

## Calendar No. 263

115TH CONGRESS  
1ST SESSION

# S. 1591

To impose sanctions with respect to the Democratic People's Republic of Korea, and for other purposes.

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### IN THE SENATE OF THE UNITED STATES

JULY 19, 2017

Mr. VAN HOLLEN (for himself, Mr. TOOMEY, Mr. CRUZ, Mr. SCOTT, Ms. HIRONO, Mr. COTTON, Mr. TESTER, Ms. CORTEZ MASTO, Ms. WARREN, Mr. SCHATZ, Mr. KENNEDY, Mr. BROWN, Mr. CASEY, and Mr. CRAPO) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

NOVEMBER 16, 2017

Reported by Mr. CRAPO, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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## A BILL

To impose sanctions with respect to the Democratic People's Republic of 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
 3 “Banking Restrictions Involving North Korea (BRINK)  
 4 Act of 2017”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Definitions.

**TITLE I—FINANCIAL REQUIREMENTS AND SANCTIONS RELATING  
 TO TRANSACTIONS INVOLVING NORTH KOREA**

Sec. 101. Sanctions with respect to financial institutions providing support to  
 the Government of North Korea.

Sec. 102. Expansion of licensing requirements for transactions in North Korean  
 covered property.

Sec. 103. Authorization of imposition of sanctions with respect to the provision  
 of specialized financial messaging services to North Korean fi-  
 nancial institutions and sanctioned persons.

Sec. 104. Authorization of imposition of sanctions with respect to governments  
 that fail to comply with United Nations Security Council sanc-  
 tions against North Korea.

Sec. 105. Grants to conduct research on financial networks and financial meth-  
 ods of the Government of North Korea.

Sec. 106. Report on use by the Government of North Korea of beneficial owner-  
 ship rules to access the international financial system.

Sec. 107. Sense of Congress on identification and blocking of property of North  
 Korean officials.

Sec. 108. Sense of Congress regarding the Kaesong Industrial Complex.

**TITLE II—DIVESTMENT FROM NORTH KOREA**

Sec. 201. Authority of State and local governments to divest from companies  
 that invest in North Korea.

Sec. 202. Safe harbor for changes of investment policies by asset managers.

Sec. 203. Sense of Congress regarding certain ERISA plan investments.

Sec. 204. Rule of construction.

**TITLE III—GENERAL AUTHORITIES**

Sec. 301. Rulemaking.

Sec. 302. Authority to consolidate reports.

Sec. 303. Rule of construction.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1           (1) Since 2006, the United Nations Security  
2       Council has approved 5 resolutions imposing sanc-  
3       tions against North Korea under chapter VII of the  
4       United Nations Charter, which—

5           (A) prohibit the use, development, and pro-  
6       liferation of weapons of mass destruction by the  
7       Government of North Korea;

8           (B) prohibit the transfer of arms and re-  
9       lated materiel to or by the Government of  
10      North Korea;

11          (C) prohibit the transfer of luxury goods to  
12      North Korea;

13          (D) restrict access by the Government of  
14      North Korea to the financial system and re-  
15      quire due diligence on the part of financial in-  
16      stitutions to prevent the financing of prolifera-  
17      tion involving the Government of North Korea;

18          (E) restrict North Korean shipping, includ-  
19      ing the reflagging of ships owned or controlled  
20      by the Government of North Korea;

21          (F) limit the sale by the Government of  
22      North Korea of precious metals, iron, coal, va-  
23      nadium, and rare earth minerals; and

24          (G) prohibit the transfer to North Korea  
25      of rocket, aviation, or jet fuel.

1           (2) The Government of North Korea has  
2 threatened to carry out nuclear attacks against the  
3 United States and South Korea and has sent clandestine  
4 agents to kidnap or murder the citizens of  
5 foreign countries and murder dissidents in exile.

6           (3) The Federal Bureau of Investigation has  
7 determined that the Government of North Korea  
8 was responsible for cyberattacks against the United  
9 States and South Korea.

10          (4) In February 2016, the Director of National  
11 Intelligence reported that the Government of North  
12 Korea is “committed to developing a long-range, nuclear-  
13 armed missile that is capable of posing a direct  
14 threat to the United States” and some arms control  
15 experts have estimated that the Government of  
16 North Korea may acquire this capability by 2020.

17          (5) The Government of North Korea tested its  
18 5th and largest nuclear device on September 9,  
19 2016.

20          (6) The Government of North Korea has increased  
21 the pace of its missile testing, including the  
22 test of a submarine-launched ballistic missile, potentially  
23 furthering the development of capability to attack  
24 the United States with a nuclear weapon.

(7) Financial transactions and investments that provide financial resources to the Government of North Korea; and that fail to incorporate adequate safeguards against the misuse of those financial resources; pose an undue risk of contributing to—

(A) weapons of mass destruction programs of that government; and

(B) prohibited imports or exports of arms and related materiel; services; or technology by that government.

(8) The strict enforcement of sanctions is essential to the efforts by the international community to achieve the peaceful, complete, verifiable, and irreversible dismantlement of weapons of mass destruction programs of the Government of North Korea.

### **SEC. 3. DEFINITIONS.**

In this Act:

(1) ~~APPLICABLE EXECUTIVE ORDER; APPLICABLE UNITED NATIONS SECURITY COUNCIL RESOLUTION; GOVERNMENT OF NORTH KOREA; NORTH KOREA.—~~The terms “applicable Executive order”, “applicable United Nations Security Council resolution”, “Government of North Korea”, and “North Korea” have the meanings given those terms in sec-

tion 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. 9202).

~~(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—~~The term “appropriate congressional committees” means—

~~(A) the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate; and~~

~~(B) the Committee on Financial Services and the Committee on Foreign Affairs of the House of Representatives.~~

~~(3) KNOWINGLY.—~~The term “knowingly”, with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.

~~(4) NORTH KOREAN COVERED PROPERTY.—~~

~~(A) IN GENERAL.—~~The term “North Korean covered property” includes any goods, services, or technology—

~~(i) that are in North Korea;~~

~~(ii) that are made with significant amounts of North Korean labor, materials, goods, or technology;~~

1                   (iii) in which the Government of  
 2                   North Korea or a North Korean financial  
 3                   institution has a significant interest or ex-  
 4                   ercises significant control; or

5                   (iv) in which a designated person has  
 6                   a significant interest or exercises signifi-  
 7                   cant control.

8                   (B) DESIGNATED PERSON.—In this para-  
 9                   graph, the term designated person means a per-  
 10                  son who is designated under—

11                   (i) an applicable Executive order;

12                   (ii) an applicable United Nations Se-  
 13                  curity Council resolution; or

14                   (iii) section 104 of the North Korea  
 15                  Sanctions and Policy Enhancement Act of  
 16                  2016 (22 U.S.C. 9204).

17                  (5) NORTH KOREAN FINANCIAL INSTITUTION.—

18                  The term “North Korean financial institution” in-  
 19                  cludes—

20                   (A) any North Korean financial institution,  
 21                  as defined in section 3 of the North Korea  
 22                  Sanctions and Policy Enhancement Act of 2016  
 23                  (22 U.S.C. 9202);

24                   (B) any financial agency, as defined in sec-  
 25                  tion 5312 of title 31, United States Code, that

1 is owned or controlled by the Government of  
2 North Korea;

3 ~~(C)~~ any money transmitting business, as  
4 defined in section 5330(d) of title 31, United  
5 States Code, that is owned or controlled by the  
6 Government of North Korea; and

7 ~~(D)~~ any financial institution that is a joint  
8 venture between any person and the Govern-  
9 ment of North Korea.

10 ~~(6) SECRETARY.—Unless otherwise specified,~~  
11 ~~the term “Secretary” means the Secretary of the~~  
12 ~~Treasury.~~

13 ~~(7) UNITED STATES FINANCIAL INSTITUTION.—~~  
14 ~~The term “United States financial institution”~~  
15 ~~means a financial institution that—~~

16 ~~(A) is a United States person, regardless~~  
17 ~~of where the person operates; or~~

18 ~~(B) operates or does business in the~~  
19 ~~United States, including by conducting wire~~  
20 ~~transfers through correspondent banks in the~~  
21 ~~United States.~~

22 ~~(8) UNITED STATES PERSON.—The term~~  
23 ~~“United States person” means—~~

24 ~~(A) a citizen or resident of the United~~  
25 ~~States or a national of the United States (as~~

defined in section 101(a) of the Immigration  
and Nationality Act (8 U.S.C. 1101(a)); and

(B) an entity that is organized under the  
laws of the United States or any jurisdiction  
within the United States, including a foreign  
subsidiary of such an entity.

## **~~TITLE I—FINANCIAL REQUIRE- MENTS AND SANCTIONS RE- LATING TO TRANSACTIONS INVOLVING NORTH KOREA~~**

### **~~SEC. 101. SANCTIONS WITH RESPECT TO FINANCIAL INSTI- TUTIONS PROVIDING SUPPORT TO THE GOV- ERNMENT OF NORTH KOREA.~~**

#### **~~(a) REPORT ON NONCOMPLIANT FINANCIAL INSTI- TUTIONS.—~~**

(1) IN GENERAL.—Not later than 60 days after  
the date of the enactment of this Act, and every 180  
days thereafter, the President shall submit to the  
appropriate congressional committees and publish in  
the Federal Register a report that contains a list of  
any financial institutions that the President has  
identified as having engaged in, during the one-year  
period preceding the submission of the report, the  
following conduct:

1           (A) Dealing in North Korean covered prop-  
2           erty.

3           (B) Providing correspondent or interbank  
4           services to one or more North Korean financial  
5           institutions.

6           (C) Failing to apply enhanced due dili-  
7           gence to prevent North Korean financial insti-  
8           tutions from gaining access to correspondent or  
9           interbank services in the United States or pro-  
10          vided by United States persons.

11          (D) Knowingly operating or participating  
12          with or on behalf of an offshore United States  
13          dollar clearing system that conducts trans-  
14          actions involving the Government of North  
15          Korea or North Korean covered property.

16          (E) Conducting or facilitating one or more  
17          significant transactions in North Korean cov-  
18          ered property involving covered goods (as that  
19          term is defined in section 1027.100 of title 31,  
20          Code of Federal Regulations, or any successor  
21          regulation) or the currency of a country other  
22          than the country in which the person is oper-  
23          ating at the time of the transaction.

1           (2) FORM OF REPORT.—Each report required  
 2           under paragraph (1) shall be submitted in unclassi-  
 3           fied form but may contain a classified annex.

4           (b) IMPOSITION OF SANCTIONS.—

5           (1) IN GENERAL.—If the President determines  
 6           that a financial institution identified under sub-  
 7           section (a) has knowingly engaged in conduct de-  
 8           scribed in that subsection, the President shall apply  
 9           the following sanctions with respect to that financial  
 10          institution:

11                   (A) Prohibit the designation of the finan-  
 12                   cial institution, or the continuation of any prior  
 13                   designation of the financial institution, as a pri-  
 14                   mary dealer in United States Government debt  
 15                   instruments.

16                   (B) Prohibit the financial institution from  
 17                   serving as agent of the United States Govern-  
 18                   ment or as a repository for funds of the United  
 19                   States Government.

20                   (C) One or more of the following:

21                           (i) Prohibit the opening, and prohibit  
 22                           or impose strict conditions on the main-  
 23                           taining, in the United States of any cor-  
 24                           respondent account or payable-through ac-  
 25                           count by the financial institution if the fi-

1           nancial institution is a foreign financial in-  
2           stitution.

3           (ii) Prohibit any transactions in for-  
4           eign exchange that are subject to the juris-  
5           diction of the United States and in which  
6           the financial institution has any interest.

7           (iii) In accordance with the Inter-  
8           national Emergency Economic Powers Act  
9           (50 U.S.C. 1701 et seq.); block and pro-  
10          hibit all transactions in all property and  
11          interests in property of the financial insti-  
12          tution if such property and interests in  
13          property are in the United States, come  
14          within the United States, or are or come  
15          within the possession or control of a  
16          United States person.

17          (2) CIVIL PENALTIES.—If the President deter-  
18          mines that a financial institution identified under  
19          subsection (a) that is a United States financial insti-  
20          tution has knowingly engaged in conduct described  
21          in that subsection—

22               (A) if the financial institution has taken  
23               reasonable steps to prevent a recurrence of con-  
24               duct described in that subsection and is cooper-

ating fully with the efforts of the President to  
enforce the provisions of this Act—

(i) unless the financial institution is  
described in clause (ii), the President shall  
impose a civil penalty not to exceed  
\$100,000 for each reportable act described  
in subparagraphs (A) through (E) of sub-  
section (a)(1) that is knowingly conducted;  
or

(ii) if the financial institution has not  
previously been reported for similar con-  
duct under subsection (a), the President  
shall issue a cautionary letter to that fi-  
nancial institution; or

(B) if the financial institution is not a fi-  
nancial institution described in subparagraph  
(A), the President shall impose a civil penalty  
not to exceed \$250,000 for each reportable act  
described in subparagraphs (A) through (E) of  
subsection (a)(1) that is knowingly conducted.

(c) ~~SUSPENSION FOR LAW ENFORCEMENT PUR-~~  
~~POSES.~~—The President may suspend the submission of  
the reports described in subsection (a) and the application  
of sanctions and penalties described in subsection (b) for  
a one-year period if—

1           (1) such reporting and application of sanctions  
2           and penalties could compromise an ongoing law en-  
3           forcement investigation or prosecution; or

4           (2) a criminal prosecution is pending; or a  
5           criminal or civil fine or penalty has been imposed or  
6           conditionally deferred; for the conduct reported pur-  
7           suant to subsection (a).

8           (d) SUSPENSION AND TERMINATION OF SANCTIONS  
9           AND PENALTIES.—

10           (1) SUSPENSION.—The President may suspend  
11           the application of any sanctions or penalties under  
12           subsection (b) for a period of not more than one  
13           year if the President certifies to the appropriate con-  
14           gressional committees that the Government of North  
15           Korea is taking steps toward—

16                   (A) the verification of its compliance with  
17                   applicable United Nations Security Council Res-  
18                   olutions; and

19                   (B) fully accounting for and repatriating  
20                   United States citizens and permanent residents  
21                   (including deceased United States citizens and  
22                   permanent residents)—

23                           (i) abducted or unlawfully held captive  
24                           by the Government of North Korea; or

1 (ii) detained in violation of the Agree-  
 2 ment Concerning a Military Armistice in  
 3 Korea, signed at Panmunjom July 27,  
 4 1953 (commonly referred to as the “Ko-  
 5 rean War Armistice Agreement”).

6 (2) RENEWAL OF SUSPENSION.—The President  
 7 may renew a suspension described in paragraph (1)  
 8 for additional periods of not more than 180 days if  
 9 the President certifies to the appropriate congres-  
 10 sional committees that the Government of North  
 11 Korea continues to take steps as described in para-  
 12 graph (1).

13 (3) TERMINATION OF SANCTIONS.—Subject to  
 14 subsection (f), the President may terminate the ap-  
 15 plication of any sanctions or penalties under sub-  
 16 section (b) if the President certifies that the Govern-  
 17 ment of North Korea has made significant progress  
 18 towards—

19 (A) completely, verifiably, and irreversibly  
 20 dismantling all of its nuclear, chemical, biologi-  
 21 cal, and radiological weapons programs, includ-  
 22 ing all programs for the development of systems  
 23 designed in whole or in part for the delivery of  
 24 such weapons; and

1           ~~(B)~~ fully accounting for and repatriating  
 2           United States citizens and permanent residents  
 3           ~~(including deceased United States citizens and~~  
 4           ~~permanent residents)~~—

5                     (i) abducted or unlawfully held captive  
 6                     by the Government of North Korea; or

7                     (ii) detained in violation of the Agree-  
 8                     ment Concerning a Military Armistice in  
 9                     Korea, signed at Panmunjom July 27,  
 10                    1953 (commonly referred to as the “Ko-  
 11                    rean War Armistice Agreement”).

12       ~~(c) WAIVER.~~—Subject to subsection (f), the President  
 13       may waive the application of sanctions or penalties under  
 14       subsection (b) with respect to a financial institution if the  
 15       President determines that the waiver is in the national se-  
 16       curity interest of the United States.

