

115TH CONGRESS
2D SESSION

H. R. 7321

To impose sanctions with respect to Iranian financial institutions and the development and use of Iranian digital currency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 17, 2018

Mr. GALLAGHER (for himself, Ms. STEFANIK, Mrs. WALORSKI, Mr. LAMBORN, Mr. KING of New York, Mr. BACON, and Mr. BANKS of Indiana) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, the Judiciary, Ways and Means, 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 impose sanctions with respect to Iranian financial institutions and the development and use of Iranian digital currency, 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 “Blocking Iran Illicit Finance Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—STRENGTHENING EXISTING SANCTIONS WITH RESPECT
TO IRAN TO ACCOUNT FOR ALL SANCTIONABLE ACTIVITY, IN-
CLUDING HUMAN RIGHTS ABUSES**

Sec. 101. Findings.

Sec. 102. Expansion of prohibitions on correspondent accounts or payable-through accounts for foreign financial institutions that facilitate transactions or provide financial services for certain Iranian financial institutions.

Sec. 103. Expansion of sanctions with respect to persons knowingly and directly providing specialized financial messaging services to, or enabling or facilitating direct or indirect access to such messaging services for, the Central Bank of Iran, other designated Iranian banks, or Iranian financial institutions removed from the list of specially designated persons pursuant to the implementation of the Joint Comprehensive Plan of Action.

**TITLE II—NEW SANCTIONS AUTHORITIES WITH RESPECT TO
IRANIAN BANKS**

Sec. 201. Findings.

Sec. 202. Issuance of final rule regarding application of special measures with respect to Iran in connection with designation as jurisdiction of primary money laundering concern.

Sec. 203. Imposition of sanctions with respect to financial sector of Iran.

Sec. 204. Authorization of imposition of terrorism-related sanctions with respect to Iranian financial institutions.

**TITLE III—SANCTIONS WITH RESPECT TO THE DEVELOPMENT
AND USE OF IRANIAN DIGITAL CURRENCY**

Sec. 301. Definitions.

Sec. 302. Findings.

Sec. 303. Prohibition on transactions related to, provision of financing for, and other dealings in Iranian digital currency.

Sec. 304. Sanctions with respect to foreign persons that engage in significant transactions for the sale, supply, or transfer to Iran of significant goods or services used in connection with the development of Iranian digital currency.

Sec. 305. Sanctions with respect to foreign persons that conduct or facilitate significant transactions related to the purchase or sale of Iranian digital currency or maintain significant amounts in Iranian digital currency.

Sec. 306. Report on progress of Government of Iran in creating a sovereign cryptocurrency.

1 **TITLE I—STRENGTHENING EX-**
2 **ISTING SANCTIONS WITH RE-**
3 **SPECT TO IRAN TO ACCOUNT**
4 **FOR ALL SANCTIONABLE AC-**
5 **TIVITY, INCLUDING HUMAN**
6 **RIGHTS ABUSES**

7 **SEC. 101. FINDINGS.**

8 Congress finds the following:

9 (1) On November 5, 2018, the Secretary of the
10 Treasury for the first time sanctioned Iranian banks
11 for having materially assisted, sponsored, or pro-
12 vided financial, material, or technological support
13 for, or goods or services to or in support of the
14 human rights abuses of the Government of Iran, in-
15 cluding—

16 (A) Ghavamin Bank, for providing services
17 to the Law Enforcement Forces of Iran, which
18 had been designated for complicity “in serious
19 human rights abuses in Iran, including oper-
20 ating detention centers where detained
21 protestors were deprived of basic needs such as
22 medical care”; and

23 (B) Ayandeh Bank, for providing services
24 to the Islamic Republic of Iran Broadcasting,
25 Iran’s state-media apparatus, which had been

1 designated for “restricting or denying the free
2 flow of information to or from the Iranian peo-
3 ple . . . [and] was implicated in censoring mul-
4 tiple media outlets and airing forced confessions
5 from political detainees”.

6 (2) Section 220 of the Iran Threat Reduction
7 and Syria Human Rights Act of 2012 (22 U.S.C.
8 8726) authorizes the imposition of sanctions with re-
9 spect to persons who knowingly and directly provide
10 specialized financial messaging services to, or know-
11 ingly enable or facilitate direct or indirect access to
12 such messaging services for, the Central Bank of
13 Iran or certain other sanctioned Iranian financial in-
14 stitutions.

