

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. CHABOT, Ms. ROS-LEHTINEN, Mr. ROHRABACHER, 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 (e) **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(c)(2) of the International Financial Institutions Act
25 (22 U.S.C. 262r(c)(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 congres-
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(c) 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 (c), 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 disclo-
6 sure by each registered investment company that divests
7 itself of securities in accordance with section 13(c) of the
8 Investment Company Act of 1940 (15 U.S.C. 80a–13(c)),
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(c) 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) arising
4 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 consolidated
7 on the books of the Treasury into a special account for the purposes
8 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 appropriate for the
12 administration of the Fund; and

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

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

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

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(c) 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.

○