17       ~~(f) CONGRESSIONAL REVIEW OF PROPOSED ACTIONS~~  
 18       ~~TO WAIVE OR TERMINATE SANCTIONS.~~—

19                   ~~(1) SUBMISSION TO CONGRESS OF PROPOSED~~  
 20                   ~~ACTION.~~—

21                   ~~(A) IN GENERAL.~~—Notwithstanding any  
 22                   other provision of law, before taking any action  
 23                   described in subparagraph (B), the President  
 24                   shall submit to the appropriate congressional  
 25                   committees and leadership a report that de-

scribes the proposed action and the reasons for that action.

(B) ACTIONS DESCRIBED.—An action described in this subparagraph is—

(i) an action to suspend, renew a suspension, or terminate under subsection (d) the application of sanctions or penalties under subsection (b); or

(ii) with respect to sanctions or penalties under subsection (b) imposed by the President with respect to a person, an action to waive under subsection (e) the application of those sanctions or penalties with respect to that person.

(C) DESCRIPTION OF TYPE OF ACTION.—Each report submitted under subparagraph (A) with respect to an action described in subparagraph (B) shall include a description of whether the action—

(i) is not intended to significantly alter United States foreign policy with regard to North Korea; or

(ii) is intended to significantly alter United States foreign policy with regard to North Korea.

1           ~~(D)~~ INCLUSION OF ADDITIONAL MAT-  
 2           TER.—

3           ~~(i)~~ IN GENERAL.—Each report sub-  
 4           mitted under subparagraph (A) that re-  
 5           lates to an action that is intended to sig-  
 6           nificantly alter United States foreign policy  
 7           with regard to North Korea shall include a  
 8           description of—

9                     ~~(I)~~ the significant alteration to  
 10           United States foreign policy with re-  
 11           gard to North Korea;

12                    ~~(II)~~ the anticipated effect of the  
 13           action on the national security inter-  
 14           ests of the United States; and

15                    ~~(III)~~ the policy objectives for  
 16           which the sanctions affected by the  
 17           action were initially imposed.

18           ~~(ii)~~ REQUESTS FROM BANKING AND  
 19           FINANCIAL SERVICES COMMITTEES.—The  
 20           Committee on Banking, Housing, and  
 21           Urban Affairs of the Senate or the Com-  
 22           mittee on Financial Services of the House  
 23           of Representatives may request the sub-  
 24           mission to the Committee of the matter de-  
 25           scribed in subclauses ~~(II)~~ and ~~(III)~~ of

1 clause (i) with respect to a report sub-  
 2 mitted under subparagraph (A) that re-  
 3 lates to an action that is not intended to  
 4 significantly alter United States foreign  
 5 policy with regard to North Korea.

6 ~~(2) PERIOD FOR REVIEW BY CONGRESS.—~~

7 ~~(A) IN GENERAL.—~~During the period of  
 8 30 calendar days beginning on the date on  
 9 which the President submits a report under  
 10 paragraph (1)(A)—

11 (i) in the case of a report that relates  
 12 to an action that is not intended to signifi-  
 13 cantly alter United States foreign policy  
 14 with regard to North Korea, the Com-  
 15 mittee on Banking, Housing, and Urban  
 16 Affairs of the Senate and the Committee  
 17 on Financial Services of the House of Rep-  
 18 resentatives should, as appropriate, hold  
 19 hearings and briefings and otherwise ob-  
 20 tain information in order to fully review  
 21 the report; and

22 (ii) in the case of a report that relates  
 23 to an action that is intended to signifi-  
 24 cantly alter United States foreign policy  
 25 with regard to North Korea, the Com-

1           mittee on Foreign Relations of the Senate  
2           and the Committee on Foreign Affairs of  
3           the House of Representatives should, as  
4           appropriate, hold hearings and briefings  
5           and otherwise obtain information in order  
6           to fully review the report.

7           (B) EXCEPTION.—The period for congress-  
8           sional review under subparagraph (A) of a re-  
9           port required to be submitted under paragraph  
10          (1)(A) shall be 60 calendar days if the report  
11          is submitted on or after July 10 and on or be-  
12          fore September 7 in any calendar year.

13          (C) LIMITATION ON ACTIONS DURING INI-  
14          TIAL CONGRESSIONAL REVIEW PERIOD.—Not-  
15          withstanding any other provision of law, during  
16          the period for congressional review provided for  
17          under subparagraph (A) of a report submitted  
18          under paragraph (1)(A) proposing an action de-  
19          scribed in paragraph (1)(B), including any ad-  
20          ditional period for such review as applicable  
21          under the exception provided in subparagraph  
22          (B), the President may not take that action un-  
23          less a joint resolution of approval with respect  
24          to that action is enacted in accordance with  
25          paragraph (3).

1           (D) LIMITATION ON ACTIONS DURING  
2       PRESIDENTIAL CONSIDERATION OF A JOINT  
3       RESOLUTION OF DISAPPROVAL.—Notwith-  
4       standing any other provision of law, if a joint  
5       resolution of disapproval relating to a report  
6       submitted under paragraph (1)(A) proposing an  
7       action described in paragraph (1)(B) passes  
8       both Houses of Congress in accordance with  
9       paragraph (3), the President may not take that  
10      action for a period of 12 calendar days after the  
11      date of passage of the joint resolution of dis-  
12      approval.

13          (E) LIMITATION ON ACTIONS DURING CON-  
14      GRESSIONAL RECONSIDERATION OF A JOINT  
15      RESOLUTION OF DISAPPROVAL.—Notwith-  
16      standing any other provision of law, if a joint  
17      resolution of disapproval relating to a report  
18      submitted under paragraph (1)(A) proposing an  
19      action described in paragraph (1)(B) passes  
20      both Houses of Congress in accordance with  
21      paragraph (3), and the President vetoes the  
22      joint resolution, the President may not take  
23      that action for a period of 10 calendar days  
24      after the date of the President's veto.

(F) EFFECT OF ENACTMENT OF A JOINT RESOLUTION OF DISAPPROVAL.—Notwithstanding any other provision of law, if a joint resolution of disapproval relating to a report submitted under paragraph (1)(A) proposing an action described in paragraph (1)(B) is enacted in accordance with paragraph (3), the President may not take that action.

(3) JOINT RESOLUTIONS OF DISAPPROVAL OR APPROVAL.—

(A) JOINT RESOLUTIONS OF DISAPPROVAL OR APPROVAL DEFINED.—In this paragraph:

(i) JOINT RESOLUTION OF APPROVAL.—The term “joint resolution of approval” means only a joint resolution of either House of Congress—

(I) the title of which is as follows: “A joint resolution approving the President’s proposal to take an action relating to the application of certain sanctions with respect to North Korea.”; and

(II) the sole matter after the resolving clause of which is the following: “Congress approves of the ac-

tion relating to the application of  
 sanctions imposed with respect to  
 North Korea proposed by the Presi-  
 dent in the report submitted to Con-  
 gress under section 101(f)(1)(A) of  
 the Banking Restrictions Involving  
 North Korea (BRINK) Act of 2017  
 on \_\_\_\_\_ relating to  
 \_\_\_\_\_.”, with the first  
 blank space being filled with the ap-  
 propriate date and the second blank  
 space being filled with a short descrip-  
 tion of the proposed action.

(ii) JOINT RESOLUTION OF DIS-  
 APPROVAL.—The term “joint resolution of  
 disapproval” means only a joint resolution  
 of either House of Congress—

(I) the title of which is as fol-  
 lows: “A joint resolution disapproving  
 the President’s proposal to take an  
 action relating to the application of  
 certain sanctions with respect to  
 North Korea.”; and

(II) the sole matter after the re-  
 solving clause of which is the fol-

1           lowing: “Congress disapproves of the  
 2           action relating to the application of  
 3           sanctions imposed with respect to  
 4           North Korea proposed by the Presi-  
 5           dent in the report submitted to Con-  
 6           gress under section 101(f)(1)(A) of  
 7           the Banking Restrictions Involving  
 8           North Korea (BRINK) Act of 2017  
 9           on \_\_\_\_\_ relating to  
 10          \_\_\_\_\_.’’, with the first  
 11          blank space being filled with the ap-  
 12          propriate date and the second blank  
 13          space being filled with a short descrip-  
 14          tion of the proposed action.

15           (B) INTRODUCTION.—During the period of  
 16          30 calendar days provided for under paragraph  
 17          (2)(A), including any additional period as appli-  
 18          cable under the exception provided in paragraph  
 19          (2)(B), a joint resolution of approval or joint  
 20          resolution of disapproval may be introduced—

21           (i) in the House of Representatives,  
 22           by the majority leader or the minority  
 23           leader; and

24           (ii) in the Senate, by the majority  
 25           leader (or the majority leader’s designee)

1 or the minority leader (or the minority  
2 leader's designee).

3 ~~(C) FLOOR CONSIDERATION IN HOUSE OF~~  
4 ~~REPRESENTATIVES.—~~

5 (i) REPORTING AND DISCHARGE.—If  
6 a committee of the House of Representa-  
7 tives to which a joint resolution of approval  
8 or joint resolution of disapproval has been  
9 referred has not reported the joint resolu-  
10 tion within 10 calendar days after the date  
11 of referral, that committee shall be dis-  
12 charged from further consideration of the  
13 joint resolution.

14 (ii) PROCEEDING TO CONSIDER-  
15 ATION.—Beginning on the third legislative  
16 day after each committee to which a joint  
17 resolution of approval or joint resolution of  
18 disapproval has been referred reports the  
19 joint resolution to the House or has been  
20 discharged from further consideration of  
21 the joint resolution, it shall be in order to  
22 move to proceed to consider the joint reso-  
23 lution in the House. All points of order  
24 against the motion are waived. Such a mo-  
25 tion shall not be in order after the House

1 has disposed of a motion to proceed on the  
 2 joint resolution. The previous question  
 3 shall be considered as ordered on the mo-  
 4 tion to its adoption without intervening  
 5 motion. The motion shall not be debatable.  
 6 A motion to reconsider the vote by which  
 7 the motion is disposed of shall not be in  
 8 order.

9 (iii) CONSIDERATION.—The joint reso-  
 10 lution of approval or joint resolution of dis-  
 11 approval shall be considered as read. All  
 12 points of order against the joint resolution  
 13 and against its consideration are waived.  
 14 The previous question shall be considered  
 15 as ordered on the joint resolution to final  
 16 passage without intervening motion except  
 17 2 hours of debate equally divided and con-  
 18 trolled by the sponsor of the joint resolu-  
 19 tion (or a designee) and an opponent. A  
 20 motion to reconsider the vote on passage of  
 21 the joint resolution shall not be in order.

22 ~~(D) CONSIDERATION IN THE SENATE.—~~

23 (i) COMMITTEE REFERRAL.—A joint  
 24 resolution of approval or joint resolution of

1 disapproval introduced in the Senate shall  
2 be—

3 (I) referred to the Committee on  
4 Banking, Housing, and Urban Affairs  
5 if the joint resolution relates to a re-  
6 port submitted under paragraph  
7 (1)(A) with respect to an action that  
8 is not intended to significantly alter  
9 United States foreign policy with re-  
10 gard to North Korea; and

11 (II) referred to the Committee on  
12 Foreign Relations if the joint resolu-  
13 tion relates to a report submitted  
14 under paragraph (1)(A) with respect  
15 to an action that is intended to sig-  
16 nificantly alter United States foreign  
17 policy with respect to North Korea.

18 (ii) REPORTING AND DISCHARGE.—If  
19 the committee to which a joint resolution  
20 of approval or joint resolution of dis-  
21 approval was referred has not reported the  
22 joint resolution within 10 calendar days  
23 after the date of referral of the joint reso-  
24 lution, that committee shall be discharged  
25 from further consideration of the joint res-

olution and the joint resolution shall be placed on the appropriate calendar.

(iii) PROCEEDING TO CONSIDERATION.—Notwithstanding Rule XXII of the Standing Rules of the Senate, it is in order at any time after the Committee on Banking, Housing, and Urban Affairs or the Committee on Foreign Relations, as the case may be, reports a joint resolution of approval or joint resolution of disapproval to the Senate or has been discharged from consideration of such a joint resolution (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion to proceed is not debatable. The motion is not subject to a motion to postpone. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(iv) RULINGS OF THE CHAIR ON PROCEDURE.—Appeals from the decisions of

the Chair relating to the application of the rules of the Senate, as the case may be, to the procedure relating to a joint resolution of approval or joint resolution of disapproval shall be decided without debate.

~~(v) CONSIDERATION OF VETO MESSAGES.—~~Debate in the Senate of any veto message with respect to a joint resolution of approval or joint resolution of disapproval, including all debatable motions and appeals in connection with the joint resolution, shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

~~(E) RULES RELATING TO SENATE AND HOUSE OF REPRESENTATIVES.—~~

~~(i) COORDINATION WITH ACTION BY OTHER HOUSE.—~~If, before the passage by one House of a joint resolution of approval or joint resolution of disapproval of that House, that House receives an identical joint resolution from the other House, the following procedures shall apply:

1                   (I) The joint resolution of the  
 2                   other House shall not be referred to a  
 3                   committee.

4                   (II) With respect to the joint res-  
 5                   olution of the House receiving the  
 6                   joint resolution from the other  
 7                   House—

8                   (aa) the procedure in that  
 9                   House shall be the same as if no  
 10                  joint resolution had been received  
 11                  from the other House; but

12                  (bb) the vote on passage  
 13                  shall be on the joint resolution of  
 14                  the other House.

15                  (ii) TREATMENT OF A JOINT RESOLU-  
 16                  TION OF OTHER HOUSE.—If one House  
 17                  fails to introduce a joint resolution of ap-  
 18                  proval or joint resolution of disapproval, a  
 19                  joint resolution of approval or joint resolu-  
 20                  tion of disapproval of the other House  
 21                  shall be entitled to expedited procedures in  
 22                  that House under this subsection.

23                  (iii) TREATMENT OF HOUSE JOINT  
 24                  RESOLUTION IN SENATE.—If, following  
 25                  passage of a joint resolution of approval or

1 joint resolution of disapproval in the Sen-  
 2 ate, the Senate receives an identical joint  
 3 resolution from the House of Representa-  
 4 tives, that joint resolution shall be placed  
 5 on the appropriate Senate calendar.

6 (iv) APPLICATION TO REVENUE MEAS-  
 7 URES.—The provisions of this subpara-  
 8 graph shall not apply in the House of Rep-  
 9 resentatives to a joint resolution of ap-  
 10 proval or joint resolution of disapproval  
 11 that is a revenue measure.

12 (F) RULES OF HOUSE OF REPRESENTA-  
 13 TIVES AND SENATE.—This paragraph is en-  
 14 acted by Congress—

15 (i) as an exercise of the rulemaking  
 16 power of the Senate and the House of Rep-  
 17 resentatives, respectively, and as such is  
 18 deemed a part of the rules of each House,  
 19 respectively, but applicable only with re-  
 20 spect to the procedure to be followed in  
 21 that House in the case of a joint resolution  
 22 of approval or joint resolution of dis-  
 23 approval, and supersedes other rules only  
 24 to the extent that it is inconsistent with  
 25 such rules; and

1                   (ii) with full recognition of the con-  
 2                   stitutional right of either House to change  
 3                   the rules (so far as relating to the proce-  
 4                   dure of that House) at any time, in the  
 5                   same manner, and to the same extent as in  
 6                   the case of any other rule of that House.

7           (g) BRIEFING REQUIRED.—Not later than 180 days  
 8 after the date of the enactment of this Act, and every 180  
 9 days thereafter, the President shall brief the appropriate  
 10 congressional committees on the status of efforts by the  
 11 President to prevent conduct described in subparagraphs  
 12 (A) through (E) of subsection (a)(1).

13           (h) RULE OF CONSTRUCTION.—Nothing in this sec-  
 14 tion shall be construed to prohibit any person from, or  
 15 authorize or require the imposition of sanctions with re-  
 16 spect to any person for, conducting or facilitating any  
 17 transaction for the sale or donation of agricultural com-  
 18 modities, food, medicine, or medical devices.