15 **SEC. 102. EXPANSION OF PROHIBITIONS ON COR-**
16 **RESPONDENT ACCOUNTS OR PAYABLE-**
17 **THROUGH ACCOUNTS FOR FOREIGN FINAN-**
18 **CIAL INSTITUTIONS THAT FACILITATE**
19 **TRANSACTIONS OR PROVIDE FINANCIAL**
20 **SERVICES FOR CERTAIN IRANIAN FINANCIAL**
21 **INSTITUTIONS.**

22 Section 104(c)(2)(E) of the Comprehensive Iran
23 Sanctions, Accountability, and Divestment Act of 2010
24 (22 U.S.C. 8513(c)(2)(E)) is amended—

25 (1) in clause (i), by striking “or” at the end;

1 (2) in clause (ii)(II), by striking the period at
 2 the end and inserting “; or”; and

3 (3) by adding at the end the following:

4 “(iii) an Iranian financial institution
 5 included on the list of specially designated
 6 nationals and blocked persons maintained
 7 by the Office of Foreign Assets Control of
 8 the Department of the Treasury.”.

9 **SEC. 103. EXPANSION OF SANCTIONS WITH RESPECT TO**
 10 **PERSONS KNOWINGLY AND DIRECTLY PRO-**
 11 **VIDING SPECIALIZED FINANCIAL MESSAGING**
 12 **SERVICES TO, OR ENABLING OR FACILI-**
 13 **TATING DIRECT OR INDIRECT ACCESS TO**
 14 **SUCH MESSAGING SERVICES FOR, THE CEN-**
 15 **TRAL BANK OF IRAN, OTHER DESIGNATED**
 16 **IRANIAN BANKS, OR IRANIAN FINANCIAL IN-**
 17 **STITUTIONS REMOVED FROM THE LIST OF**
 18 **SPECIALLY DESIGNATED PERSONS PURSU-**
 19 **ANT TO THE IMPLEMENTATION OF THE**
 20 **JOINT COMPREHENSIVE PLAN OF ACTION.**

21 (a) IN GENERAL.—Section 220 of the Iran Threat
 22 Reduction and Syria Human Rights Act of 2012 (22
 23 U.S.C. 8726) is amended—

24 (1) in the section header, by striking “**AU-**
 25 **THORIZATION OF**”;

1 (2) in subsection (b)—

2 (A) in paragraph (1)—

3 (i) in subparagraph (A), by striking

4 “or a financial institution described in sec-

5 tion 104(c)(2)(E)(ii) of the Comprehensive

6 Iran Sanctions, Accountability, and Divest-

7 ment Act of 2010 (22 U.S.C.

8 8513(c)(2)(E)(ii))” and inserting “, a fi-

9 nancial institution described in clause (ii)

10 or (iii) of section 104(c)(2)(E) of the Com-

11 prehensive Iran Sanctions, Accountability,

12 and Divestment Act of 2010 (22 U.S.C.

13 8513(c)(2)(E)), or a financial institution

14 that was removed from the list of specially

15 designated nationals and blocked persons

16 maintained by the Office of Foreign Assets

17 Control of the Department of the Treasury

18 pursuant to the implementation of the

19 Joint Comprehensive Plan of Action”; and

20 (ii) in subparagraph (B), by striking

21 “that section” and inserting “subpara-

22 graph (A)”; and

23 (B) in paragraph (2), by striking “or a fi-

24 nancial institution described in section

25 104(c)(2)(E)(ii) of the Comprehensive Iran

Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(c)(2)(E)(ii))” and inserting “, a financial institution described in clause (ii) or (iii) of section 104(c)(2)(E) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(c)(2)(E)), or a financial institution that was removed from the list of specially designated nationals and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury pursuant to the implementation of the Joint Comprehensive Plan of Action”;

(3) in subsection (c)—

(A) in the subsection header, by striking “AUTHORIZATION OF IMPOSITION” and inserting “IMPOSITION”;

(B) in paragraph (1)—

(i) by striking “the date that is 90 days after the date of the enactment of this Act” and inserting “the date of the enactment of the Blocking Iran Illicit Finance Act”;

