses against its own population.

Sec. 2. Findings. These findings illustrate not only the threat that Iran poses to the United States, but the Administration's repeated commitments to fully apply sanctions against Iran for its destabilizing behavior—from ballistic missile development to support for terrorism and human rights abuses at home.

Sec. 3. Sense of Congress. This provision clearly states that Iran's continued ballistic missile policies and support for terrorism represent a serious threat to the United States and our allies, and that the U.S. should impose tough primary and secondary sanctions on Iran for its illicit activities – including its support for terrorism and ballistic missile development.

Sec. 4. Statement of policy. This statement of policy takes aim at the appendage of the Iranian government that is most responsible for pursuing Iran's ballistic missile program, its support for international terrorism, and other destructive policies—Iran's Islamic Revolutionary Guard Corps (IRGC)—by stating that it is U.S. policy to continue to use sanctions as an element of that pressure and to discourage financial institutions and entities from engaging in business and commerce with Iranian entities tied to Iran's Revolutionary Guard Corps (IRGC).

TITLE I—SANCTIONS WITH RESPECT TO ENTITIES OWNED BY IRAN'S REVOLUTIONARY GUARD CORPS

Sec. 101. Imposition of Sanctions with Respect to the IRGC. The IRGC has been at the forefront of Iran's support for international terrorism since Iran was designated a State Sponsor of Terrorism in 1984. According to the State Department Country Reports on Terrorism 2015, "Iran used the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) to implement foreign policy goals, provide cover for intelligence operations, and create instability in the Middle East. The IRGC-QF is Iran's primary mechanism for cultivating and supporting terrorists abroad." Yet, the IRGC is designated for proliferation-related activities (Executive Order 13382) and a range of other activities. However, they have not been designated for terrorism-related activities. Rather than relying on the Administration to designate the IRGC as a terrorist organization, this provision simply requires that the Administration apply terrorism sanctions to the IRGC.

Sec. 102. Additional Sanctions with Respect to Foreign Persons that Support or Conduct Certain Transactions with Iran's Revolutionary Guard Corps or Other Sanctioned Persons. The IRGC stands to be the greatest beneficiary of the economic relief granted under the Joint Comprehensive Plan of Action (JCPOA) through both an improvement in Iran's overall macroeconomic situation and the dominance of the Revolutionary Guards in key strategic areas of the Iranian economy. The IRGC not only directs Iran's external regional aggression, its nuclear and ballistic missile programs, and its vast system of domestic repression; the Guards also exert control over strategic sectors of the Iranian economy: banking, energy, construction,

industrial, engineering, mining, shipping, shipbuilding, amongst others. This means that any foreign firms interested in doing business with Iran will have to do business with the IRGC. In response, this legislation expands and strengthens existing sanctions against the IRGC.

Sec. 103. IRGC Watch List and Report. As the IRGC continues to evolve, and its influence and control in the Iranian economy become increasingly sophisticated, enforcement must also evolve. In response, this provision creates an “IRGC Watch list” of entities that do not meet the threshold for designation but have demonstrable connections to the IRGC. The exposure of the links between Iranian companies and the Revolutionary Guards can still discourage business ties and protect the unwitting complicity of foreign companies in the IRGC’s illicit behavior. Exposing the links between the IRGC and seemingly legitimate Iranian enterprises can lead to reducing the IRGC’s ability to fund its illegal activities.

Sec. 104. Imposition of Sanctions Against Mahan Air. Mahan Air was designated by the U.S. Treasury Department as providers of material support to Iran’s Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) in 2011. It has also been carrying weapons and personnel to support Hezbollah and the Assad regime in Syria. The Wall Street Journal recently reported that Mahan Air often flies its planes to destinations around the globe—some within hours of returning from an arms delivery to Damascus. Saudi Arabia recently announced it will ban Mahan Air from flying to its airports. Mahan Air’s status as a U.S. proscribed terrorist entity was not changed by the JCPOA. Therefore, this provision places additional sanctions on people or entities knowingly doing business with Mahan Air and directs the President to require U.S. air carriers, foreign air carriers, and U.S. aircraft exporters to certify that they do not conduct transactions with any entity that does business with Mahan Air or its agents and affiliates.