19           (i) APPROPRIATE CONGRESSIONAL COMMITTEES AND  
 20 LEADERSHIP DEFINED.—In this section, the term “ap-  
 21 propriate congressional committees and leadership”  
 22 means—

23                   (1) the Committee on Banking, Housing, and  
 24                   Urban Affairs, the Committee on Foreign Relations,

1 and the majority and minority leaders of the Senate;  
 2 and

3 ~~(2) the Committee on Financial Services, the~~  
 4 ~~Committee on Foreign Affairs, and the Speaker, the~~  
 5 ~~majority leader, and the minority leader of the~~  
 6 ~~House of Representatives.~~

7 **SEC. 102. EXPANSION OF LICENSING REQUIREMENTS FOR**  
 8 **TRANSACTIONS IN NORTH KOREAN COVERED**  
 9 **PROPERTY.**

10 ~~(a) LICENSE REQUIRED.—~~

11 ~~(1) IN GENERAL.—Except as provided in para-~~  
 12 ~~graph (2), not later than 180 days after the date of~~  
 13 ~~the enactment of this Act, the President shall pre-~~  
 14 ~~scribe regulations prohibiting any transaction involv-~~  
 15 ~~ing the manufacture, sale, purchase, transfer, im-~~  
 16 ~~port, or export of North Korean covered property by~~  
 17 ~~a United States person or conducted in the United~~  
 18 ~~States.~~

19 ~~(2) EXCEPTION.—~~

20 ~~(A) IN GENERAL.—Except as provided in~~  
 21 ~~subparagraph (B), the Secretary may grant li-~~  
 22 ~~censes and permits for the following purposes:~~

23 ~~(i) For any purpose covered by an ex-~~  
 24 ~~emption or waiver under section 208 of the~~  
 25 ~~North Korea Sanctions and Policy En-~~

hancement Act of 2016 (22 U.S.C. 9228),  
including humanitarian, diplomatic, con-  
sular, law enforcement, and other pur-  
poses.

(ii) To import food products into  
North Korea if such food products are not  
defined as luxury goods.

(iii) To meet an urgent and compel-  
ling humanitarian need.

(iv) For activities to promote human  
rights in North Korea, the development of  
private agriculture and markets in North  
Korea, and the free flow of information to,  
from, and within North Korea.

(v) To import agricultural products,  
medicine, or medical devices into North  
Korea if such products, medicine, or de-  
vices are classified as designated “EAR  
99” under subchapter C of chapter VII of  
title 15, Code of Federal Regulations, or  
any successor regulations (commonly  
known as the “Export Administration Reg-  
ulations”), and not controlled under—

(I) the Export Administration  
Act of 1979 (50 U.S.C. App. 2401 et

1                   seq.); as continued in effect under the  
 2                   International Emergency Economic  
 3                   Powers Act (50 U.S.C. 1701 et seq.);  
 4                   (H) the Arms Export Control Act  
 5                   (22 U.S.C. 2751 et seq.);  
 6                   (III) part B of title VIII of the  
 7                   Nuclear Proliferation Prevention Act  
 8                   of 1994 (22 U.S.C. 6301 et seq.); or  
 9                   (IV) the Chemical and Biological  
 10                  Weapons Control and Warfare Elimini-  
 11                  nation Act of 1991 (22 U.S.C. 5601  
 12                  et seq.).

13               (B) EXCEPTION.—The Secretary may not  
 14               grant a license or permit under subparagraph  
 15               (A) for an activity described in section 104(a)  
 16               of the North Korea Sanctions and Policy En-  
 17               hancement Act of 2016 (22 U.S.C. 9214(a)).

18       (b) PENALTIES.—

19               (1) IN GENERAL.—A person shall be fined not  
 20               more than \$5,000,000, imprisoned for not more  
 21               than 20 years, or both, if the person knowingly—

22               (A) engages in a transaction described in  
 23               subsection (a)(1), except pursuant to a license  
 24               or permit granted under this section or regula-  
 25               tions prescribed pursuant to this section; or

1           ~~(B)~~ evades a requirement to obtain a li-  
 2           cense or permit under this section or a regula-  
 3           tions prescribed pursuant to this section.

4           ~~(2) FORFEITURE OF PROPERTY.~~—Any property,  
 5           real or personal, that is involved in a transaction  
 6           that is a violation of subsection ~~(a)(1)~~, is involved in  
 7           an attempt to conduct such a transaction, or con-  
 8           stitutes or is derived from proceeds traceable to such  
 9           a transaction, is subject to forfeiture to the United  
 10          States.

11          ~~(c) REPORT REQUIRED.~~—

12           ~~(1) IN GENERAL.~~—Not later than 180 days  
 13           after the date of the enactment of this Act, and an-  
 14           nually thereafter, the President shall submit to the  
 15           appropriate congressional committees a report listing  
 16           any licenses or permits granted under subsection  
 17           ~~(a)~~.

18           ~~(2) FORM.~~—Each report required under para-  
 19           graph ~~(1)~~ shall be submitted in unclassified form but  
 20           may include a classified annex.

21           ~~(3) PUBLIC AVAILABILITY.~~—Not later than 30  
 22           days after the submission of a report under para-  
 23           graph ~~(1)~~, the Secretary of the Treasury and the  
 24           Secretary of State shall each publish the unclassified  
 25           part of the report on a publicly available Internet

1 website of the Department of the Treasury and the  
 2 Department of State, as the case may be.

3 (d) ~~TERMINATION OF REQUIREMENTS.~~—The Presi-  
 4 dent may terminate the prohibition on transactions de-  
 5 scribed in subsection (a) and the imposition of penalties  
 6 under subsection (b) if the President submits to the appro-  
 7 priate congressional committees the certification described  
 8 in section 402 of the North Korea Sanctions and Policy  
 9 Enhancement Act of 2016 (22 U.S.C. 9252).

10 (e) ~~MODIFICATION OF DEFINITION OF SPECIFIED~~  
 11 ~~UNLAWFUL ACTIVITY FOR MONEY LAUNDERING PUR-~~  
 12 ~~POSES.~~—Section 1956(c)(7)(D) of title 18, United States  
 13 Code, is amended—

14 (1) by striking “or section 104(a) of” and in-  
 15 serting “section 104(a) of”; and

16 (2) by inserting before the semicolon at the end  
 17 the following: “, or section 102(b) of the Banking  
 18 Restrictions Involving North Korea (BRINK) Act of  
 19 2017 (relating to transactions in certain North Ko-  
 20 rean property)”.

1 **SEC. 103. AUTHORIZATION OF IMPOSITION OF SANCTIONS**  
2 **WITH RESPECT TO THE PROVISION OF SPE-**  
3 **CIALIZED FINANCIAL MESSAGING SERVICES**  
4 **TO NORTH KOREAN FINANCIAL INSTITU-**  
5 **TIONS AND SANCTIONED PERSONS.**

6 (a) SENSE OF CONGRESS.—It is the sense of Con-  
7 gress that—

8 (1) providers of specialized financial messaging  
9 services have been used as a critical link between the  
10 Government of North Korea and the international fi-  
11 nancial system;

12 (2) the Financial Action Task Force has re-  
13 peatedly called for jurisdictions to apply counter-  
14 measures to protect the financial system from the  
15 risks of money laundering and proliferation financ-  
16 ing emanating from North Korea;

17 (3) credible published reports have implicated  
18 the Government of North Korea in stealing approxi-  
19 mately \$81,000,000 from the Bangladesh Bank and  
20 attempting to steal another \$951,000,000 from  
21 other banks using a financial messaging service; and

22 (4) directly providing specialized financial mes-  
23 saging services to, or enabling or facilitating direct  
24 or indirect access to such messaging services for,  
25 any financial institution designated by the United

1 Nations Security Council is inconsistent with appli-  
 2 cable United Nations Security Council resolutions.

3 ~~(b) AUTHORIZATION OF IMPOSITION OF SANC-~~  
 4 ~~TIONS.—~~The President may impose sanctions pursuant to  
 5 the International Emergency Economic Powers Act (50  
 6 U.S.C. 1701 et seq.) with respect to a person if, on or  
 7 after the date that is 90 days after the date of the enact-  
 8 ment of this Act, the person knowingly and directly pro-  
 9 vides specialized financial messaging services to, or know-  
 10 ingly enables or facilitates direct or indirect access to such  
 11 messaging services for—

12 ~~(1) a North Korean financial institution;~~

13 ~~(2) a person, including a financial institution,~~  
 14 ~~that is designated pursuant to—~~

15 ~~(A) an applicable Executive order;~~

16 ~~(B) an applicable United Nations Security~~  
 17 ~~Council resolution; or~~

18 ~~(C) section 104 of the North Korea Sanc-~~  
 19 ~~tions and Policy Enhancement Act of 2016 (22~~  
 20 ~~U.S.C. 9214); or~~

21 ~~(3) a person subject to sanctions under this~~  
 22 ~~Act.~~

23 ~~(c) ENABLING OR FACILITATING ACCESS TO SPE-~~  
 24 ~~CIALIZED FINANCIAL MESSAGING SERVICES.—~~For pur-  
 25 poses of this section, enabling or facilitating direct or indi-

1 rect access to specialized financial messaging services to  
 2 a person described in paragraph (1) or (2) of subsection  
 3 (b) includes doing so by serving as an intermediary finan-  
 4 cial institution with access to such messaging services.

5 (d) SUSPENSION AND TERMINATION OF SANC-  
 6 TIONS.—

7 (1) SUSPENSION.—The President may suspend  
 8 the application of any sanctions under subsection (b)  
 9 for a period of not more than one year if the Presi-  
 10 dent certifies to the appropriate congressional com-  
 11 mittees that the Government of North Korea is tak-  
 12 ing steps toward—

13 (A) the verification of its compliance with  
 14 applicable United Nations Security Council Res-  
 15 olutions; and

16 (B) fully accounting for and repatriating  
 17 United States citizens and permanent residents  
 18 (including deceased United States citizens and  
 19 permanent residents)—

20 (i) abducted or unlawfully held captive  
 21 by the Government of North Korea; or

22 (ii) detained in violation of the Agree-  
 23 ment Concerning a Military Armistice in  
 24 Korea, signed at Panmunjom July 27,

1                   1953 (commonly referred to as the “Ko-  
2                   rean War Armistice Agreement”).

3                   ~~(2) RENEWAL OF SUSPENSION.~~—The President  
4                   may renew a suspension described in paragraph (1)  
5                   for additional periods of not more than 180 days if  
6                   the President certifies to the appropriate congres-  
7                   sional committees that the Government of North  
8                   Korea continues to take steps as described in para-  
9                   graph (1).

10                  ~~(3) TERMINATION OF SANCTIONS.~~—The Presi-  
11                  dent may terminate the application of any sanctions  
12                  under subsection (b) if the President certifies that  
13                  the Government of North Korea has made signifi-  
14                  cant progress towards—

15                         ~~(A)~~ completely, verifiably, and irreversibly  
16                         dismantling all of its nuclear, chemical, biologi-  
17                         cal, and radiological weapons programs, includ-  
18                         ing all programs for the development of systems  
19                         designed in whole or in part for the delivery of  
20                         such weapons; and

21                         ~~(B)~~ fully accounting for and repatriating  
22                         United States citizens and permanent residents  
23                         (including deceased United States citizens and  
24                         permanent residents)—

- 1 (i) abducted or unlawfully held captive  
 2 by the Government of North Korea; or  
 3 (ii) detained in violation of the Agree-  
 4 ment Concerning a Military Armistice in  
 5 Korea, signed at Panmunjom July 27,  
 6 1953 (commonly referred to as the “Ko-  
 7 rean War Armistice Agreement”).

8 **SEC. 104. AUTHORIZATION OF IMPOSITION OF SANCTIONS**  
 9 **WITH RESPECT TO GOVERNMENTS THAT FAIL**  
 10 **TO COMPLY WITH UNITED NATIONS SECU-**  
 11 **RITY COUNCIL SANCTIONS AGAINST NORTH**  
 12 **KOREA.**

13 (a) BRIEFING REQUIRED.—Not later than 90 days  
 14 after the date of the enactment of this Act, the President  
 15 shall brief the appropriate congressional committees re-  
 16 garding each government of a foreign country that the  
 17 President has identified as failing to—

18 (1) close the branches, subsidiaries, or rep-  
 19 resentative offices of North Korean financial institu-  
 20 tions in that country;

21 (2) expel representatives of North Korean fi-  
 22 nancial institutions;

23 (3) close the representative offices and expel the  
 24 representatives of persons designated under applica-  
 25 ble United Nations Security Council resolutions;

1           (4) prohibit joint ventures with North Korean  
2       financial institutions;

3           (5) deregister any vessel that constitutes North  
4       Korean covered property; or

5           (6) expel North Korean nationals, including  
6       diplomats, working on behalf of persons designated  
7       under applicable United Nations Security Council  
8       resolutions.

9       (b) PUBLICATION.—The Secretary of the Treasury  
10   shall publish in the Federal Register the names of each  
11   foreign country that has failed to carry out the activities  
12   described in paragraphs (1) through (6) of subsection (a).

13       (c) SANCTIONS AUTHORIZED.—With respect to any  
14   government of a foreign country included in the briefing  
15   under subsection (a), the President may, until such time  
16   as the President determines that the government has  
17   taken substantial steps to terminate conduct described in  
18   that subsection, impose one or more of the following sanc-  
19   tions with respect to that government:

20           (1) Prohibit or curtail the export of any goods  
21       or technology to that foreign country pursuant to  
22       the authorities provided in section 6 of the Export  
23       Administration Act of 1979 (50 U.S.C. 4605) (as  
24       continued in effect pursuant to the International

1     Emergency Economic Powers Act (50 U.S.C. 1701  
2     et seq.)).

3             ~~(2) Withhold assistance under the Foreign As-~~  
4     ~~sistance Act of 1961 (22 U.S.C. 2151 et seq.) to~~  
5     ~~that government.~~

6             ~~(3) Instruct the United States executive direc-~~  
7     ~~tor at each international financial institution (as de-~~  
8     ~~finied in section 1701(e) of the International Finan-~~  
9     ~~cial Institutions Act (22 U.S.C. 262r(c))) to use the~~  
10    ~~voice and vote of the United States to oppose the~~  
11    ~~provision of loans, benefits, or other use of the funds~~  
12    ~~of the institution to that government.~~

13            ~~(d) RULE OF CONSTRUCTION.—This section shall not~~  
14    ~~be construed to limit the use of other sanctions authorities~~  
15    ~~available to the President in response to conduct described~~  
16    ~~in subsection (a).~~

17    ~~**SEC. 105. GRANTS TO CONDUCT RESEARCH ON FINANCIAL**~~  
18               ~~**NETWORKS AND FINANCIAL METHODS OF**~~  
19               ~~**THE GOVERNMENT OF NORTH KOREA.**~~

20            ~~(a) GRANTS AUTHORIZED.—~~

21               ~~(1) IN GENERAL.—The President, acting~~  
22    ~~through the Attorney General, the Secretary of~~  
23    ~~State, the Secretary of the Treasury, or the Director~~  
24    ~~of National Intelligence, may award grants to, and~~  
25    ~~enter into cooperative agreements with, States, units~~

1 of local government, nongovernmental organizations,  
2 and relevant international organizations to further  
3 the purposes of this title and provide data to address  
4 the issues identified in section 2.

5 (2) RESEARCH INITIATIVES.—Grants awarded  
6 and cooperative agreements entered into under para-  
7 graph (1) shall include grants and agreements for  
8 the purpose of conducting research initiatives on the  
9 following:

10 (A) The methods used by the Government  
11 of North Korea to deal in, transact in, or con-  
12 ceal the ownership, control, or origin of North  
13 Korean covered property.

14 (B) The relationship between proliferation  
15 by the Government of North Korea and the fi-  
16 nancial industry or financial institutions.

17 (C) The export by any person to the  
18 United States of North Korean covered prop-  
19 erty.

20 (D) The involvement of any person in  
21 human trafficking involving citizens or nation-  
22 als of North Korea.

23 (E) Information relating to transactions  
24 described in section 102(a).

1           (F) Information relating to activities de-  
2           scribed in section 104(a).

3           (G) Information relating to the identifica-  
4           tion, blocking, and release of property or pro-  
5           ceeds described in section 107(a).

6           (H) The effectiveness of law enforcement  
7           and diplomatic initiatives of Federal, State, and  
8           foreign governments to comply with the provi-  
9           sions of applicable United Nations Security  
10          Council resolutions.