(ii) by striking “or a financial institution described in paragraph (2)(E)(ii) of

1 section 104(c) of the Comprehensive Iran
2 Sanctions, Accountability, and Divestment
3 Act of 2010 (22 U.S.C. 8513(c))” and in-
4 serting “, a financial institution described
5 in clause (ii) or (iii) of paragraph (2)(E) of
6 section 104(c) of the Comprehensive Iran
7 Sanctions, Accountability, and Divestment
8 Act of 2010 (22 U.S.C. 8513(c)), or a fi-
9 nancial institution that was removed from
10 the list of specially designated nationals
11 and blocked persons maintained by the Of-
12 fice of Foreign Assets Control of the De-
13 partment of the Treasury pursuant to the
14 implementation of the Joint Comprehen-
15 sive Plan of Action”; and

16 (iii) by striking “the President may”
17 and inserting “the President shall”; and
18 (C) in paragraph (2)—

19 (i) in the matter preceding subpara-
20 graph (A), by striking “section
21 104(c)(2)(E)(ii) of the Comprehensive Iran
22 Sanctions, Accountability, and Divestment
23 Act of 2010 (22 U.S.C.
24 8513(c)(2)(E)(ii))” and inserting “that
25 paragraph”; and

1 (ii) in subparagraph (A)(ii)(I), by
 2 striking “section 104(c)(2)(E)(ii) of the
 3 Comprehensive Iran Sanctions, Account-
 4 ability, and Divestment Act of 2010 (22
 5 U.S.C. 8513(c)(2)(E)(ii))” and inserting
 6 “paragraph (1)”; and

7 (4) by adding at the end the following:

8 “(e) JOINT COMPREHENSIVE PLAN OF ACTION DE-
 9 FINED.—In this section, the term ‘Joint Comprehensive
 10 Plan of Action’ means the Joint Comprehensive Plan of
 11 Action agreed to at Vienna on July 14, 2015, by Iran and
 12 by France, Germany, the Russian Federation, the People’s
 13 Republic of China, the United Kingdom, and the United
 14 States, and all implementing materials and agreements re-
 15 lated to the Joint Comprehensive Plan of Action.”.

16 (b) CLERICAL AMENDMENT.—The table of contents
 17 for the Iran Threat Reduction and Syria Human Rights
 18 Act of 2012 is amended by striking the item relating to
 19 section 220 and inserting the following:

“Sec. 220. Reports on, and imposition of sanctions with respect to, the provi-
 sion of specialized financial messaging services to the Central
 Bank of Iran and other sanctioned Iranian financial institu-
 tions.”.

1 **TITLE II—NEW SANCTIONS AU-**
2 **THORITIES WITH RESPECT TO**
3 **IRANIAN BANKS**

4 **SEC. 201. FINDINGS.**

5 Congress finds the following:

6 (1) On May 8, 2018, the President issued Na-
7 tional Security Presidential Memorandum 11 enti-
8 tled “Ceasing United States Participation in the
9 Joint Comprehensive Plan of Action and Taking Ad-
10 ditional Action to Counter Iran’s Malign Influence
11 and Deny Iran All Paths to a Nuclear Weapon”,
12 that—

13 (A) established that “it is in the national
14 interest of the United States to re-impose sanc-
15 tions lifted or waived in connection with the
16 JCPOA as expeditiously as possible”; and

17 (B) instructed the Secretary of State and
18 the Secretary of the Treasury to “immediately
19 begin taking steps to reimpose all United States
20 sanctions lifted or waived in connection with the
21 JCPOA, including those under the National De-
22 fense Authorization Act for Fiscal Year 2012,
23 the Iran Sanctions Act of 1996, the Iran
24 Threat Reduction and Syria Human Rights Act

1 of 2012, and the Iran Freedom and Counter-
2 proliferation Act of 2012”.

3 (2) Section 1245(b) of the National Defense
4 Authorization Act for Fiscal Year 2012 (22 U.S.C.
5 8513a(b)) designated the financial sector of Iran, in-
6 cluding the Central Bank of Iran, as a jurisdiction
7 of primary money laundering concern for purposes
8 of section 5318A of title 31, United States Code,
9 “because of the threat to government and financial
10 institutions resulting from the illicit activities of the
11 Government of Iran, including its pursuit of nuclear
12 weapons, support for international terrorism, and ef-
13 forts to deceive responsible financial institutions and
14 evade sanctions”.