Sec. 105. Modification and Extension of Reporting Requirements on the Use of Certain Iranian Seaports by Foreign Vessels and Use of Foreign Airports by Sanctioned Iranian Air Carriers. This provision amends the *National Defense Authorization Act for Fiscal Year 2013* to extend through 2019 the annual report the President must submit to Congress regarding the use of certain Iranian seaports by foreign vessels and the use of foreign airports by sanctioned Iranian air carriers.

TITLE II—IRAN BALLISTIC MISSILE SANCTIONS

Sec. 201. Expansion of Sanctions with Respect to Efforts by Iran to Acquire Ballistic Missile and Related Technology. The Iran-Iraq Arms Non-Proliferation Act of 1992 was one of the first significant pieces of sanctions legislation imposed on Iran, and it imposes a number of sanctions on foreign entities that supply Iran with WMD technology or “destabilizing numbers and types” of advanced conventional weapons. However, it does not impose sanctions for Iran’s ballistic missile development, which this provision fixes by amending the underlying law to include.

Sec. 202. Expansion of Sanctions Under Iran Sanctions Act of 1996 (ISA) with Respect to Persons that Acquire or Develop Ballistic Missiles. *Section 5(b)(1)* of ISA imposes sanctions upon firms or persons determined to have sold to Iran: (1) technology useful for weapons of

mass destruction (WMD); or (2) "destabilizing numbers and types" of advanced conventional weapons, but not ballistic missiles or ballistic missile launch technology. No sanctions under this section have been imposed because of a high legal threshold. This provision both integrates ballistic missile and ballistic missile launch technology into the sanctions, as well as lowering the legal threshold.

Sec. 203. Imposition of Sanctions with Respect to Ballistic Missile Program of Iran. This provision amends the Iran Threat Reduction and Syria Human Rights Act of 2012 to include a title with comprehensive sanctions against Iran for its ballistic missile-related activities. It directs the President to report to Congress on persons that have knowingly aided Iran in developing its ballistic missile program, and then requires the President to: (1) block and prohibit all transactions in property and property interests in the United States of any identified person; and (2) impose sanctions against foreign financial institutions that knowingly conduct or facilitate a significant financial transaction for an identified person. It also mandates sanctions against Iran's Aerospace Industries Organization: the Shahid Hemmat Industrial Group or the Shahid Bakeri Industrial Group. Finally, in addition to including reporting requirements, this provision sanctions sectors of the Iranian economy that aid Iran's efforts to develop its ballistic missile program.

Sec. 204. Expansion of Mandatory Sanctions with Respect to Financial Institutions that Engage in Certain Transactions Relating to Ballistic Missile Capabilities of Iran. While the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) contains sanctions against Iran for terrorism and WMD proliferation and delivery systems, it does not contain sanctions specific to ballistic missiles. Thus, this provision amends CISADA to cover the acquisition or development of ballistic missiles, capabilities, and launch technology.

Sec. 205. Disclosure to the Securities and Exchange Commission of Activities with Certain Sectors of Iran that Support the Ballistic Missile Program of Iran. This provision amends the Securities Exchange Act of 1934 to require each issuer of securities to disclose to the Securities and Exchange Commission whether it knowingly engaged in any activity involving sectors of Iran that support its ballistic missile program for which sanctions may be imposed.

TITLE III—SANCTIONS RELATING TO IRAN'S SUPPORT OF TERRORISM

Sec. 301. Special Measures with Respect to Iran Relating to its Designation as a Jurisdiction of Primary Money Laundering Concern. In November 2011, Treasury issued a finding under Section 311 of the USA PATRIOT Act that Iran (and its entire financial sector, including its Central Bank) was a "jurisdiction of primary money laundering concern." Treasury cited Iran's "support for terrorism," "pursuit of weapons of mass destruction" (including its financing of nuclear and ballistic missile programs), and the use of "deceptive financial practices to facilitate illicit conduct and evade sanctions." The entire country's financial system posed "illicit finance risks for the global financial system." This provision mandates the application of measures against Iran's financial sector to include prohibitions on direct links to Iran's financial sector, enhanced due diligence with respect to banks operating in Iran, and other measures.