11          (I) The effectiveness of compliance pro-  
12          grams within the financial industry to ensure  
13          compliance with applicable United Nations Se-  
14          curity Council resolutions.

15          (b) INTERAGENCY COORDINATION.—The President  
16          shall ensure that any information collected pursuant to  
17          subsection (a) is shared among the agencies involved in  
18          investigations described in section 102(b) of the North  
19          Korea Sanctions and Policy Enhancement Act of 2016 (22  
20          U.S.C. 9212).

21          (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
22          authorized to be appropriated for each of fiscal years 2018  
23          through 2021 such sums as may be necessary to carry  
24          out this section.

1 **SEC. 106. REPORT ON USE BY THE GOVERNMENT OF**  
2 **NORTH KOREA OF BENEFICIAL OWNERSHIP**  
3 **RULES TO ACCESS THE INTERNATIONAL FI-**  
4 **NANCIAL SYSTEM.**

5 (a) IN GENERAL.—Not later than November 11,  
6 2018, the Director of the Financial Crimes Enforcement  
7 Network of the Department of the Treasury shall submit  
8 to the appropriate congressional committees and publish  
9 in the Federal Register a report setting forth the findings  
10 of the Director regarding how the Government of North  
11 Korea is using laws regarding beneficial ownership of  
12 property to access the international financial system.

13 (b) ELEMENTS.—The Director shall include in the re-  
14 port required under subsection (a) proposals for such leg-  
15 islative and administrative action as the Director considers  
16 appropriate.

17 **SEC. 107. SENSE OF CONGRESS ON IDENTIFICATION AND**  
18 **BLOCKING OF PROPERTY OF NORTH KOREAN**  
19 **OFFICIALS.**

20 (a) IN GENERAL.—It is the sense of Congress that  
21 the President should collaborate with the Stolen Asset Re-  
22 covery Initiative of the World Bank Group and the United  
23 Nations Office on Drugs and Crime to prioritize the iden-  
24 tification, blocking, and release for humanitarian purposes  
25 of—

1           (1) any property owned or controlled by a  
2       North Korean official; or

3           (2) any significant proceeds of kleptocracy by  
4       the Government of North Korea or a North Korean  
5       official.

6       (b) NORTH KOREAN OFFICIAL DEFINED.—In this  
7       section, the term “North Korean official” includes—

8           (1) the individuals described in section  
9       304(a)(2)(B) of the North Korea Sanctions and Pol-  
10      icy Enhancement Act of 2016 (22 U.S.C.  
11      9243(a)(2)(B)); and

12          (2) such additional officials as the President  
13      may determine to be officials of the Government of  
14      North Korea.

15   **SEC. 108. SENSE OF CONGRESS REGARDING THE KAESONG**  
16                           **INDUSTRIAL COMPLEX.**

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

18           (1) On October 14, 2006, the United Nations  
19      Security Council adopted Resolution 1718, para-  
20      graph 8(d) of which requires member states of the  
21      United Nations to ensure that persons under their  
22      jurisdiction prevent any funds, financial assets, and  
23      economic resources from being used by persons or  
24      entities engaged in or providing support for the nu-  
25      clear, chemical, or biological weapons programs of

1 North Korea or the ballistic missile programs of  
2 North Korea.

3 (2) On April 11, 2011, the President signed  
4 Executive Order 13570 (50 U.S.C. 1701 note; relat-  
5 ing to prohibiting certain transactions with respect  
6 to North Korea), which prohibits the importation  
7 into the United States, directly or indirectly, of any  
8 goods, services, or technology from North Korea, ex-  
9 cept as provided in statute or in licenses, regula-  
10 tions, orders, or directives that may be issued pursu-  
11 ant to that Executive order.

12 (3) In April 2013, the Under Secretary of the  
13 Treasury for Terrorism and Financial Intelligence  
14 said, in reference to the Kaesong Industrial Com-  
15 plex, “Precisely what North Koreans do with earn-  
16 ings from Kaesong, I think, is something that we  
17 are concerned about.”

18 (4) In February 2016, on announcing the sus-  
19 pension of operations at the Kaesong Industrial  
20 Complex, the Unification Ministry of the Republic of  
21 Korea stated that the Government of North Korea  
22 may have used the proceeds from the Kaesong In-  
23 dustrial Complex to finance its nuclear weapons pro-  
24 gram.

1           (5) On November 30, 2016, the United States  
2       Security Council approved Resolution 2321, para-  
3       graph 32 of which requires member states of the  
4       United Nations to prohibit public and private finan-  
5       cial support for trade with North Korea from within  
6       their territories or by persons subject to their juris-  
7       diction, including the granting of export credits,  
8       guarantees, or insurance to persons involved in such  
9       trade, except as approved in advance by a committee  
10      appointed by the Security Council on a case-by-case  
11      basis.

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

14           (1) the United States stands in solidarity with  
15      its ally in the Republic of Korea, and has expressed  
16      that solidarity with the sacrifice of 36,914 people of  
17      the United States and with the continued presence  
18      of 29,500 members of the Armed Forces of the  
19      United States in the Republic of Korea;

20           (2) the nuclear weapons program of North  
21      Korea poses a grave and imminent threat to the  
22      freedom and security of both the United States and  
23      the Republic of Korea;

1           (3) the Kaesong Industrial Complex yielded  
2           few, if any, apparent benefits with regard to the re-  
3           form, liberalization, or disarmament of North Korea;

4           (4) the unconditional provision of revenue from  
5           the Kaesong Industrial Complex to the Government  
6           of North Korea undermines the financial pressure  
7           necessary to strict and effective enforcement of  
8           United Nations Security Council sanctions;

9           (5) the strict and effective enforcement of  
10          United Nations Security Council sanctions is the last  
11          plausible option to achieve the complete, verifiable,  
12          irreversible, and peaceful nuclear disarmament of  
13          North Korea; and

14          (6) the Kaesong Industrial Complex should not  
15          be reopened until the Government of North Korea  
16          has completely, verifiably, and irreversibly disman-  
17          tled all of its nuclear, chemical, biological, and radio-  
18          logical weapons programs, including all programs for  
19          the development of systems designed in whole or in  
20          part for the delivery of such weapons.

## **TITLE II—DIVESTMENT FROM NORTH KOREA**

### **SEC. 201. AUTHORITY OF STATE AND LOCAL GOVERN- MENTS TO DIVEST FROM COMPANIES THAT INVEST IN NORTH KOREA.**

(a) SENSE OF CONGRESS.—It is the sense of Congress that the United States should support the decision of any State or local government, for moral, prudential, or reputational reasons, to divest from, or prohibit the investment of assets of the State or local government in, a person that engages in investment activities involving North Korean covered property if North Korea is subject to economic sanctions imposed by the United States or the United Nations Security Council.

(b) AUTHORITY TO DIVEST.—Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (c) to divest the assets of the State or local government from, or prohibit investment of the assets of the State or local government in, any person that the State or local government determines, using credible information available to the public, engages in investment activities involving North Korean covered property of a value of more than \$10,000.

1       ~~(c) REQUIREMENTS.—~~Any measure taken by a State  
 2 or local government under subsection (b) shall meet the  
 3 following requirements:

4           ~~(1) NOTICE.—~~The State or local government  
 5 shall provide written notice to each person with re-  
 6 spect to which a measure under this section is to be  
 7 applied.

8           ~~(2) TIMING.—~~The measure applied under this  
 9 section shall apply to a person not earlier than the  
 10 date that is 90 days after the date on which written  
 11 notice under paragraph (1) is provided to the per-  
 12 son.

13           ~~(3) OPPORTUNITY TO DEMONSTRATE COMPLI-~~  
 14 ~~ANCE.—~~

15           ~~(A) IN GENERAL.—~~The State or local gov-  
 16 ernment shall provide to each person with re-  
 17 spect to which a measure is to be applied under  
 18 this section an opportunity to demonstrate to  
 19 the State or local government that the person  
 20 does not engage in investment activities in  
 21 North Korean covered property.

22           ~~(B) NONAPPLICATION.—~~If a person with  
 23 respect to which a measure is to be applied  
 24 under this section demonstrates to the State or  
 25 local government under subparagraph (A) that

1           the person does not engage in investment activi-  
 2           ties in North Korean covered property, the  
 3           measure shall not apply to that person.

4           ~~(4) SENSE OF CONGRESS ON AVOIDING ERRO-~~  
 5           ~~NEOUS TARGETING.~~—It is the sense of Congress  
 6           that a State or local government should not adopt  
 7           a measure under subsection (b) with respect to a  
 8           person unless the State or local government has—

9                   ~~(A) made every effort to avoid erroneously~~  
 10           ~~targeting the person; and~~

11                   ~~(B) verified that the person engages in in-~~  
 12           ~~vestment activities in North Korean covered~~  
 13           ~~property.~~

14           ~~(d) NOTICE TO DEPARTMENT OF JUSTICE.~~—Not  
 15           later than 30 days after a State or local government ap-  
 16           plies a measure under this section, the State or local gov-  
 17           ernment shall notify the Attorney General of that meas-  
 18           ure.

19           ~~(e) AUTHORIZATION FOR PRIOR APPLIED MEAS-~~  
 20           ~~URES.~~—

21           ~~(1) IN GENERAL.~~—Notwithstanding any other  
 22           provision of this section or any other provision of  
 23           law, a State or local government may enforce a  
 24           measure (without regard to the requirements of sub-  
 25           section (c), except as provided in paragraph (2)) ap-

1       plied by the State or local government before the  
 2       date of the enactment of this Act that provides for  
 3       the divestment of assets of the State or local govern-  
 4       ment from, or prohibits the investment of the assets  
 5       of the State or local government in, any person that  
 6       the State or local government determines, using  
 7       credible information available to the public, engages  
 8       in investment activities in North Korean covered  
 9       property that are identified in that measure.

10       ~~(2)~~ APPLICATION OF NOTICE REQUIRE-  
 11       MENTS.—A measure described in paragraph (1)  
 12       shall be subject to the requirements of paragraphs  
 13       (1), (2), and ~~(3)~~(A) of subsection (c) on and after  
 14       the date that is two years after the date of the en-  
 15       actment of this Act.

16       ~~(f)~~ NO PREEMPTION.—A measure applied by a State  
 17       or local government authorized under subsection (b) or (c)  
 18       is not preempted by any Federal law.

19       ~~(g)~~ DEFINITIONS.—In this section:

20       ~~(1)~~ ASSET.—

21       ~~(A)~~ IN GENERAL.—Except as provided in  
 22       subparagraph (B), the term “asset” means  
 23       public monies, and includes any pension, retire-  
 24       ment, annuity, endowment fund, or similar in-

1           strument, that is controlled by a State or local  
2           government.

3           ~~(B) EXCEPTION.—~~The term “asset” does  
4           not include employee benefit plans covered by  
5           title I of the Employee Retirement Income Se-  
6           curity Act of 1974 (29 U.S.C. 1001 et seq.).

7           ~~(2) INVESTMENT.—~~The term “investment” in-  
8           cludes—

9                   ~~(A)~~ a commitment or contribution of funds  
10           or property;

11                   ~~(B)~~ a loan or other extension of credit; and

12                   ~~(C)~~ the entry into or renewal of a contract  
13           for goods or services.

14           ~~(h) EFFECTIVE DATE.—~~

15           ~~(1) IN GENERAL.—~~Except as provided in para-  
16           graph ~~(2)~~ and subsection ~~(e)~~, this section applies to  
17           measures applied by a State or local government be-  
18           fore, on, or after the date of the enactment of this  
19           Act.

20           ~~(2) NOTICE REQUIREMENTS.—~~Except as pro-  
21           vided in subsection ~~(h)~~, subsections ~~(e)~~ and ~~(d)~~ apply  
22           to measures applied by a State or local government  
23           on or after the date of the enactment of this Act.

1 **SEC. 202. SAFE HARBOR FOR CHANGES OF INVESTMENT**  
 2 **POLICIES BY ASSET MANAGERS.**

3 (a) ~~IN GENERAL.~~—Section 13(c)(1) of the Invest-  
 4 ment Company Act of 1940 (15 U.S.C. 80a-13(c)(1)) is  
 5 amended—

6 (1) in subparagraph (A) by striking “or” at the  
 7 end;

8 (2) in subparagraph (B) by striking the period  
 9 and inserting “; or”; and

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

11 “(C) engage in investment activities involv-  
 12 ing North Korean covered property, as defined  
 13 in section 3 of the Banking Restrictions Involv-  
 14 ing North Korea (BRINK) Act of 2017.”.

15 (b) ~~SECURITIES AND EXCHANGE COMMISSION REGU-~~  
 16 ~~LATIONS.~~—Not later than 120 days after the date of the  
 17 enactment of this Act, the Securities and Exchange Com-  
 18 mission shall issue any revisions the Securities and Ex-  
 19 change Commission determines to be necessary to the reg-  
 20 ulations requiring disclosure by each registered investment  
 21 company that divests itself of securities in accordance with  
 22 section 13(c) of the Investment Company Act of 1940 (15  
 23 U.S.C. 80a-13(c)), including in accordance with para-  
 24 graph (1)(C) of that section, as added by subsection  
 25 (a)(3).

1 **SEC. 203. SENSE OF CONGRESS REGARDING CERTAIN**  
 2 **ERISA PLAN INVESTMENTS.**

3 It is the sense of Congress that—

4 (1) a fiduciary of an employee benefit plan, as  
 5 defined in section ~~3(3)~~ of the Employee Retirement  
 6 Income Security Act of 1974 (~~29 U.S.C. 1002(3)~~),  
 7 may divest plan assets from, or avoid investing plan  
 8 assets in, any person the fiduciary determines en-  
 9 gages in investment activities involving North Ko-  
 10 rean covered property, if—

11 (A) the fiduciary makes that determination  
 12 using credible information that is available to  
 13 the public; and

14 (B) the fiduciary prudently determines  
 15 that the result of that divestment or avoidance  
 16 of investment would not be expected to provide  
 17 the employee benefit plan with—

18 (i) a lower rate of return than alter-  
 19 native investments with commensurate de-  
 20 grees of risk; or

21 (ii) a higher degree of risk than alter-  
 22 native investments with commensurate  
 23 rates of return; and

24 (2) by divesting assets or avoiding the invest-  
 25 ment of assets as described in paragraph (1), the fi-  
 26 duciary is not breaching the responsibilities, obliga-

1        tions, or duties imposed upon the fiduciary by sub-  
 2        paragraph (A) or (B) of section 404(a)(1) of the  
 3        Employee Retirement Income Security Act of 1974  
 4        ~~(29 U.S.C. 1104(a)(1))~~.

5        **SEC. 204. RULE OF CONSTRUCTION.**

6        Nothing in this Act or any other provision of law au-  
 7        thorizing sanctions with respect to North Korea shall be  
 8        construed to affect or displace—

9                ~~(1) the authority of a State or local government~~  
 10        ~~to issue and enforce rules governing the safety,~~  
 11        ~~soundness, and solvency of a financial institution~~  
 12        ~~subject to its jurisdiction; or~~

13                ~~(2) the regulation and taxation by the several~~  
 14        ~~States of the business of insurance, pursuant to the~~  
 15        ~~Act of March 9, 1945 (59 Stat. 34, chapter 20; 15~~  
 16        ~~U.S.C. 1011 et seq.) (commonly known as the~~  
 17        ~~“McCarran-Ferguson Act”).~~

18                        **TITLE III—GENERAL**  
 19                        **AUTHORITIES**

20        **SEC. 301. RULEMAKING.**

21        The President may prescribe such rules and regula-  
 22        tions as may be necessary to carry out this Act.

23        **SEC. 302. AUTHORITY TO CONSOLIDATE REPORTS.**

24        ~~(a) IN GENERAL.~~—Any and all reports required to  
 25        be submitted to the appropriate congressional committees

1 under this Act that are subject to a deadline for submis-  
 2 sion consisting of the same unit of time may be consoli-  
 3 dated into a single report that is submitted pursuant to  
 4 that deadline.

5 (b) CONTENTS.—Any reports consolidated under sub-  
 6 section (a) shall contain all information required under  
 7 this Act and any other elements that may be required by  
 8 existing law.

