

113TH CONGRESS
1ST SESSION

H. R. 2281

To combat cyber espionage of intellectual property of United States persons,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2013

Mr. ROGERS of Michigan (for himself and Mr. RYAN of Ohio) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on the Judiciary and Financial Services, 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 combat cyber espionage of intellectual property of United
States persons, 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.**

4 This Act may be cited as the “Cyber Economic Espio-
5 nage Accountability Act”.

6 **SEC. 2. FINDINGS AND SENSE OF CONGRESS.**

7 (a) FINDINGS.—Congress finds the following:

1 (1) The United States faces persistent cyber es-
2 pionage of intellectual property from foreign govern-
3 ments that threatens United States economic and
4 national security interests, results in an unfair com-
5 petitive advantage for foreign companies, and is a
6 major contributor to the loss of manufacturing jobs
7 in the United States.

8 (2) Cyber espionage of intellectual property by
9 foreign actors is one of the most pressing issues fac-
10 ing innovators and entrepreneurs in the United
11 States today.

12 (3) The National Counterintelligence Executive
13 stated in its October 2011 biennial economic espio-
14 nage report that “Chinese actors are the world’s
15 most active and persistent perpetrators of economic
16 espionage” and that “United States private sector
17 firms and cybersecurity specialists have reported an
18 onslaught of computer network intrusions that have
19 originated in China”.

20 (4) The National Counterintelligence Executive
21 also stated that “Russia’s intelligence services are
22 conducting a range of activities to collect economic
23 information and technology from U.S. targets”.

24 (5) The People’s Republic of China, the Rus-
25 sian Federation, and other countries threaten the

1 privacy of United States citizens by accessing and
2 exploiting personally identifiable information
3 through cyber economic espionage.

4 (6) The People’s Republic of China, the Rus-
5 sian Federation, and other countries responsible for
6 such cyber economic espionage are members of the
7 World Trade Organization (WTO) and have agreed
8 to comply with the global system of rules and obliga-
9 tions governing the international commerce and
10 trade among member states.

11 (7) The United States has recognized the mem-
12 bership of the People’s Republic of China, the Rus-
13 sian Federation, and other countries into the WTO
14 by granting them Permanent Normal Trade Rela-
15 tions (PNTR) status under United States law.

16 (8) Cyber economic espionage undermines the
17 cooperative relationships between the United States
18 and countries tolerating or encouraging such activi-
19 ties.

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

22 (1) cyber economic espionage should be a pri-
23 ority issue in all economic and diplomatic discussions
24 with the People’s Republic of China, including dur-
25 ing all meetings of the U.S.-China Strategic and

1 Economic Dialogue, and with the Russian Federa-
2 tion and other countries determined to encourage,
3 tolerate, or conduct such cyber economic espionage
4 at appropriate bilateral meetings;

5 (2) the United States should intensify diplo-
6 matic efforts in appropriate international fora such
7 as the United Nations, the Organisation for Eco-
8 nomic Cooperation and Development (OECD), and
9 summits such as the G–8 and G–20 summits, to ad-
10 dress the harm to the international economic order
11 by cyber economic espionage; and

12 (3) the Department of Justice should increase
13 its efforts to bring economic espionage criminal
14 cases against offending foreign actors, with penalties
15 to include both fines and imprisonment, as well as
16 encourage further cooperation among countries to
17 address cyber economic espionage through criminal
18 prosecutions.

19 **SEC. 3. IDENTIFICATION OF PERSONS RESPONSIBLE FOR**
20 **CYBER ESPIONAGE OF INTELLECTUAL PROP-**
21 **ERTY OF UNITED STATES PERSONS.**

22 (a) IN GENERAL.—Not later than 120 days after the
23 date of the enactment of this Act, the President shall sub-
24 mit to the appropriate congressional committees a list of
25 persons who are officials of a foreign government or per-

1 sons acting on behalf of a foreign government that the
2 President determines, based on credible information—

3 (1) are responsible for cyber espionage of intel-
4 lectual property of United States persons; or

5 (2) acted as an agent of or on behalf of a per-
6 son in a matter relating to an activity described in
7 paragraph (1).

8 (b) UPDATES.—The President shall submit to the ap-
9 propriate congressional committees an update of the list
10 required by subsection (a) as new information becomes
11 available.

12 (c) FORM.—

13 (1) IN GENERAL.—The list required by sub-
14 section (a) shall be submitted in unclassified form.

15 (2) EXCEPTION.—The name of a person to be
16 included in the list required by subsection (a) may
17 be submitted in a classified annex only if the Presi-
18 dent—

19 (A) determines that it is vital for the na-
20 tional security interests of the United States to
21 do so;

22 (B) uses the annex in such a manner con-
23 sistent with congressional intent and the pur-
24 poses of this Act; and

1 (C) 15 days prior to submitting the name
2 in a classified annex, provides to the appro-
3 priate congressional committees notice of, and a
4 justification for, including or continuing to in-
5 clude each person in the classified annex despite
6 any publicly available credible information indi-
7 cating that the person engaged in an activity
8 described in paragraph (1) or (2) of subsection
9 (a).