15 (3) Since October 2007, the Financial Action
16 Task Force, an intergovernmental organization that
17 sets standards and promotes implementation of
18 measures to combat money laundering, terrorist fi-
19 nancing, and related threats to the integrity of the
20 international financial system, identified Iran as pos-
21 ing a “significant vulnerability within the inter-
22 national financial system” due to deficiencies in
23 Iran’s antimoney laundering efforts and efforts to
24 combat the financing of terrorism (collectively known
25 as Iran’s AML/CFT regime).

1 (4) On November 25, 2011, the Secretary of
2 the Treasury issued a finding under section 5318A
3 of title 31, United States Code, that reasonable
4 grounds exist for concluding that Iran is a jurisdic-
5 tion of primary money laundering concern.

6 (5) Since June 2016, the Financial Action Task
7 Force has “welcomed Iran’s high-level political com-
8 mitment to address its strategic AML/CFT defi-
9 ciencies, and its decision to seek technical assistance
10 in the implementation of the Action Plan”, but—

11 (A) on September 2, 2017, Iranian De-
12 fense Minister Amir Hatami stated that Iran
13 would increase its support for terrorist groups
14 such as Hezbollah, stating that “perhaps the
15 main fear of the arrogant powers about our re-
16 lationship with the resistance axis is that they
17 do not want such a pattern to see the light of
18 day”;

19 (B) on October 8, 2018, the Iranian par-
20 liament approved a bill authorizing Iran to join
21 the International Convention for the Suppres-
22 sion of the Financing of Terrorism, but in-
23 cluded exemptions for continued financing of
24 terror organizations such as Hamas and
25 Hezbollah; and

1 (C) on October 19, 2018, the Financial
2 Action Task Force issued a statement noting
3 that “Iran’s action plan expired in January
4 2018 . . . [and] the majority of the Action
5 Plan remains outstanding . . . Until Iran im-
6 plements the measures required to address the
7 deficiencies identified in the Action Plan, the
8 FATF will remain concerned with the terrorist
9 financing risk emanating from Iran and the
10 threat this poses to the international financial
11 system.”.

12 (6) On October 11, 2018, the Financial Crimes
13 Enforcement Network issued an advisory that
14 “Some of the methods used by the Iranian regime
15 to access the financial system through covert means
16 and to further its malign activities include misusing
17 banks and exchange houses, operating procurement
18 networks that utilize front or shell companies, ex-
19 ploiting commercial shipping, and masking illicit
20 transactions using senior officials . . . FinCEN ex-
21 pects that Iranian financial institutions, the Iranian
22 regime, and its officials will increase their efforts to
23 evade U.S. sanctions to fund malign activities and
24 secure hard currency for the Government of Iran,

1 following the re-imposition of sanctions lifted under
2 the JCPOA.”.

3 **SEC. 202. ISSUANCE OF FINAL RULE REGARDING APPLICA-**
4 **TION OF SPECIAL MEASURES WITH RESPECT**
5 **TO IRAN IN CONNECTION WITH DESIGNATION**
6 **AS JURISDICTION OF PRIMARY MONEY LAUN-**
7 **DERING CONCERN.**

8 Not later than 90 days after the date of the enact-
9 ment of this Act, the Secretary of the Treasury shall issue
10 a final rule pursuant to section 5318A of title 31, United
11 States Code, that—

12 (1) applies the measures described in paragraph
13 (5) of subsection (b) of that section with respect to
14 Iran; and

15 (2) applies such other measures described in
16 that subsection with respect to Iran as the Secretary
17 considers appropriate.