9 **SEC. 303. RULE OF CONSTRUCTION.**

10 Nothing in this Act shall be construed to limit the  
 11 authority or obligation of the President—

12 (1) to apply the sanctions described in section  
 13 104 of the North Korea Sanctions and Policy En-  
 14 hancement Act of 2016 (22 U.S.C. 9214) with re-  
 15 gard to persons that meet the criteria for designa-  
 16 tion under such section; or

17 (2) to exercise any other law enforcement au-  
 18 thorities available to the President.

19 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

20 (a) *SHORT TITLE.*—This Act may be cited as the “*Otto*  
 21 *Warmbier Banking Restrictions Involving North Korea Act*  
 22 *of 2017*”.

23 (b) *TABLE OF CONTENTS.*—The table of contents for  
 24 this Act is as follows:

*Sec. 1. Short title; table of contents.*

*TITLE I—SANCTIONS WITH RESPECT TO NORTH KOREA*

- Sec. 101. Findings.*  
*Sec. 102. Sense of Congress.*  
*Sec. 103. Definitions.*

*Subtitle A—Expansion of Sanctions and Related Matters*

- Sec. 111. Sanctions with respect to foreign financial institutions that provide financial services to certain sanctioned persons.*  
*Sec. 112. Codification of Executive orders relating to sanctions with respect to North Korea.*  
*Sec. 113. Expansion of mandatory designations under North Korea Sanctions and Policy Enhancement Act of 2016.*  
*Sec. 114. Extension of applicability period of proliferation prevention sanctions.*  
*Sec. 115. Sense of Congress on identification and blocking of property of North Korean officials.*  
*Sec. 116. Modification of report on implementation of United Nations Security Council resolutions by other governments.*  
*Sec. 117. Report on use by the Government of North Korea of beneficial ownership rules to access the international financial system.*  
*Sec. 118. North Korea strategy.*

*Subtitle B—Congressional Review and Oversight*

- Sec. 121. Notification of termination or suspension of sanctions.*  
*Sec. 122. Reports on certain licensing actions.*  
*Sec. 123. Briefings on implementation and enforcement of sanctions.*  
*Sec. 124. Report on financial networks and financial methods of the Government of North Korea.*  
*Sec. 125. Report on North Korean cyber capabilities and threats to United States economic and security interests.*  
*Sec. 126. Report on countries of concern with respect to transshipment, reexportation, or diversion of certain items to North Korea.*

*Subtitle C—General Matters*

- Sec. 131. Rulemaking.*  
*Sec. 132. Authority to consolidate reports.*  
*Sec. 133. Waivers, exemptions, and termination.*  
*Sec. 134. Procedures for review of classified information.*  
*Sec. 135. Briefing on resourcing of sanctions programs.*  
*Sec. 136. Briefing on proliferation financing.*

*TITLE II—DIVESTMENT FROM NORTH KOREA*

- Sec. 201. Authority of State and local governments to divest from companies that invest in North Korea.*  
*Sec. 202. Safe harbor for changes of investment policies by asset managers.*  
*Sec. 203. Sense of Congress regarding certain ERISA plan investments.*  
*Sec. 204. Rule of construction.*

*TITLE III—FINANCIAL INDUSTRY GUIDANCE TO HALT TRAFFICKING*

- Sec. 301. Short title.*  
*Sec. 302. Findings.*  
*Sec. 303. Sense of Congress.*

*Sec. 304. Coordination of human trafficking issues by the Office of Terrorism and Financial Intelligence.*

*Sec. 305. Strengthening the role of anti-money laundering and other financial tools in combating human trafficking.*

*Sec. 306. Sense of Congress on resources to combat human trafficking.*

**TITLE IV—DEFENSE PRODUCTION ACT MATTERS**

*Sec. 401. Limitation on cancellation of designation of Secretary of the Air Force as Department of Defense Executive Agent for a certain Defense Production Act program.*

**1           **TITLE I—SANCTIONS WITH****  
**2           **RESPECT TO NORTH KOREA****

**3   **SEC. 101. FINDINGS.****

**4           *Congress finds the following:***

**5                   *(1) Since 2006, the United Nations Security***  
**6                   *Council has approved 9 resolutions imposing sanc-***  
**7                   *tions against North Korea under chapter VII of the***  
**8                   *United Nations Charter, which—***

**9                           *(A) prohibit the use, development, and pro-***  
**10                           *liferation of weapons of mass destruction by the***  
**11                           *Government of North Korea;***

**12                           *(B) prohibit the transfer of arms and re-***  
**13                           *lated materiel to or by the Government of North***  
**14                           *Korea;***

**15                           *(C) prohibit the transfer of luxury goods to***  
**16                           *North Korea;***

**17                           *(D) restrict access by the Government of***  
**18                           *North Korea to the financial system and require***  
**19                           *due diligence on the part of financial institu-***

1           *tions to prevent the financing of proliferation in-*  
2           *volving the Government of North Korea;*

3                 *(E) restrict North Korean shipping, includ-*  
4           *ing the reflagging of ships owned or controlled by*  
5           *the Government of North Korea;*

6                 *(F) limit the sale by the Government of*  
7           *North Korea of precious metals, iron, coal, vana-*  
8           *dium, and rare earth minerals;*

9                 *(G) prohibit the transfer to North Korea of*  
10          *rocket, aviation, or jet fuel;*

11                *(H) prohibit new work authorization for*  
12          *North Korean labors;*

13                *(I) prohibit exports of North Korean sea-*  
14          *food;*

15                *(J) prohibit joint ventures or cooperative*  
16          *commercial entities or expanding joint ventures*  
17          *with North Korea;*

18                *(K) prohibit exports of North Korean tex-*  
19          *tiles; and*

20                *(L) call on member countries of the United*  
21          *Nations to interdict and inspect vessels suspected*  
22          *of containing prohibited North Korean cargo.*

23                *(2) The Government of North Korea has threat-*  
24          *ened to carry out nuclear attacks against the United*  
25          *States, South Korea, and Japan.*

1           (3) *The Federal Bureau of Investigation has de-*  
2           *termined that the Government of North Korea was re-*  
3           *sponsible for cyberattacks against entities in the*  
4           *United States and South Korea.*

5           (4) *In May 2017, the Director of National Intel-*  
6           *ligence found that “North Korea has also expanded*  
7           *the size and sophistication of its ballistic missile*  
8           *forces—from close-range ballistic missiles (CRBMs) to*  
9           *ICBMs—and continues to conduct test launches. In*  
10          *2016, North Korea conducted an unprecedented num-*  
11          *ber of ballistic missile tests. Pyongyang is committed*  
12          *to developing a long-range, nuclear-armed missile*  
13          *that is capable of posing a direct threat to the United*  
14          *States; it has publicly displayed its road-mobile*  
15          *ICBMs on multiple occasions. We assess that North*  
16          *Korea has taken steps toward fielding an ICBM but*  
17          *has not flight-tested it.”.*

18          (5) *The Government of North Korea tested its*  
19          *sixth and largest nuclear device on September 3,*  
20          *2017.*

21          (6) *The Government of North Korea has in-*  
22          *creased the pace of its missile testing, including the*  
23          *test of a submarine-launched ballistic missile, poten-*  
24          *tially furthering the development of the capability to*  
25          *attack the United States with a nuclear weapon.*

1           (7) *Financial transactions and investments that*  
2           *provide financial resources to the Government of*  
3           *North Korea, and that fail to incorporate adequate*  
4           *safeguards against the misuse of those financial re-*  
5           *sources, pose an undue risk of contributing to—*

6                     *(A) weapons of mass destruction programs*  
7                     *of that Government; and*

8                     *(B) efforts to evade restrictions required by*  
9                     *the United Nations Security Council on imports*  
10                    *or exports of arms and related materiel, services,*  
11                    *or technology by that Government.*

12           (8) *The strict enforcement of sanctions is essen-*  
13           *tial to the efforts of the international community to*  
14           *achieve the peaceful, complete, verifiable, and irrevers-*  
15           *ible dismantlement of weapons of mass destruction*  
16           *programs of the Government of North Korea.*

17 **SEC. 102. SENSE OF CONGRESS.**

18           *It is the sense of Congress that—*

19                     *(1) the United States is committed to working*  
20                     *with its allies and partners to halt the nuclear and*  
21                     *ballistic missile programs of North Korea through a*  
22                     *policy of maximum pressure and diplomatic engage-*  
23                     *ment;*

24                     *(2) the imposition of sanctions, including those*  
25                     *under this Act, should not be construed to limit the*

1        *authority of the President to fully engage in diplo-*  
 2        *matic negotiations to further the policy objective de-*  
 3        *scribed in paragraph (1);*

4            *(3) the successful use of sanctions to halt the nu-*  
 5        *clear and ballistic missile programs of North Korea is*  
 6        *part of a broader diplomatic and economic strategy*  
 7        *that relies on effective coordination among relevant*  
 8        *Federal agencies and officials, as well as with inter-*  
 9        *national partners of the United States; and*

10           *(4) the coordination described in paragraph (3)*  
 11        *should include proper vetting of external messaging*  
 12        *and communications from all parts of the Executive*  
 13        *branch to ensure that those communications are an*  
 14        *intentional component of and aligned with the strat-*  
 15        *egy of the United States with respect to North Korea.*

16    **SEC. 103. DEFINITIONS.**

17        *(a) IN GENERAL.—In this title, the terms “applicable*  
 18        *Executive order”, “applicable United Nations Security*  
 19        *Council resolution”, “appropriate congressional commit-*  
 20        *tees”, “Government of North Korea”, “North Korea”, and*  
 21        *“North Korean financial institution” have the meanings*  
 22        *given those terms in section 3 of the North Korea Sanctions*  
 23        *and Policy Enhancement Act of 2016 (22 U.S.C. 9202), as*  
 24        *amended by subsection (b).*

1       (b) *AMENDMENTS TO DEFINITIONS IN NORTH KOREA*  
2 *SANCTIONS AND POLICY ENHANCEMENT ACT OF 2016.*—  
3 *Section 3 of the North Korea Sanctions and Policy En-*  
4 *hancement Act of 2016 (22 U.S.C. 9202) is amended—*

5           (1) *in paragraph (1)(A), in the matter preceding*  
6 *clause (i), by striking “Executive Order No. 13694”*  
7 *and all that follows through “to the extent that” and*  
8 *inserting the following: “Executive Order 13694 (50*  
9 *U.S.C. 1701 note; relating to blocking the property of*  
10 *certain persons engaging in significant malicious*  
11 *cyber-enabled activities), Executive Order 13722 (50*  
12 *U.S.C. 1701 note; relating to blocking the property of*  
13 *the Government of North Korea and the Workers’*  
14 *Party of Korea, and prohibiting certain transactions*  
15 *with respect to North Korea), or Executive Order*  
16 *13810 (82 Fed. Reg. 44705; relating to imposing ad-*  
17 *ditional sanctions with respect to North Korea), to the*  
18 *extent that”; and*

19           (2) *in paragraph (2)(A), by striking “or 2321*  
20 *(2016)” and inserting “2321 (2016), 2356 (2017),*  
21 *2371 (2017), or 2375 (2017)”.*

1 ***Subtitle A—Expansion of Sanctions***  
 2 ***and Related Matters***

3 ***SEC. 111. SANCTIONS WITH RESPECT TO FOREIGN FINAN-***  
 4 ***CIAL INSTITUTIONS THAT PROVIDE FINAN-***  
 5 ***CIAL SERVICES TO CERTAIN SANCTIONED***  
 6 ***PERSONS.***

7 *(a) IN GENERAL.—Title II of the North Korea Sanc-*  
 8 *tions and Policy Enhancement Act of 2016 (22 U.S.C. 9221*  
 9 *et seq.) is amended by inserting after the item relating to*  
 10 *section 201A the following:*

11 ***“SEC. 201B. SANCTIONS WITH RESPECT TO FOREIGN FINAN-***  
 12 ***CIAL INSTITUTIONS THAT PROVIDE FINAN-***  
 13 ***CIAL SERVICES TO CERTAIN SANCTIONED***  
 14 ***PERSONS.***

15 *“(a) IN GENERAL.—The Secretary of the Treasury*  
 16 *shall impose one or more of the sanctions described in sub-*  
 17 *section (b) with respect to a foreign financial institution*  
 18 *that the Secretary determines, on or after the date that is*  
 19 *90 days after the date of the enactment of the Otto*  
 20 *Warmbier Banking Restrictions Involving North Korea Act*  
 21 *of 2017, knowingly provides significant financial services*  
 22 *to any person designated for the imposition of sanctions*  
 23 *under—*

24 *“(1) subsection (a) or (b) of section 104;*

25 *“(2) an applicable Executive order; or*

1           “(3) *an applicable United Nations Security*  
2       *Council resolution.*

3           “(b) *SANCTIONS DESCRIBED.—The sanctions that may*  
4       *be imposed with respect to a foreign financial institution*  
5       *subject to subsection (a) are the following:*

6           “(1) *ASSET BLOCKING.—The Secretary may*  
7       *block and prohibit, pursuant to the International*  
8       *Emergency Economic Powers Act (50 U.S.C. 1701 et*  
9       *seq.), all transactions in all property and interests in*  
10       *property of the foreign financial institution if such*  
11       *property and interests in property are in the United*  
12       *States, come within the United States, or are or come*  
13       *within the possession or control of a United States*  
14       *person.*

15           “(2) *RESTRICTIONS ON CORRESPONDENT AND*  
16       *PAYABLE-THROUGH ACCOUNTS.—The Secretary may*  
17       *prohibit, or impose strict conditions on, the opening*  
18       *or maintaining in the United States of a cor-*  
19       *respondent account or a payable-through account by*  
20       *the foreign financial institution.*

21           “(c) *IMPLEMENTATION; PENALTIES.—*

22           “(1) *IMPLEMENTATION.—The President may ex-*  
23       *ercise all authorities provided under sections 203 and*  
24       *205 of the International Emergency Economic Powers*

1     *Act (50 U.S.C. 1702 and 1704) to carry out this sec-*  
 2     *tion.*

3             “(2) *PENALTIES.*—*A person that violates, at-*  
 4     *tempts to violate, conspires to violate, or causes a vio-*  
 5     *lation of this section or any regulation, license, or*  
 6     *order issued to carry out this section shall be subject*  
 7     *to the penalties set forth in subsections (b) and (c) of*  
 8     *section 206 of the International Emergency Economic*  
 9     *Powers Act (50 U.S.C. 1705) to the same extent as a*  
 10    *person that commits an unlawful act described in*  
 11    *subsection (a) of that section.*

12            “(d) *REGULATIONS.*—*Not later than 120 days after the*  
 13    *date of the enactment of the Otto Warmbier Banking Re-*  
 14    *strictions Involving North Korea Act of 2017, the President*  
 15    *shall, as appropriate, prescribe regulations to carry out this*  
 16    *section.*

17            “(e) *DEFINITIONS.*—*In this section:*

18               “(1) *ACCOUNT; CORRESPONDENT ACCOUNT; PAY-*  
 19    *ABLE-THROUGH ACCOUNT.*—*The terms ‘account’, ‘cor-*  
 20    *respondent account’, and ‘payable-through account’*  
 21    *have the meanings given those terms in section 5318A*  
 22    *of title 31, United States Code.*

23               “(2) *FINANCIAL INSTITUTION.*—*The term ‘finan-*  
 24    *cial institution’ means a financial institution speci-*  
 25    *fied in subparagraph (A), (B), (C), (D), (E), (F), (G),*

1        *(H), (I), (J), (M), or (Y) of section 5312(a)(2) of title*  
 2        *31, United States Code.*

3            “(3) *FOREIGN FINANCIAL INSTITUTION.*—*The*  
 4        *term ‘foreign financial institution’ shall have the*  
 5        *meaning of that term as determined by the Secretary*  
 6        *of the Treasury.*

7            “(4) *KNOWINGLY.*—*The term ‘knowingly’, with*  
 8        *respect to conduct, a circumstance, or a result, means*  
 9        *that a person has actual knowledge, or should have*  
 10       *known, of the conduct, the circumstance, or the re-*  
 11       *sult.’.*”

12        (b) *CLERICAL AMENDMENT.*—*The table of contents for*  
 13        *the North Korea Sanctions and Policy Enhancement Act*  
 14        *of 2016 is amended by inserting after the item relating to*  
 15        *section 201A the following:*

*“201B. Sanctions with respect to foreign financial institutions that provide finan-*  
*cial services to certain sanctioned persons.”.*