10 (3) PUBLIC AVAILABILITY.—The unclassified
11 portion of the list required by subsection (a) shall be
12 made available to the public and published in the
13 Federal Register.

14 (d) REMOVAL FROM LIST.—A person may be re-
15 moved from the list required by subsection (a) if the Presi-
16 dent determines and reports to the appropriate congress-
17 sional committees not less than 15 days prior to the re-
18 moval of the person from the list that credible information
19 exists that the person did not engage in the activity for
20 which the person was added to the list.

21 (e) REQUESTS BY CHAIRPERSON AND RANKING
22 MEMBER OF APPROPRIATE CONGRESSIONAL COMMIT-
23 TEES.—

24 (1) IN GENERAL.—Not later than 120 days
25 after receiving a written request from the chair-

1 person and ranking member of one of the appro-
2 priate congressional committees with respect to
3 whether a person meets the criteria for being added
4 to the list required by subsection (a), the President
5 shall submit a response to the chairperson and rank-
6 ing member of the committee which made the re-
7 quest with respect to the status of the person.

8 (2) FORM.—The President may submit a re-
9 sponse required by paragraph (1) in classified form
10 if the President determines that it is necessary for
11 the national security interests of the United States
12 to do so.

13 (3) REMOVAL.—If the President removes from
14 the list required by subsection (a) a person who has
15 been placed on the list at the request of the chair-
16 person and ranking member of one of the appro-
17 priate congressional committees, the President shall
18 provide the chairperson and ranking member with
19 any information that contributed to the removal de-
20 cision. The President may submit such information
21 in classified form if the President determines that
22 such is necessary for the national security interests
23 of the United States.

24 (f) NONAPPLICABILITY OF CONFIDENTIALITY RE-
25 QUIREMENT WITH RESPECT TO VISA RECORDS.—The

1 President shall publish the list required by subsection (a)
2 without regard to the requirements of section 222(f) of
3 the Immigration and Nationality Act (8 U.S.C. 1202(f))
4 with respect to confidentiality of records pertaining to the
5 issuance or refusal of visas or permits to enter the United
6 States.

7 **SEC. 4. INADMISSIBILITY OF CERTAIN ALIENS.**

8 (a) **INELIGIBILITY FOR VISAS.**—An alien is ineligible
9 to receive a visa to enter the United States and ineligible
10 to be admitted to the United States if the alien is on the
11 list required by section 3(a).

12 (b) **CURRENT VISAS REVOKED.**—The Secretary of
13 State, in consultation with the Secretary of Homeland Se-
14 curity, shall revoke, in accordance with section 221(i) of
15 the Immigration and Nationality Act (8 U.S.C. 1201(i)),
16 the visa or other documentation of any alien who would
17 be ineligible to receive such a visa or documentation under
18 subsection (a) of this section.

19 (c) **WAIVER FOR NATIONAL SECURITY INTERESTS.**—

20 (1) **IN GENERAL.**—The Secretary of State may
21 waive the application of subsection (a) or (b) in the
22 case of an alien if—

23 (A) the Secretary determines that such a
24 waiver—

1 (i) is necessary to permit the United
2 States to comply with the Agreement be-
3 tween the United Nations and the United
4 States of America regarding the Head-
5 quarters of the United Nations, signed
6 June 26, 1947, and entered into force No-
7 vember 21, 1947, or other applicable inter-
8 national obligations of the United States;
9 or

10 (ii) is in the national security interests
11 of the United States; and

12 (B) prior to granting such a waiver, the
13 Secretary provides to the appropriate congres-
14 sional committees notice of, and a justification
15 for, the waiver.

16 (2) TIMING FOR CERTAIN WAIVERS.—Notifica-
17 tion under subparagraph (B) of paragraph (1) shall
18 be made not later than 15 days prior to granting a
19 waiver under such paragraph if the Secretary grants
20 such waiver in the national security interests of the
21 United States in accordance with subparagraph
22 (A)(ii) of such paragraph.

23 (d) REGULATORY AUTHORITY.—The Secretary of
24 State shall prescribe such regulations as are necessary to
25 carry out this section.

1 **SEC. 5. FINANCIAL MEASURES.**

2 (a) **FREEZING OF ASSETS.—**

3 (1) **IN GENERAL.—**The President shall exercise
4 all powers granted by the International Emergency
5 Economic Powers Act (50 U.S.C. 1701 et seq.) (ex-
6 cept that the requirements of section 202 of such
7 Act (50 U.S.C. 1701) shall not apply) to the extent
8 necessary to freeze and prohibit all transactions in
9 all property and interests in property of a person
10 who is on the list required by section 3(a) of this
11 Act if such property and interests in property are in
12 the United States, come within the United States, or
13 are or come within the possession or control of a
14 United States person.