18 **SEC. 203. IMPOSITION OF SANCTIONS WITH RESPECT TO FI-**
19 **NANCIAL SECTOR OF IRAN.**

20 (a) SANCTIONS WITH RESPECT TO SECTORS OF THE
21 ECONOMY OF IRAN.—

22 (1) IN GENERAL.—Section 1244 of the Iran
23 Freedom and Counter-Proliferation Act of 2012 (22
24 U.S.C. 8803) is amended—

1 (A) in the section header, by striking
2 “**AND SHIPBUILDING**” and inserting “**SHIP-**
3 **BUILDING, AND FINANCIAL**”;

4 (B) in subsection (a)(1), by striking “and
5 shipbuilding” and inserting “shipbuilding, and
6 financial”;

7 (C) in subsection (b)—

8 (i) in the subsection header, by strik-
9 ing “AND SHIPBUILDING” and inserting
10 “SHIPBUILDING, AND FINANCIAL”; and

11 (ii) by striking “and shipbuilding”
12 and inserting “shipbuilding, and finan-
13 cial”;

14 (D) in subsection (c)—

15 (i) in the subsection header, by strik-
16 ing “AND SHIPBUILDING” and inserting
17 “SHIPBUILDING, AND FINANCIAL”;

18 (ii) in paragraph (2)—

19 (I) in subparagraph (A), by strik-
20 ing “or shipbuilding” and inserting
21 “shipbuilding, or financial”; and

22 (II) in subparagraph (C)—

23 (aa) in clause (i), by striking
24 “or shipbuilding” and inserting
25 “shipbuilding, or financial”; and

1 (bb) in clause (iii), by strik-
 2 ing “(other than an Iranian fi-
 3 nancial institution described in
 4 paragraph (3))”; and

5 (iii) by striking paragraph (3); and
 6 (E) in subsection (d)—

7 (i) in the subsection header, by strik-
 8 ing “AND SHIPBUILDING” and inserting
 9 “SHIPBUILDING, AND FINANCIAL”; and

10 (ii) in paragraph (3), by striking “or
 11 shipbuilding” and inserting “shipbuilding,
 12 or financial”.

13 (2) CLERICAL AMENDMENT.—The table of con-
 14 tents for the Iran Freedom and Counter-Prolifera-
 15 tion Act of 2012 is amended by striking the item re-
 16 lating to section 1244 and inserting the following:

“Sec. 1244. Imposition of sanctions with respect to the energy, shipping, ship-
 building, and financial sectors of Iran.”.

17 (b) SANCTIONS WITH RESPECT TO SALE, SUPPLY,
 18 OR TRANSFER OF CERTAIN MATERIALS.—

19 (1) IN GENERAL.—Section 1245 of the Iran
 20 Freedom and Counter-Proliferation Act of 2012 (22
 21 U.S.C. 8804) is amended—

22 (A) in subsection (a)(1)(C)(i)—

(i) in subclause (I), by striking “or shipbuilding” and inserting “shipbuilding, or financial”; and

(ii) in subclause (II), by striking “(other than an Iranian financial institution described in subsection (b))”;

(B) by striking subsection (b); and

(C) by redesignating subsections (c) through (h) as subsections (b) through (g), respectively.

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Such section is further amended—

(i) in subsection (a)(1)—

(I) in subparagraph (B)—

(aa) by striking “subsection (d)” and inserting “subsection (c)”; and

(bb) by striking “subsection (e)(1)” and inserting “subsection (d)(1)”; and

(II) in subparagraph (C)—

(aa) in the matter preceding clause (i), by striking “subsection

1 (d)” and inserting “subsection
2 (e)”;

3 (bb) in clause (i)—

4 (AA) in subclause (I),
5 by striking “subsection
6 (e)(2)” and inserting “sub-
7 section (d)(2)”;

8 (BB) in subclause (III),
9 by striking “subsection
10 (e)(3)” and inserting “sub-
11 section (d)(3)”;

12 (ii) in subsection (d), as redesignated
13 by paragraph (1)(C)—

14 (I) in paragraph (1)(A), by strik-
15 ing “subsection (d)” and inserting
16 “subsection (c)”;

17 (II) in paragraph (3), by striking
18 “subsection (d)” and inserting “sub-
19 section (c)”;

20 (iii) in subsection (e), as so redesign-
21 ated, by striking “subsection (a) or (c)”
22 and inserting “subsection (a) or (b)”.