16        **SEC. 112. CODIFICATION OF EXECUTIVE ORDERS RELATING**  
 17                                **TO SANCTIONS WITH RESPECT TO NORTH**  
 18                                **KOREA.**

19        (a) *IN GENERAL.*—*Section 210 of the North Korea*  
 20        *Sanctions and Policy Enhancement Act of 2016 (22 U.S.C.*  
 21        *9230) is amended—*

22            (1) *by striking “United States sanctions” and*  
 23        *all that follows through “the date of the enactment of*  
 24        *this Act” and inserting “United States sanctions pro-*

1        *vided for in Executive Order 13687 (50 U.S.C. 1701*  
 2        *note; relating to imposing additional sanctions with*  
 3        *respect to North Korea), Executive Order 13694 (50*  
 4        *U.S.C. 1701 note; relating to blocking the property of*  
 5        *certain persons engaging in significant malicious*  
 6        *cyber-enabled activities), Executive Order 13722 (50*  
 7        *U.S.C. 1701 note; relating to blocking the property of*  
 8        *the Government of North Korea and the Workers’*  
 9        *Party of Korea, and prohibiting certain transactions*  
 10       *with respect to North Korea), or Executive Order*  
 11       *13810 (82 Fed. Reg. 44705; relating to imposing ad-*  
 12       *ditional sanctions with respect to North Korea), as*  
 13       *such Executive Orders are in effect on the day before*  
 14       *the date of the enactment of the Otto Warmbier Bank-*  
 15       *ing Restrictions Involving North Korea Act of 2017”;*  
 16              (2) by striking “the Government of North Korea,  
 17       *persons acting for or on behalf of that Government,*  
 18       *and persons owned or controlled, directly or indi-*  
 19       *rectly, by that Government or persons acting for or*  
 20       *on behalf of that Government,” and inserting “per-*  
 21       *sons subject to such sanctions”;* and  
 22              (3) by striking “and 2094 (2013)” and inserting  
 23       *“2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017),*  
 24       *2371 (2017), and 2375 (2017)”.*

1       (b) *CONFORMING AMENDMENT.*—Section 210 of the  
 2 *North Korea Sanctions and Policy Enhancement Act of*  
 3 *2016 (22 U.S.C. 9230) is amended in the section heading*  
 4 *by striking “**SANCTIONS WITH RESPECT TO NORTH***  
 5 ***KOREAN ACTIVITIES UNDERMINING CYBERSECU-***  
 6 ***RITY” and inserting “**EXECUTIVE ORDERS RELATING*****  
 7 ***TO SANCTIONS WITH RESPECT TO NORTH KOREA”.***

8       (c) *CLERICAL AMENDMENT.*—The table of contents for  
 9 the *North Korea Sanctions and Policy Enhancement Act*  
 10 *of 2016 is amended by striking the item relating to section*  
 11 *210 and inserting the following:*

*“Sec. 210. Codification of Executive orders relating to sanctions with respect to  
 North Korea.”.*

12 **SEC. 113. EXPANSION OF MANDATORY DESIGNATIONS**  
 13 **UNDER NORTH KOREA SANCTIONS AND POL-**  
 14 **ICY ENHANCEMENT ACT OF 2016.**

15       (a) *IN GENERAL.*—Section 104(a) of the *North Korea*  
 16 *Sanctions and Policy Enhancement Act of 2016 (22 U.S.C.*  
 17 *9214(a)) is amended—*

18               (1) *in paragraph (14), by striking “or” at the*  
 19 *end;*

20               (2) *by redesignating paragraph (15) as para-*  
 21 *graph (23);*

22               (3) *by inserting after paragraph (14) the fol-*  
 23 *lowing:*

1           “(15) knowingly, directly or indirectly, pur-  
2           chased or otherwise acquired from the Government of  
3           North Korea significant quantities of coal, iron, or  
4           iron ore;

5           “(16) knowingly, directly or indirectly, provided  
6           to the Government of North Korea coal, iron, or iron  
7           ore;

8           “(17) knowingly, directly or indirectly, pur-  
9           chased or otherwise acquired textiles from the Govern-  
10          ment of North Korea;

11          “(18) knowingly facilitated a significant transfer  
12          of funds or property of the Government of North  
13          Korea that materially contributes to any violation of  
14          an applicable United Nations Security Council reso-  
15          lution;

16          “(19) knowingly, directly or indirectly, pur-  
17          chased or otherwise acquired significant types or  
18          amounts of seafood from North Korea;

19          “(20) knowingly, directly or indirectly, engaged  
20          in, facilitated, or was responsible for the exportation  
21          of workers from North Korea in a manner intended  
22          to generate significant revenue, directly or indirectly,  
23          for use by the Government of North Korea or by the  
24          Workers’ Party of Korea;

1           “(21) knowingly, directly or indirectly, sells or  
2           transfers vessels to North Korea, except as specifically  
3           approved by the United Nations Security Council;

4           “(22) knowingly contributed to—

5                   “(A) the bribery of an official of the Govern-  
6                   ment of North Korea or any person acting for or  
7                   on behalf of that official;

8                   “(B) the misappropriation, theft, or embez-  
9                   zlement of public funds by, or for the benefit of,  
10                  an official of the Government of North Korea or  
11                  any person acting for or on behalf of that offi-  
12                  cial; or

13                  “(C) the use of any proceeds of any activity  
14                  described in subparagraph (A) or (B); or”; and

15           (4) in paragraph (23), as redesignated by para-  
16           graph (2), by striking “through (14)” and inserting  
17           “through (22)”.

18           (b) *CONFORMING AMENDMENTS.*—*The North Korea*  
19           *Sanctions and Policy Enhancement Act of 2016 is amend-*  
20           *ed—*

21                   (1) in section 104(b)(1) (22 U.S.C. 9214(b)(1))—

22                           (A) by striking subparagraphs (B), (D),  
23                           (E), (F), and (L); and

24                           (B) by redesignating subparagraphs (C),  
25                           (G), (H), (I), (J), (K), (M), and (N) as subpara-

1           *graphs (B), (C), (D), (E), (F), (G), (H), and (I),*  
 2           *respectively; and*

3           *(2) in section 302(b)(3) (22 U.S.C. 9241(b)(3)),*  
 4           *by striking “section 104(b)(1)(M)” and inserting “sec-*  
 5           *tion 104(a)(20)”.*

6 **SEC. 114. EXTENSION OF APPLICABILITY PERIOD OF PRO-**  
 7 **LIFERATION PREVENTION SANCTIONS.**

8           *Section 203(b)(2) of the North Korea Sanctions and*  
 9           *Policy Enhancement Act of 2016 (22 U.S.C. 9223(b)(2)) is*  
 10          *amended by striking “2 years” and inserting “5 years”.*

11 **SEC. 115. SENSE OF CONGRESS ON IDENTIFICATION AND**  
 12 **BLOCKING OF PROPERTY OF NORTH KOREAN**  
 13 **OFFICIALS.**

14          *It is the sense of Congress that the President should—*

15           *(1) encourage international collaboration*  
 16           *through the Financial Action Task Force and its net-*  
 17           *work of Financial Action Task Force-style regional*  
 18           *bodies to apply best practices in disrupting money*  
 19           *laundering related to kleptocracy and corruption, es-*  
 20           *pecially as it relates to North Korea; and*

21           *(2) prioritize multilateral efforts to identify and*  
 22           *block—*

23           *(A) any property owned or controlled by a*  
 24           *North Korean official; and*

1                   (B) any significant proceeds of kleptocracy  
 2                   by the Government of North Korea or a North  
 3                   Korean official.

4 **SEC. 116. MODIFICATION OF REPORT ON IMPLEMENTATION**  
 5                   **OF UNITED NATIONS SECURITY COUNCIL**  
 6                   **RESOLUTIONS BY OTHER GOVERNMENTS.**

7           Section 317 of the Korean Interdiction and Moderniza-  
 8           tion of Sanctions Act (title III of Public Law 115–44) is  
 9           amended—

10                   (1) in subsection (a)—

11                           (A) in paragraph (3), by striking “; or”  
 12                           and inserting a semicolon;

13                           (B) by redesignating paragraph (4) as  
 14                           paragraph (8); and

15                           (C) by inserting after paragraph (3) the fol-  
 16                           lowing:

17                           “(4) prohibit, in the territories of such countries  
 18                           or by persons subject to the jurisdiction of such gov-  
 19                           ernments, the opening of new joint ventures or cooper-  
 20                           ative entities with North Korean persons or the ex-  
 21                           pansion of existing joint ventures through additional  
 22                           investments, whether or not for or on behalf of the  
 23                           Government of North Korea, unless such joint ven-  
 24                           tures or cooperative entities have been approved by  
 25                           the Committee of the United Nations Security Council

1       *established by United Nations Security Council Reso-*  
 2       *lution 1718 (2006);*

3               “(5) *prohibit the unauthorized clearing of funds*  
 4       *by North Korean financial institutions through finan-*  
 5       *cial institutions subject to the jurisdiction of such*  
 6       *governments;*

7               “(6) *prohibit the unauthorized conduct of com-*  
 8       *mercial trade with North Korea that is prohibited*  
 9       *under applicable United Nations Security Council*  
 10       *resolutions;*

11               “(7) *prevent the provision of financial services to*  
 12       *North Korean persons or the transfer of financial*  
 13       *services to North Korean persons to, through, or from*  
 14       *the territories of such countries or by persons subject*  
 15       *to the jurisdiction of such governments; or”;* and

16               (2) *by amending subsection (c) to read as fol-*  
 17       *lows:*

18               “(c) *DEFINITIONS.—In this section:*

19               “(1) *APPROPRIATE CONGRESSIONAL COMMITTEES*  
 20       *AND LEADERSHIP.—The term ‘appropriate congres-*  
 21       *sional committees and leadership’ means—*

22               “(A) *the Committee on Foreign Relations,*  
 23       *the Committee on Banking, Housing, and Urban*  
 24       *Affairs, and the majority and minority leaders*  
 25       *of the Senate; and*

1           “(B) *the Committee on Foreign Affairs, the*  
 2           *Committee on Financial Services, the Committee*  
 3           *on Ways and Means, and the Speaker, the ma-*  
 4           *jority leader, and the minority leader of the*  
 5           *House of Representatives.*

6           “(2) *APPLICABLE UNITED NATIONS SECURITY*  
 7           *COUNCIL RESOLUTION; NORTH KOREAN FINANCIAL IN-*  
 8           *STITUTION; NORTH KOREAN PERSON.—The terms ‘ap-*  
 9           *plicable United Nations Security Council resolution’,*  
 10          *‘North Korean financial institution’, and ‘North Ko-*  
 11          *rean person’ have the meanings given those terms in*  
 12          *section 3 of the North Korea Sanctions and Policy*  
 13          *Enhancement Act of 2016 (22 U.S.C. 9202).”.*

14 **SEC. 117. REPORT ON USE BY THE GOVERNMENT OF NORTH**  
 15               **KOREA OF BENEFICIAL OWNERSHIP RULES**  
 16               **TO ACCESS THE INTERNATIONAL FINANCIAL**  
 17               **SYSTEM.**

18          (a) *IN GENERAL.—Not later than 180 days after the*  
 19          *date of the enactment of this Act, the Secretary of the Treas-*  
 20          *ury shall submit to the appropriate congressional commit-*  
 21          *tees a report setting forth the findings of the Secretary re-*  
 22          *garding how the Government of North Korea is exploiting*  
 23          *laws regarding beneficial ownership of property to access*  
 24          *the international financial system.*

1       (b) *ELEMENTS.*—*The Secretary shall include in the re-*  
 2 *port required under subsection (a) proposals for such legis-*  
 3 *lative and administrative action as the Secretary considers*  
 4 *appropriate to combat the abuse by the Government of*  
 5 *North Korea of shell companies and other similar entities*  
 6 *to avoid or evade sanctions.*

7       (c) *FORM.*—*The report required by subsection (a) shall*  
 8 *be submitted in unclassified form but may include a classi-*  
 9 *fied annex.*

10 **SEC. 118. NORTH KOREA STRATEGY.**

11       (a) *REPORT ON STRATEGY REQUIRED.*—*Not later*  
 12 *than 90 days after the date of the enactment of this Act,*  
 13 *the President shall submit to the appropriate congressional*  
 14 *committees a report that sets forth a strategy of the United*  
 15 *States with respect to North Korea.*

16       (b) *ELEMENTS.*—*The report required by subsection (a)*  
 17 *shall include the following elements:*

18               (1) *The desired end state in North Korea and*  
 19 *current United States objectives relative to security,*  
 20 *economic, and illicit finance threats emanating from*  
 21 *North Korea.*

22               (2) *A detailed strategy to accomplish the end*  
 23 *state described in paragraph (1).*

24               (3) *A description of existing unilateral and mul-*  
 25 *tilateral levers the United States has to exert coercive*

1        *pressure on North Korea, together with an assessment*  
 2        *of the degree to which those levers have been utilized*  
 3        *thus far, the degree to which those actions have im-*  
 4        *posed costs on North Korea, remaining options for in-*  
 5        *creasing those costs, and parameters the President*  
 6        *will use to determine when and to what degree in-*  
 7        *creasing those costs is necessary.*

8            *(4) An identification of the resources and au-*  
 9            *thorities necessary to carry out the strategy described*  
 10          *in paragraph (2).*

11          *(5) An identification of any capacity and re-*  
 12          *source gaps that would affect the execution of the*  
 13          *strategy described in paragraph (2) and a mitigation*  
 14          *plan to address such gaps.*

15          *(6) A description of the economic, political, and*  
 16          *trade relationships between the People's Republic of*  
 17          *China and North Korea and the Russian Federation*  
 18          *and North Korea, including trends in those relation-*  
 19          *ships and their impact on the Government of North*  
 20          *Korea.*

21          *(7) A description of the significant economic, po-*  
 22          *litical, and trade relationships between North Korea*  
 23          *and countries other than the People's Republic of*  
 24          *China or the Russian Federation, and an identifica-*

1        *tion of countries that may be undermining United*  
 2        *States objectives identified in paragraph (1).*

3            *(8) A description of the channels North Korea is*  
 4        *using to access the United States and international*  
 5        *financial systems and the degree to which those chan-*  
 6        *nels have been targeted by United States and multi-*  
 7        *lateral sanctions thus far.*

8            *(9) An assessment of current and desired partner*  
 9        *nation contributions to countering threats from North*  
 10       *Korea and a plan to enhance economic and political*  
 11       *cooperation with nations that have shared security*  
 12       *interests.*

13        *(c) FORM.—The report required by subsection (a) shall*  
 14       *be submitted in unclassified form but may include a classi-*  
 15       *fied annex.*

16        *(d) UPDATES REQUIRED.—The President shall pro-*  
 17       *vide Congress with regular updates on the implementation*  
 18       *of the strategy required pursuant to subsection (a) in un-*  
 19       *classified form.*

## 20        ***Subtitle B—Congressional Review*** 21                                ***and Oversight***

### 22        ***SEC. 121. NOTIFICATION OF TERMINATION OR SUSPENSION*** 23                                ***OF SANCTIONS.***

24        *Not less than 15 days before taking any action to ter-*  
 25       *minate or suspend the application of sanctions under this*

1 *title or an amendment made by this title, the President*  
 2 *shall notify the appropriate congressional committees of the*  
 3 *President’s intent to take the action and the reasons for the*  
 4 *action.*

5 **SEC. 122. REPORTS ON CERTAIN LICENSING ACTIONS.**

6 *(a) IN GENERAL.—Not later than 180 days after the*  
 7 *date of the enactment of this Act, and every 180 days there-*  
 8 *after, the President shall submit to the appropriate congres-*  
 9 *sional committees a report on the operation of the system*  
 10 *for issuing licenses for transactions under covered regu-*  
 11 *latory provisions during the preceding 180-day period that*  
 12 *includes—*

13 *(1) the number and types of such licenses applied*  
 14 *for during that period;*

15 *(2) the number and types of such licenses issued*  
 16 *during that period; and*

17 *(3) a summary of all general and specific li-*  
 18 *censes issued with respect to North Korea.*

19 *(b) COVERED REGULATORY PROVISION DEFINED.—In*  
 20 *this section, the term “covered regulatory provision” means*  
 21 *any of the following provisions, as in effect on the day before*  
 22 *the date of the enactment of this Act and as such provisions*  
 23 *relate to North Korea:*