TITLE IV—SANCTIONS RELATING TO HUMAN RIGHTS ABUSES IN IRAN

Sec. 401. Expansion of List of Persons Involved in Human Rights Abuses in Iran. This provision amends the *Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010* to expand the list of persons subject to sanctions for human rights abuses and other acts of violence and intimidation committed on behalf of the Iranian government.

Sec. 402. Identification of, and imposition of sanctions with respect to, certain Iranian individuals. This provision amends the *Iran Threat Reduction and Syria Human Rights Act of 2012* to expand the list of Iranian government officials and other listed individuals subject to U.S. entry restrictions because of their involvement in Iran's: (1) illicit nuclear activities or proliferation of weapons of mass destruction; (2) support for international terrorism; or (3) commission of serious human rights abuses. Subjects listed individuals to the blocking of property and property interests that are in the United States, come within the United States, or are in the possession or control of a U.S. person.

Sec. 403. Imposition of Sanctions with Respect to Persons who Conduct Transactions with or on Behalf of Certain Iranian Individuals. This provision amends the *Iran Threat Reduction and Syria Human Rights Act of 2012* to direct the President to: (1) impose five or more sanctions against any person who knowingly sells, supplies, or transfers goods or services to a listed individual; and (2) prohibit the opening in the United States of a correspondent account or a payable-through account by any foreign financial institution that has knowingly conducted or facilitated a significant financial transaction on behalf of a listed individual – including prohibiting or imposing strict conditions on the maintaining of such accounts.

Sec. 404. Mandatory Sanctions with Respect to Financial Institutions that Engage in Certain Transactions on Behalf of Persons Involved in Human Rights Abuses or that Export Sensitive Technology to Iran. This provision expands CISADA financial institutions to include financial institutions that engage in certain transactions on behalf of persons involved in human rights abuses or that export sensitive technology to Iran.

Sec. 405. United States Support for the People of Iran. In order to more effectively provide assistance to those within Iran promoting democracy and human rights, this provision authorizes the Secretary of State through December 31, 2020, to provide assistance to qualifying individuals and entities working in Iran to promote the rule of law, civil society, and economic opportunity.

Sec. 406. United States Special Coordinator on Human Rights and Democracy in Iran. In order to provide the high-level of attention that it deserves, this provision directs the President to designate within the Department of State a Special Coordinator on Human Rights and Democracy in Iran to oversee and coordinate activities relating to human rights, democracy, and political and religious freedoms in Iran.

Sec. 407. Broadcasting to Iran. US broadcasting efforts with respect to Iran have had longstanding problems from programming to program administration. In response, this

legislation requires that Radio Free Europe/Radio Liberty and the Voice of America (VOA) broadcasting to Iran: (1) increase programming services and emphasize analytical journalism provided by Iranian or pro-Iranian media outlets; (2) strengthen civil society by promoting democratic processes, respect for human rights, and freedom of the press and expression; and (3) establish fellowships for Iranian journalists who have fled the country to learn about free media.

Sec. 408. Report on United States citizens detained by Iran. The finalization of the nuclear agreement with Iran has provided little relief when it comes to the Government of Iran taking Americans that travel to Iran hostage. This provision seeks to add transparency to the Administration's efforts to free Americans held hostage in Iran by requiring the President to annually report to Congress on United States citizens, included dual citizens, detained by Iran or groups supported by Iran.

Sec. 409. Sense of Congress on Role of the United Nations in Promoting Human Rights in Iran. The United Nations Special Rapporteur has been at the forefront of exposing Iran's deplorable human rights record. This provision expresses the sense of Congress that: (1) the U.N. has a significant role to play in improving human rights in Iran; (2) the United States should support the work of the U.N. Special Rapporteur on the situation of human rights in Iran; and (3) the egregious human rights violations in Iran warrant country-specific attention and continued reporting by the Special Rapporteur.