23 (B) SANCTIONS WITH RESPECT TO UNDER-
24 WRITING SERVICES OR INSURANCE OR REINSUR-
25 ANCE.—Section 1246(a)(1)(B)(ii) of the Iran

Freedom and Counter-Proliferation Act of 2012
(22 U.S.C. 8805(a)(1)(B)(ii)) is amended by
striking “section 1245(d)” and inserting “sec-
tion 1245(c)”.

(C) APPLICATION OF IRAN SANCTIONS ACT
OF 1996.—Section 1253(c) of the Iran Freedom
and Counter-Proliferation Act of 2012 (22
U.S.C. 8809(c)) is amended by striking
“1245(g)” and inserting “1245(f)”.

(c) SANCTIONS WITH RESPECT TO UNDERWRITING
SERVICES OR INSURANCE OR REINSURANCE.—

(1) IN GENERAL.—Section 1246 of the Iran
Freedom and Counter-Proliferation Act of 2012 (22
U.S.C. 8805) is amended—

(A) in subsection (a)(1)—

(i) in subparagraph (B)(i), by striking
“or shipbuilding” and inserting “ship-
building, or financial”; and

(ii) in subparagraph (C), by striking
“(other than an Iranian financial institu-
tion described in subsection (b))”;

(B) by striking subsection (b); and

(C) by redesignating subsections (c), (d),
and (e) as subsections (b), (c), and (d), respec-
tively.

1 (2) CONFORMING AMENDMENT.—Section
 2 1253(c) of the Iran Freedom and Counter-Prolifera-
 3 tion Act of 2012 (22 U.S.C. 8809(c)) is amended by
 4 striking “1246(e)” and inserting “1246(d)”.

5 **SEC. 204. AUTHORIZATION OF IMPOSITION OF TERRORISM-**
 6 **RELATED SANCTIONS WITH RESPECT TO IRA-**
 7 **NIAN FINANCIAL INSTITUTIONS.**

8 (a) IN GENERAL.—The Comprehensive Iran Sanc-
 9 tions, Accountability, and Divestment Act of 2010 (22
 10 U.S.C. 8501 et seq.) is amended by inserting after section
 11 104A the following:

12 **“SEC. 104B. AUTHORIZATION OF IMPOSITION OF TER-**
 13 **RORISM-RELATED SANCTIONS WITH RE-**
 14 **SPECT TO IRANIAN FINANCIAL INSTITU-**
 15 **TIONS.**

16 “(a) IN GENERAL.—The President may impose the
 17 sanctions described in subsection (b) with respect to an
 18 Iranian financial institution and any foreign person that
 19 is an official, agent, or affiliate of an Iranian financial
 20 institution.

21 “(b) SANCTIONS DESCRIBED.—The sanctions de-
 22 scribed in this subsection are sanctions applicable with re-
 23 spect to a foreign person pursuant to Executive Order No.
 24 13224 (50 U.S.C. 1701 note; relating to blocking property

1 and prohibiting transactions with persons who commit,
2 threaten to commit, or support terrorism).

3 “(c) IRANIAN FINANCIAL INSTITUTION DEFINED.—
4 In this section, the term ‘Iranian financial institution’ has
5 the meaning given that term in section 104A(d)(3).”.

6 (b) CLERICAL AMENDMENT.—The table of contents
7 for the Comprehensive Iran Sanctions, Accountability, and
8 Divestment Act of 2010 (22 U.S.C. 8501 et seq.) is
9 amended by inserting after the item relating to section
10 104A the following:

“Sec. 104B. Authorization of imposition of terrorism-related sanctions with re-
spect to Iranian financial institutions.”.

11 **TITLE III—SANCTIONS WITH RE-**
12 **SPECT TO THE DEVELOP-**
13 **MENT AND USE OF IRANIAN**
14 **DIGITAL CURRENCY**

15 **SEC. 301. DEFINITIONS.**

16 In this title:

17 (1) CORRESPONDENT ACCOUNT; PAYABLE-
18 THROUGH ACCOUNT.—The terms “correspondent ac-
19 count” and “payable-through account” have the
20 meanings given those terms in section 5318A of title
21 31, United States Code.