24 *(1) Part 743, 744, or 746 of title 15, Code of*  
 25 *Federal Regulations.*

1           (2) *Part 510 of title 31, Code of Federal Regula-*  
 2       *tions.*

3           (3) *Any other provision of title 31, Code of Fed-*  
 4       *eral Regulations.*

5       (c) *FORM.—Each report required by subsection (a)*  
 6       *shall be submitted in unclassified form but may include a*  
 7       *classified annex.*

8       **SEC. 123. BRIEFINGS ON IMPLEMENTATION AND ENFORCE-**  
 9                               **MENT OF SANCTIONS.**

10       *Not later than 90 days after the date of the enactment*  
 11       *of this Act, and regularly thereafter, the Secretary of the*  
 12       *Treasury shall provide to the appropriate congressional*  
 13       *committees a briefing on efforts relating to the implementa-*  
 14       *tion and enforcement of United States sanctions with re-*  
 15       *spect to North Korea, including appropriate updates on the*  
 16       *efforts of the Department of the Treasury to address compli-*  
 17       *ance with such sanctions by foreign financial institutions.*

18       **SEC. 124. REPORT ON FINANCIAL NETWORKS AND FINAN-**  
 19                               **CIAL METHODS OF THE GOVERNMENT OF**  
 20                               **NORTH KOREA.**

21       (a) *REPORT REQUIRED.—*

22           (1) *IN GENERAL.—Not later than 180 days after*  
 23       *the date of the enactment of this Act, and annually*  
 24       *thereafter through 2021, the President shall submit to*  
 25       *the appropriate congressional committees a report on*

1       *sources of external support for the Government of*  
2       *North Korea that includes—*

3               *(A) a description of the methods used by the*  
4       *Government of North Korea to deal in, transact*  
5       *in, or conceal the ownership, control, or origin of*  
6       *goods and services exported by North Korea;*

7               *(B) an assessment of the relationship be-*  
8       *tween the proliferation of weapons of mass de-*  
9       *struction by the Government of North Korea and*  
10       *the financial industry or financial institutions;*

11              *(C) an assessment of the relationship be-*  
12       *tween the acquisition by the Government of*  
13       *North Korea of military expertise, equipment,*  
14       *and technology and the financial industry or fi-*  
15       *nancial institutions;*

16              *(D) a description of the export by any per-*  
17       *son to the United States of goods, services, or*  
18       *technology that are made with significant*  
19       *amounts of North Korean labor, material, or*  
20       *goods, including minerals, manufacturing, sea-*  
21       *food, overseas labor, or other exports from North*  
22       *Korea;*

23              *(E) an assessment of the involvement of any*  
24       *person in human trafficking involving citizens*  
25       *or nationals of North Korea;*

1           (F) a description of how the President plans  
2           to address the flow of funds generated by activi-  
3           ties described in subparagraphs (A) through (E),  
4           including through the use of sanctions or other  
5           means;

6           (G) an assessment of the extent to which the  
7           Government of North Korea engages in criminal  
8           activities, including money laundering, to sup-  
9           port that Government;

10          (H) information relating to the identifica-  
11          tion, blocking, and release of property described  
12          in section 201B(b)(1) of the North Korea Sanc-  
13          tions and Policy Enhancement Act of 2016, as  
14          added by section 111;

15          (I) a description of the metrics used to  
16          measure the effectiveness of law enforcement and  
17          diplomatic initiatives of Federal, State, and for-  
18          eign governments to comply with the provisions  
19          of applicable United Nations Security Council  
20          resolutions; and

21          (J) an assessment of the effectiveness of pro-  
22          grams within the financial industry to ensure  
23          compliance with United States sanctions, appli-  
24          cable United Nations Security Council resolu-  
25          tions, and applicable Executive orders.

1           (2) *FORM.*—Each report required by paragraph  
 2           (1) shall be submitted in unclassified form but may  
 3           include a classified annex.

4           (b) *INTERAGENCY COORDINATION.*—The President  
 5 shall ensure that any information collected pursuant to sub-  
 6 section (a) is shared among the Federal departments and  
 7 agencies involved in investigations described in section  
 8 102(b) of the North Korea Sanctions and Policy Enhance-  
 9 ment Act of 2016 (22 U.S.C. 9212(b)).

10 **SEC. 125. REPORT ON NORTH KOREAN CYBER CAPABILITIES**  
 11 **AND THREATS TO UNITED STATES ECONOMIC**  
 12 **AND SECURITY INTERESTS.**

13           Section 209(a)(2) of the North Korea Sanctions and  
 14 Policy Enhancement Act of 2016 (22 U.S.C. 9229(a)(2)) is  
 15 amended—

16           (1) in subparagraph (C), by striking “; and”  
 17           and inserting a semicolon;

18           (2) by redesignating subparagraph (D) as sub-  
 19           paragraph (E); and

20           (3) by inserting after subparagraph (C) the fol-  
 21           lowing:

22                   “(D) an analysis of the cyber capabilities of  
 23                   the Government of North Korea, the threat posed  
 24                   by such capabilities, and the capacity of the  
 25                   Government of North Korea to potentially under-

1           *mine United States economic and security inter-*  
2           *ests, including the United States financial sys-*  
3           *tem; and”.*

4   **SEC. 126. REPORT ON COUNTRIES OF CONCERN WITH RE-**  
5           **SPECT TO TRANSSHIPMENT, REEXPOR-**  
6           **TATION, OR DIVERSION OF CERTAIN ITEMS**  
7           **TO NORTH KOREA.**

8           *(a) IN GENERAL.—Not later than 180 days after the*  
9           *date of the enactment of this Act, and annually thereafter*  
10          *through 2021, the Director of National Intelligence shall*  
11          *submit to the President, the Secretary of Defense, the Sec-*  
12          *retary of Commerce, the Secretary of State, the Secretary*  
13          *of the Treasury, and the appropriate congressional commit-*  
14          *tees a report that identifies all countries that the Director*  
15          *determines are of concern with respect to transshipment, re-*  
16          *exportation, or diversion of items subject to the provisions*  
17          *of the Export Administration Regulations under subchapter*  
18          *C of chapter VII of title 15, Code of Federal Regulations,*  
19          *to an entity owned or controlled by the Government of*  
20          *North Korea.*

21          *(b) FORM.—Each report required by subsection (a)*  
22          *shall be submitted in unclassified form but may include a*  
23          *classified annex.*

## 1           ***Subtitle C—General Matters***

### 2   ***SEC. 131. RULEMAKING.***

3           *The President shall prescribe such rules and regula-*  
 4   *tions as may be necessary to carry out this title and amend-*  
 5   *ments made by this title.*

### 6   ***SEC. 132. AUTHORITY TO CONSOLIDATE REPORTS.***

7           *(a) IN GENERAL.—Any and all reports required to be*  
 8   *submitted to the appropriate congressional committees*  
 9   *under this title or an amendment made by this title that*  
 10   *are subject to a deadline for submission consisting of the*  
 11   *same unit of time may be consolidated into a single report*  
 12   *that is submitted pursuant to that deadline.*

13          *(b) CONTENTS.—Any reports consolidated under sub-*  
 14   *section (a) shall contain all information required under this*  
 15   *title or an amendment made by this title and any other*  
 16   *elements that may be required by existing law.*

### 17   ***SEC. 133. WAIVERS, EXEMPTIONS, AND TERMINATION.***

18          *(a) APPLICATION AND MODIFICATION OF EXEMPTIONS*  
 19   *AND WAIVERS FROM NORTH KOREA SANCTIONS AND POL-*  
 20   *ICY ENHANCEMENT ACT OF 2016.—Section 208 of the North*  
 21   *Korea Sanctions and Policy Enhancement Act of 2016 (22*  
 22   *U.S.C. 9228) is amended—*

23               *(1) by inserting “201B,” after “201A,” each*  
 24   *place it appears; and*

1           (2) *in subsection (c), by inserting “, not less*  
 2           *than 15 days before the waiver takes effect,” after “if*  
 3           *the President”.*

4           (b) *EXCEPTION RELATING TO IMPORTATION OF*  
 5           *GOODS.—*

6           (1) *IN GENERAL.—No provision affecting sanc-*  
 7           *tions under this title or an amendment made by this*  
 8           *title shall apply to sanctions on the importation of*  
 9           *goods.*

10          (2) *GOOD DEFINED.—In this subsection, the term*  
 11          *“good” has the meaning given that term in section 16*  
 12          *of the Export Administration Act of 1979 (50 U.S.C.*  
 13          *4618) (as continued in effect pursuant to the Inter-*  
 14          *national Emergency Economic Powers Act (50 U.S.C.*  
 15          *1701 et seq.)).*

16          (c) *SUSPENSION.—*

17          (1) *IN GENERAL.—Subject to section 121, any re-*  
 18          *quirement to impose sanctions under this title or the*  
 19          *amendments made by this title, and any sanctions*  
 20          *imposed pursuant to this title or any such amend-*  
 21          *ment, may be suspended for up to one year if the*  
 22          *President makes the certification described in section*  
 23          *401 of the North Korea Sanctions and Policy En-*  
 24          *hancement Act of 2016 (22 U.S.C. 9251) to the appro-*  
 25          *priate congressional committees.*

1           (2) *RENEWAL*.—A suspension under paragraph  
 2           (1) may be renewed in accordance with section 401(b)  
 3           of the North Korea Sanctions and Policy Enhance-  
 4           ment Act of 2016 (22 U.S.C. 9251(b)).

5           (d) *TERMINATION*.—Subject to section 121, any re-  
 6           quirement to impose sanctions under this title or the  
 7           amendments made by this title, and any sanctions imposed  
 8           pursuant to this title or any such amendment, shall termi-  
 9           nate on the date on which the President makes the certifi-  
 10          cation described in section 402 of the North Korea Sanc-  
 11          tions and Policy Enhancement Act of 2016 (22 U.S.C.  
 12          9252).

13   **SEC. 134. PROCEDURES FOR REVIEW OF CLASSIFIED INFOR-**  
 14                                   **MATION.**

15          (a) *IN GENERAL*.—If a finding under this title or an  
 16          amendment made by this title, a prohibition, condition, or  
 17          penalty imposed as a result of any such finding, or a pen-  
 18          alty imposed under this title or an amendment made by  
 19          this title, is based on classified information (as defined in  
 20          section 1(a) of the Classified Information Procedures Act  
 21          (18 U.S.C. App.)) and a court reviews the finding or the  
 22          imposition of the prohibition, condition, or penalty, the  
 23          Secretary of the Treasury may submit such information to  
 24          the court *ex parte* and *in camera*.

1       (b) *RULE OF CONSTRUCTION.*—*Nothing in this section*  
 2 *shall be construed to confer or imply any right to judicial*  
 3 *review of any finding under this title or an amendment*  
 4 *made by this title, any prohibition, condition, or penalty*  
 5 *imposed as a result of any such finding, or any penalty*  
 6 *imposed under this title or an amendment made by this*  
 7 *title.*

8       **SEC. 135. BRIEFING ON RESOURCING OF SANCTIONS PRO-**  
 9                               **GRAMS.**

10       *Not later than 30 days after the date of the enactment*  
 11 *of this Act, the Secretary of the Treasury shall provide to*  
 12 *the appropriate congressional committees a briefing on—*

13               (1) *the resources allocated by the Department of*  
 14 *the Treasury to support each sanctions program ad-*  
 15 *ministered by the Department; and*

16               (2) *recommendations for additional authorities*  
 17 *or resources necessary to expand the capacity or capa-*  
 18 *bility of the Department related to implementation*  
 19 *and enforcement of such programs.*

20       **SEC. 136. BRIEFING ON PROLIFERATION FINANCING.**

21       (a) *IN GENERAL.*—*Not later than 60 days after the*  
 22 *date of the enactment of this Act, the Secretary of the Treas-*  
 23 *ury shall provide to the appropriate congressional commit-*  
 24 *tees a briefing on addressing proliferation finance.*

1       (b) *ELEMENTS.*—*The briefing required by subsection*  
 2 *(a) shall include the following:*

3           (1) *The Department of the Treasury’s definition*  
 4 *and description of an appropriate risk-based ap-*  
 5 *proach to combating financing of the proliferation of*  
 6 *weapons of mass destruction.*

7           (2) *An assessment of—*

8               (A) *Federal financial regulatory agency*  
 9 *oversight, including by the Financial Crimes*  
 10 *Enforcement Network, of United States financial*  
 11 *institutions and the adoption by their foreign*  
 12 *subsidiaries, branches, and correspondent insti-*  
 13 *tutions of a risk-based approach to proliferation*  
 14 *financing; and*

15               (B) *whether financial institutions in for-*  
 16 *ign jurisdictions known by the United States*  
 17 *intelligence and law enforcement communities to*  
 18 *be jurisdictions through which North Korea*  
 19 *moves substantial sums of licit and illicit fi-*  
 20 *nance are applying a risk-based approach to*  
 21 *proliferation financing, and if that approach is*  
 22 *comparable to the approach required by United*  
 23 *States financial institution supervisors.*

24           (3) *A survey of the technical assistance the Office*  
 25 *of Technical Assistance of the Department of the*

1        *Treasury, and other appropriate Executive branch of-*  
 2        *fices, currently provide foreign institutions on imple-*  
 3        *menting counter-proliferation financing best prac-*  
 4        *tices.*

5            *(4) An assessment of the ability of foreign sub-*  
 6        *sidaries, branches, and correspondent institutions of*  
 7        *United States financial institutions to implement a*  
 8        *risk-based approach to proliferation financing.*

9        ***TITLE II—DIVESTMENT FROM***  
 10       ***NORTH KOREA***

11   ***SEC. 201. AUTHORITY OF STATE AND LOCAL GOVERNMENTS***  
 12        ***TO DIVEST FROM COMPANIES THAT INVEST***  
 13        ***IN NORTH KOREA.***

14        *(a) SENSE OF CONGRESS.—It is the sense of Congress*  
 15        *that the United States should support the decision of any*  
 16        *State or local government made for moral, prudential, or*  
 17        *reputational reasons, to divest from, or prohibit the invest-*  
 18        *ment of assets of the State or local government in, a person*  
 19        *that engages in investment activities described in subsection*  
 20        *(c) if North Korea is subject to economic sanctions imposed*  
 21        *by the United States or the United Nations Security Coun-*  
 22        *cil.*

23        *(b) AUTHORITY TO DIVEST.—Notwithstanding any*  
 24        *other provision of law, a State or local government may*  
 25        *adopt and enforce measures that meet the requirements of*

1 subsection (d) to divest the assets of the State or local gov-  
 2 ernment from, or prohibit investment of the assets of the  
 3 State or local government in, any person that the State or  
 4 local government determines, using credible information  
 5 available to the public, engages in investment activities de-  
 6 scribed in subsection (c).

7 (c) *INVESTMENT ACTIVITIES DESCRIBED.*—Investment  
 8 activities described in this subsection are activities of a  
 9 value of more than \$10,000 relating to an investment in  
 10 North Korea or in goods or services originating in North  
 11 Korea that are not conducted pursuant to a license issued  
 12 by the Department of the Treasury.

13 (d) *REQUIREMENTS.*—Any measure taken by a State  
 14 or local government under subsection (b) shall meet the fol-  
 15 lowing requirements:

16 (1) *NOTICE.*—The State or local government  
 17 shall provide written notice to each person with re-  
 18 spect to which a measure under this section is to be  
 19 applied.

20 (2) *TIMING.*—The measure applied under this  
 21 section shall apply to a person not earlier than the  
 22 date that is 90 days after the date on which written  
 23 notice under paragraph (1) is provided to the person.