15 (2) **EXCEPTION.—**Paragraph (1) shall not
16 apply to persons included on the classified annex
17 under section 3(c)(2) if the President determines
18 that such an exception is vital for the national secu-
19 rity interests of the United States.

20 (b) **WAIVER FOR NATIONAL SECURITY INTERESTS.—**

21 The Secretary of the Treasury may waive the application
22 of subsection (a) if the Secretary determines that such a
23 waiver is in the national security interests of the United
24 States. Not less than 15 days prior to granting such a
25 waiver, the Secretary shall provide to the appropriate con-

1 gressional committees notice of, and a justification for, the
2 waiver.

3 (c) ENFORCEMENT.—

4 (1) PENALTIES.—A person that violates, at-
5 tempts to violate, conspires to violate, or causes a
6 violation of this section or any regulation, license, or
7 order issued to carry out this section shall be subject
8 to the penalties set forth in subsections (b) and (c)
9 of section 206 of the International Emergency Eco-
10 nomic Powers Act (50 U.S.C. 1705) to the same ex-
11 tent as a person that commits an unlawful act de-
12 scribed in subsection (a) of such section.

13 (2) REQUIREMENTS FOR FINANCIAL INSTITU-
14 TIONS.—Not later than 120 days after the date of
15 the enactment of this Act, the Secretary of the
16 Treasury shall prescribe or amend regulations as
17 needed to require each financial institution that is a
18 United States person and has within its possession
19 or control assets that are property or interests in
20 property of a person who is on the list required by
21 section 3(a) if such property and interests in prop-
22 erty are in the United States to certify to the Sec-
23 retary that, to the best of the knowledge of the fi-
24 nancial institution, the financial institution has fro-
25 zen all assets within the possession or control of the

1 financial institution that are required to be frozen
2 pursuant to subsection (a).

3 (d) **SPECIALLY DESIGNATED NATIONALS LIST.**—The
4 Secretary of the Treasury shall include on the list of spe-
5 cially designated nationals and blocked persons main-
6 tained by the Office of Foreign Assets Control of the De-
7 partment of the Treasury each person who is on the list
8 required by section 3(a) of this Act.

9 (e) **REGULATORY AUTHORITY.**—The Secretary of the
10 Treasury shall issue such regulations, licenses, and orders
11 as are necessary to carry out this section.

12 **SEC. 6. REPORT TO CONGRESS.**

13 Not later than one year after the date of the enact-
14 ment of this Act and annually thereafter, the Secretary
15 of State and the Secretary of the Treasury shall submit
16 to the appropriate congressional committees a report on—

17 (1) the actions taken to carry out this Act, in-
18 cluding—

19 (A) the number of persons added to or re-
20 moved from the list required by section 3(a)
21 during the year preceding the report, the dates
22 on which such persons have been added or re-
23 moved, and the reasons for adding or removing
24 them; and

1 (B) if few or no such persons have been
2 added to that list during that year, the reasons
3 for not adding more such persons to the list;
4 and

5 (2) efforts by the executive branch to encourage
6 the governments of other countries to impose sanc-
7 tions that are similar to the sanctions imposed under
8 this Act.

9 **SEC. 7. DEFINITIONS.**

10 In this Act:

11 (1) ADMITTED; ALIEN.—The terms “admitted”
12 and “alien” have the meanings given those terms in
13 section 101 of the Immigration and Nationality Act
14 (8 U.S.C. 1101).

15 (2) APPROPRIATE CONGRESSIONAL COMMIT-
16 TEES.—The term “appropriate congressional com-
17 mittees” means—

18 (A) the Committee on Armed Services, the
19 Committee on Financial Services, the Com-
20 mittee on Foreign Affairs, the Committee on
21 Homeland Security, the Committee on the Judi-
22 ciary, and the Permanent Select Committee on
23 Intelligence of the House of Representatives;
24 and

1 (B) the Committee on Armed Services, the
2 Committee on Banking, Housing, and Urban
3 Affairs, the Committee on Foreign Relations,
4 the Committee on Homeland Security and Gov-
5 ernmental Affairs, the Committee on the Judi-
6 ciary, and the Select Committee on Intelligence
7 of the Senate.

8 (3) FINANCIAL INSTITUTION.—The term “fi-
9 nancial institution” has the meaning given that term
10 in section 5312 of title 31, United States Code.

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

13 (A) a United States citizen or an alien law-
14 fully admitted for permanent residence to the
15 United States; or

16 (B) an entity organized under the laws of
17 the United States or of any jurisdiction within
18 the United States, including a foreign branch of
19 such an entity.

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