22 (2) DIGITAL CURRENCY EXCHANGE.—The term
23 “digital currency exchange” means any organization,
24 association, or group of persons, whether incor-

1 porated or unincorporated, which constitutes, main-
2 tains, or provides a market place or facilities for
3 bringing together purchasers and sellers of digital
4 currencies or for otherwise performing with respect
5 to digital currencies the functions commonly per-
6 formed by an exchange as that term is generally un-
7 derstood, and includes the market place and the
8 market facilities maintained by such digital currency
9 exchange.

10 (3) FOREIGN PERSON.—The term “foreign per-
11 son” means a person that is not a United States
12 person.

13 (4) IRANIAN DIGITAL CURRENCY.—The term
14 “Iranian digital currency” means any digital cur-
15 rency, digital coin, or digital token that was issued
16 by, for, or on behalf of the Government of Iran.

17 (5) UNITED STATES PERSON.—The term
18 “United States person” means any United States
19 citizen, permanent resident alien, entity organized
20 under the laws of the United States or any jurisdic-
21 tion within the United States (including foreign
22 branches), or person in the United States.

23 **SEC. 302. FINDINGS.**

24 Congress makes the following findings:

1 (1) On February 13, 2018, the Under Secretary
2 of the Treasury for Terrorism and Financial Intel-
3 ligence stated that “Rogue regimes like Venezuela
4 experiment with and use digital and virtual cur-
5 rencies to hide their ill-gotten gains and finance
6 their illicit activities. Recently, for example, Ven-
7 ezuela announced plans to create the ‘petro’ digital
8 currency to try and sidestep our powerful sanc-
9 tions.”.

10 (2) In April 2018, the Minister of Information
11 and Communications Technology of Iran stated that
12 “the experimental model was ready” for a digital
13 currency developed by the Government of Iran.

14 (3) In June 2018, the Deputy for Management
15 and Investment at the Directorate for Scientific and
16 Technological Affairs of Iran stated that “We are
17 trying to prepare the grounds to use a domestic dig-
18 ital currency in the country . . . This currency
19 would facilitate the transfer of money (to and from)
20 anywhere in the world. Besides, it can help us at the
21 time of sanctions.”.

22 (4) In October 2018, the head of the Civil De-
23 fense Organization of Iran stated that
24 “cryptocurrencies can help bypass certain sanctions
25 through untraceable banking operations”.

1 **SEC. 303. PROHIBITION ON TRANSACTIONS RELATED TO,**
2 **PROVISION OF FINANCING FOR, AND OTHER**
3 **DEALINGS IN IRANIAN DIGITAL CURRENCY.**

4 (a) IN GENERAL.—All transactions related to, provi-
5 sion of financing for, and other dealings in Iranian digital
6 currency by a United States person or within the United
7 States are prohibited.

8 (b) PENALTIES.—The penalties provided for in sub-
9 sections (b) and (c) of section 206 of the International
10 Emergency Economic Powers Act (50 U.S.C. 1705) shall
11 apply to a person that knowingly violates, attempts to vio-
12 late, conspires to violate, or causes a violation of sub-
13 section (a) to the same extent that such penalties apply
14 to a person that knowingly commits an unlawful act de-
15 scribed in section 206(a) of such Act.

16 **SEC. 304. SANCTIONS WITH RESPECT TO FOREIGN PER-**
17 **SONS THAT ENGAGE IN SIGNIFICANT TRANS-**
18 **ACTIONS FOR THE SALE, SUPPLY, OR TRANS-**
19 **FER TO IRAN OF SIGNIFICANT GOODS OR**
20 **SERVICES USED IN CONNECTION WITH THE**
21 **DEVELOPMENT OF IRANIAN DIGITAL CUR-**
22 **RENCY.**

23 The President shall impose 5 or more of the sanctions
24 described in section 6(a) of the Iran Sanctions Act of 1996
25 (Public Law 104–172; 50 U.S.C. 1701 note) with respect
26 to any foreign person that the President determines know-

1 ingly engages, on or after the date of the enactment of
2 this Act, in a significant transaction for the sale, supply,
3 or transfer to Iran of significant goods or services, or tech-
4 nological support, used in connection with the development
5 of Iranian digital currency.

6 **SEC. 305. SANCTIONS WITH RESPECT TO FOREIGN PER-**
7 **SONS THAT CONDUCT OR FACILITATE SIG-**
8 **NIFICANT TRANSACTIONS RELATED TO THE**
9 **PURCHASE OR SALE OF IRANIAN DIGITAL**
10 **CURRENCY OR MAINTAIN SIGNIFICANT**
11 **AMOUNTS IN IRANIAN DIGITAL CURRENCY.**

12 (a) IN GENERAL.—The President may impose the
13 sanctions described in subsection (b) with respect to a for-
14 eign person if the President determines that the foreign
15 person, on or after the date of the enactment of this Act—

16 (1) knowingly conducts or facilitates any sig-
17 nificant transaction related to the purchase or sale
18 of Iranian digital currency or a derivative, swap, fu-
19 ture, forward, or other similar contract the value of
20 which is based on the exchange rate of Iranian dig-
21 ital currency; or

22 (2) maintains significant amounts denominated
23 in Iranian digital currency outside the territory of
24 Iran.

1 (b) SANCTIONS DESCRIBED.—The sanctions to be
2 imposed on a foreign person under this subsection are the
3 following:

4 (1) CORRESPONDENT AND PAYABLE-THROUGH
5 ACCOUNT LIMITATIONS.—With respect to any digital
6 currency exchange subject to sanctions under sub-
7 section (a), prohibiting the opening, and imposing
8 strict conditions on the maintaining, in the United
9 States of a correspondent account or payable-
10 through account by the digital currency exchange.

11 (2) BLOCKING OF PROPERTY.—Blocking and
12 prohibiting all transactions in all property and inter-
13 ests in property of the foreign person if such prop-
14 erty and interests in property are in the United
15 States, come within the United States, or are or
16 come within the possession or control of a United
17 States person.

18 (3) VISA BAN.—With respect to a foreign per-
19 son who is an alien, inadmissibility to the United
20 States and ineligibility to receive a visa or other doc-
21 umentation to enter the United States.

22 (c) EXCEPTION TO COMPLY WITH UNITED NATIONS
23 HEADQUARTERS AGREEMENT AND OTHER INTER-
24 NATIONAL OBLIGATIONS.—The sanctions under sub-
25 section (b)(3) may not be imposed on an individual if ad-

1 mitting that individual to the United States is necessary
2 to permit the United States to comply with the Agreement
3 regarding the Headquarters of the United Nations, signed
4 at Lake Success June 26, 1947, and entered into force
5 November 21, 1947, between the United Nations and the
6 United States, or with other applicable international obli-
7 gations.

8 **SEC. 306. REPORT ON PROGRESS OF GOVERNMENT OF**
9 **IRAN IN CREATING A SOVEREIGN**
10 **CRYPTOCURRENCY.**

11 (a) IN GENERAL.—Not later than 120 days after the
12 date of the enactment of this Act, the Secretary of the
13 Treasury shall submit to Congress a report on the status
14 of the progress of the Government of Iran in creating a
15 sovereign cryptocurrency.

16 (b) ELEMENTS.—The report required by paragraph
17 (1) shall include the following:

18 (1) An assessment of the progress of the Gov-
19 ernment of Iran in creating a sovereign
20 cryptocurrency.

21 (2) A description of the technical details of
22 what is being developed, including whether the Gov-
23 ernment of Iran intends to—

24 (A) fork an existing blockchain or create a
25 new one;

1 (B) make the blockchain open or closed; or

2 (C) involve the Central Bank of Iran.

3 (3) An assessment of the state and non-state
4 actors that are assisting the Government of Iran in
5 creating a sovereign cryptocurrency, including the
6 governments of the People's Republic of China, the
7 Russian Federation, the Bolivarian Republic of Ven-
8 ezuela, and the Republic of Turkey.

9 (4) An assessment of the effect that successful
10 development, deployment, and maintenance by the
11 Government of Iran of a sovereign cryptocurrency
12 would have on the effectiveness of existing United
13 States sanctions with respect to Iran.

14 (5) An assessment of the technology and infra-
15 structure that the Government of Iran would need to
16 develop, deploy, and maintain a national digital cur-
17 rency, including a cryptocurrency.

18 (6) An identification of the countries that have
19 agreed to assist the United States in blocking efforts
20 to bypass or evade United States sanctions relating
21 to Iran or bypass or evade countermeasures and risk
22 mitigation practices outlined by the Financial Action
23 Task Force.

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