24 (3) *OPPORTUNITY TO DEMONSTRATE COMPLI-*  
 25 *ANCE.*—

1           (A) *IN GENERAL.*—*The State or local gov-*  
 2           *ernment shall provide to each person with re-*  
 3           *spect to which a measure is to be applied under*  
 4           *this section an opportunity to demonstrate to the*  
 5           *State or local government that the person does*  
 6           *not engage in investment activities described in*  
 7           *subsection (c).*

8           (B) *NONAPPLICATION.*—*If a person with re-*  
 9           *spect to which a measure is to be applied under*  
 10          *this section demonstrates to the State or local*  
 11          *government under subparagraph (A) that the*  
 12          *person does not engage in investment activities*  
 13          *described in subsection (c), the measure shall not*  
 14          *apply to that person.*

15          (4) *SENSE OF CONGRESS ON AVOIDING ERRO-*  
 16          *NEOUS TARGETING.*—*It is the sense of Congress that*  
 17          *a State or local government should not adopt a meas-*  
 18          *ure under subsection (b) with respect to a person un-*  
 19          *less the State or local government has—*

20                (A) *made every effort to avoid erroneously*  
 21                *targeting the person; and*

22                (B) *verified that the person engages in in-*  
 23                *vestment activities described in subsection (c).*

24          (e) *NOTICE TO DEPARTMENT OF JUSTICE.*—*Not later*  
 25          *than 30 days before a State or local government applies*

1 *a measure under this section, the State or local government*  
 2 *shall notify the Attorney General of that measure.*

3 *(f) 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 meas-*  
 8 *ure (without regard to the requirements of subsection*  
 9 *(d), except as provided in paragraph (2)) applied by*  
 10 *the State or local government before the date of the*  
 11 *enactment of this Act that provides for the divestment*  
 12 *of assets of the State or local government from, or*  
 13 *prohibits the investment of the assets of the State or*  
 14 *local government in, any person that the State or*  
 15 *local government determines, using credible informa-*  
 16 *tion available to the public, engages in investment ac-*  
 17 *tivities described in subsection (c) that are identified*  
 18 *in that measure.*

19 *(2) APPLICATION OF NOTICE REQUIREMENTS.—A*  
 20 *measure described in paragraph (1) shall be subject to*  
 21 *the requirements of paragraphs (1), (2), and (3)(A) of*  
 22 *subsection (d) on and after the date that is 2 years*  
 23 *after the date of the enactment of this Act.*

1       (g) *NO PREEMPTION.*—*A measure applied by a State*  
 2 *or local government that is consistent with subsection (b)*  
 3 *or (f) is not preempted by any Federal law.*

4       (h) *DEFINITIONS.*—*In this section:*

5           (1) *ASSET.*—

6               (A) *IN GENERAL.*—*Except as provided in*  
 7 *subparagraph (B), the term “asset” means public*  
 8 *monies, and includes any pension, retirement,*  
 9 *annuity, endowment fund, or similar instru-*  
 10 *ment, that is controlled by a State or local gov-*  
 11 *ernment.*

12           (B) *EXCEPTION.*—*The term “asset” does not*  
 13 *include employee benefit plans covered by title I*  
 14 *of the Employee Retirement Income Security Act*  
 15 *of 1974 (29 U.S.C. 1001 et seq.).*

16           (2) *INVESTMENT.*—*The term “investment” in-*  
 17 *cludes—*

18               (A) *a commitment or contribution of funds*  
 19 *or property;*

20               (B) *a loan or other extension of credit; and*

21               (C) *the entry into or renewal of a contract*  
 22 *for goods or services.*

23       (i) *EFFECTIVE DATE.*—

24           (1) *IN GENERAL.*—*Except as provided in para-*  
 25 *graph (2) and subsection (f), this section applies to*

1        *measures applied by a State or local government be-*  
 2        *fore, on, or after the date of the enactment of this Act.*

3            (2) *NOTICE REQUIREMENTS.—Except as pro-*  
 4        *vided in subsection (f), subsections (d) and (e) apply*  
 5        *to measures applied by a State or local government*  
 6        *on or after the date of the enactment of this Act.*

7        **SEC. 202. SAFE HARBOR FOR CHANGES OF INVESTMENT**  
 8            ***POLICIES BY ASSET MANAGERS.***

9        *Section 13(c)(1) of the Investment Company Act of*  
 10       *1940 (15 U.S.C. 80a–13(c)(1)) is amended—*

11            (1) *in subparagraph (A), by striking “or” at the*  
 12        *end;*

13            (2) *in subparagraph (B), by striking the period*  
 14        *and inserting “; or”; and*

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

16            *“(C) engage in investment activities de-*  
 17        *scribed in section 201(c) of the Otto Warmbier*  
 18        *Banking Restrictions Involving North Korea Act*  
 19        *of 2017.”.*

20        **SEC. 203. SENSE OF CONGRESS REGARDING CERTAIN ERISA**  
 21            ***PLAN INVESTMENTS.***

22        *It is the sense of Congress that—*

23            (1) *a fiduciary of an employee benefit plan, as*  
 24        *defined in section 3(3) of the Employee Retirement*  
 25        *Income Security Act of 1974 (29 U.S.C. 1002(3)),*

1        *may divest plan assets from, or avoid investing plan*  
2        *assets in, any person the fiduciary determines engages*  
3        *in investment activities described in section 201(c),*  
4        *if—*

5                *(A) the fiduciary makes that determination*  
6                *using credible information that is available to*  
7                *the public; and*

8                *(B) the fiduciary prudently determines that*  
9                *the result of that divestment or avoidance of in-*  
10               *vestment would not be expected to provide the*  
11               *employee benefit plan with—*

12                *(i) a lower rate of return than alter-*  
13                *native investments with commensurate de-*  
14                *grees of risk; or*

15                *(ii) a higher degree of risk than alter-*  
16                *native investments with commensurate rates*  
17                *of return; and*

18                *(2) by divesting assets or avoiding the invest-*  
19                *ment of assets as described in paragraph (1), the fidu-*  
20                *ciary is not breaching the responsibilities, obligations,*  
21                *or duties imposed upon the fiduciary by subpara-*  
22                *graph (A) or (B) of section 404(a)(1) of the Employee*  
23                *Retirement Income Security Act of 1974 (29 U.S.C.*  
24                *1104(a)(1)).*

1 **SEC. 204. RULE OF CONSTRUCTION.**

2       *Nothing in this title, an amendment made by this title,*  
 3 *or any other provision of law authorizing sanctions with*  
 4 *respect to North Korea shall be construed to affect or dis-*  
 5 *place—*

6           *(1) the authority of a State or local government*  
 7 *to issue and enforce rules governing the safety, sound-*  
 8 *ness, and solvency of a financial institution subject to*  
 9 *its jurisdiction; or*

10          *(2) the regulation and taxation by the several*  
 11 *States of the business of insurance, pursuant to the*  
 12 *Act of March 9, 1945 (59 Stat. 33, chapter 20; 15*  
 13 *U.S.C. 1011 et seq.) (commonly known as the*  
 14 *“McCarran-Ferguson Act”).*

15 **TITLE III—FINANCIAL INDUSTRY**  
 16 **GUIDANCE TO HALT TRAF-**  
 17 **FICKING**

18 **SEC. 301. SHORT TITLE.**

19       *This title may be cited as the “Financial Industry*  
 20 *Guidance to Halt Trafficking Act” or the “FIGHT Act”.*

21 **SEC. 302. FINDINGS.**

22       *Congress finds the following:*

23           *(1) The terms “human trafficking” and “traf-*  
 24 *ficking in persons” are used interchangeably to de-*  
 25 *scribe crimes involving the exploitation of a person*

1     *for the purposes of compelled labor or commercial sex*  
 2     *through the use of force, fraud, or coercion.*

3             *(2) According to the International Labour Orga-*  
 4     *nization, there are an estimated 24,900,000 people*  
 5     *worldwide who are victims of forced labor, including*  
 6     *human trafficking victims in the United States.*

7             *(3) Human trafficking is perpetrated for finan-*  
 8     *cial gain.*

9             *(4) According to the International Labour Orga-*  
 10    *nization, of the estimated \$150,000,000,000 or more*  
 11    *in global profits generated annually from human*  
 12    *trafficking—*

13                 *(A) approximately  $\frac{2}{3}$  are generated by com-*  
 14                 *mercial sexual exploitation, exacted by fraud or*  
 15                 *by force; and*

16                 *(B) approximately  $\frac{1}{3}$  are generated by*  
 17                 *forced labor.*

18             *(5) Most purchases of commercial sex acts are*  
 19     *paid for with cash, making trafficking proceeds dif-*  
 20     *ficult to identify in the financial system. Nonetheless,*  
 21     *traffickers rely heavily on access to financial institu-*  
 22     *tions as destinations for trafficking proceeds and as*  
 23     *conduits to finance every step of the trafficking proc-*  
 24     *ess.*

1           (6) *Under section 1956 of title 18, United States*  
 2           *Code (relating to money laundering), human traf-*  
 3           *ficking is a “specified unlawful activity” and trans-*  
 4           *actions conducted with proceeds earned from traf-*  
 5           *ficking people, or used to further trafficking oper-*  
 6           *ations, can be prosecuted as money laundering of-*  
 7           *fenses.*

8   **SEC. 303. SENSE OF CONGRESS.**

9           *It is the sense of Congress that—*

10           (1) *the President should aggressively apply, as*  
 11           *appropriate, existing sanctions for human trafficking*  
 12           *authorized under section 111 of the Trafficking Vic-*  
 13           *tims Protection Act of 2000 (22 U.S.C. 7108);*

14           (2) *the Financial Crimes Enforcement Network*  
 15           *of the Department of the Treasury should continue—*

16           (A) *to monitor reporting required under*  
 17           *subchapter II of chapter 53 of title 31, United*  
 18           *States Code (commonly known as the “Bank Se-*  
 19           *crecy Act”)* and *to update advisories, as war-*  
 20           *ranted;*

21           (B) *to periodically review its advisories to*  
 22           *provide covered financial institutions, as appro-*  
 23           *priate, with a list of new “red flags” for identi-*  
 24           *fying activities of concern, particularly human*  
 25           *trafficking;*

1           (C) to encourage entities covered by the  
2           advisories described in subparagraph (B) to in-  
3           corporate relevant elements provided in the  
4           advisories into their current transaction and ac-  
5           count monitoring systems or in policies, proce-  
6           dures, and training on human trafficking to en-  
7           able financial institutions to maintain ongoing  
8           efforts to examine transactions and accounts;

9           (D) to use geographic targeting orders, as  
10          appropriate, to impose additional reporting and  
11          recordkeeping requirements under section  
12          5326(a) of title 31, United States Code, to carry  
13          out the purposes of, and prevent evasions of the  
14          Bank Secrecy Act; and

15          (E) to utilize the Bank Secrecy Act Advi-  
16          sory Group and other relevant entities to iden-  
17          tify opportunities for nongovernmental organiza-  
18          tions to share relevant actionable information on  
19          human traffickers' use of the financial sector for  
20          nefarious purposes;

21          (3) Federal banking regulators, the Department  
22          of the Treasury, relevant law enforcement agencies,  
23          and the Human Smuggling and Trafficking Center,  
24          in partnership with representatives from the United  
25          States financial community, should adopt regular

1     *forms of sharing information to disrupt human traf-*  
2     *ficking, including developing protocols and procedures*  
3     *to share actionable information between and amongst*  
4     *covered institutions, law enforcement, and the United*  
5     *States intelligence community;*

6             *(4) training front line bank and money service*  
7     *business employees, school teachers, law enforcement*  
8     *officers, foreign service officers, counselors, and the*  
9     *general public is an important factor in identifying*  
10    *trafficking victims;*

11            *(5) the Department of Homeland Security's Blue*  
12    *Campaign, training by the BEST Employers Alli-*  
13    *ance, and similar efforts by industry, human rights,*  
14    *and nongovernmental organizations focused on*  
15    *human trafficking provide good examples of current*  
16    *efforts to educate employees of critical sectors to save*  
17    *victims and disrupt trafficking networks;*

18            *(6) the President should intensify diplomatic ef-*  
19    *forts, bilaterally and in appropriate international*  
20    *fora, such as the United Nations, to develop and im-*  
21    *plement a coordinated, consistent, multilateral strat-*  
22    *egy for addressing the international financial net-*  
23    *works supporting human trafficking; and*

24            *(7) in deliberations between the United States*  
25    *Government and any foreign country, including*

1       *through participation in the Egmont Group of Fi-*  
2       *nancial Intelligence Units, regarding money laun-*  
3       *dering, corruption, and transnational crimes, the*  
4       *United States Government should—*

5               *(A) encourage cooperation by foreign gov-*  
6               *ernments and relevant international fora in*  
7               *identifying the extent to which the proceeds from*  
8               *human trafficking are being used to facilitate*  
9               *terrorist financing, corruption, or other illicit fi-*  
10              *nancial crimes;*

11              *(B) encourage cooperation by foreign gov-*  
12              *ernments and relevant international fora in*  
13              *identifying the nexus between human trafficking*  
14              *and money laundering;*

15              *(C) advance policies that promote the co-*  
16              *operation of foreign governments, through infor-*  
17              *mation sharing, training, or other measures, in*  
18              *the enforcement of this title;*

19              *(D) encourage the Financial Action Task*  
20              *Force to update its July 2011 typology reports*  
21              *entitled, “Laundering the Proceeds of Corrup-*  
22              *tion” and “Money Laundering Risks Arising*  
23              *from Trafficking in Human Beings and Smug-*  
24              *gling of Migrants”, to identify the money laun-*

1        *dering risk arising from the trafficking of human*  
 2        *beings; and*

3                *(E) encourage the Egmont Group of Finan-*  
 4        *cial Intelligence Units to study the extent to*  
 5        *which human trafficking operations are being*  
 6        *used for money laundering, terrorist financing,*  
 7        *or other illicit financial purposes.*

8    **SEC. 304. COORDINATION OF HUMAN TRAFFICKING ISSUES**

9                **BY THE OFFICE OF TERRORISM AND FINAN-**  
 10              **CIAL INTELLIGENCE.**

11        *(a) FUNCTIONS.—Section 312(a)(4) of title 31, United*  
 12        *States Code, is amended—*

13              *(1) by redesignating subparagraphs (E), (F),*  
 14        *and (G) as subparagraphs (F), (G), and (H), respec-*  
 15        *tively; and*

16              *(2) by inserting after subparagraph (D) the fol-*  
 17        *lowing:*

18                      *“(E) combating illicit financing relating to*  
 19              *human trafficking;”.*

20        *(b) INTERAGENCY COORDINATION.—Section 312(a) of*  
 21        *such title is amended by adding at the end the following:*

22              *“(8) INTERAGENCY COORDINATION.—The Sec-*  
 23        *retary of the Treasury, after consultation with the*  
 24        *Undersecretary for Terrorism and Financial Crimes,*  
 25        *shall designate an office within the OTFI that shall*

1       *coordinate efforts to combat the illicit financing of*  
 2       *human trafficking with—*

3               “(A) other offices of the Department of the  
 4       Treasury;

5               “(B) other Federal agencies, including—

6                       “(i) the Office to Monitor and Combat  
 7       *Trafficking in Persons of the Department of*  
 8       *State; and*

9                       “(ii) the Interagency Task Force to  
 10      *Monitor and Combat Trafficking;*

11               “(C) State and local law enforcement agen-  
 12      cies; and

13               “(D) foreign governments.”.

14   **SEC. 305. STRENGTHENING THE ROLE OF ANTI-MONEY**  
 15               **LAUNDERING AND OTHER FINANCIAL TOOLS**  
 16               **IN COMBATING HUMAN TRAFFICKING.**

17       (a) *INTERAGENCY TASK FORCE RECOMMENDATIONS*  
 18   *TARGETING MONEY LAUNDERING RELATED TO HUMAN*  
 19   *TRAFFICKING.—*

20               (1) *IN GENERAL.—Not later than 270 days after*  
 21   *the date of the enactment of this Act, the Interagency*  
 22   *Task Force to Monitor and Combat Trafficking shall*  
 23   *submit to the Committee on Banking, Housing, and*  
 24   *Urban Affairs, the Committee on Foreign Relations,*  
 25   *and the Committee on the Judiciary of the Senate, the*

1       *Committee on Financial Services, the Committee on*  
 2       *Foreign Affairs, and the Committee on the Judiciary*  
 3       *of the House of Representatives, the Secretary of the*  
 4       *Treasury, and each appropriate Federal banking*  
 5       *agency—*

6               *(A) an analysis of anti-money laundering*  
 7               *efforts of the United States Government and*  
 8               *United States financial institutions related to*  
 9               *human trafficking; and*

10              *(B) appropriate legislative, administrative,*  
 11              *and other recommendations to strengthen efforts*  
 12              *against money laundering relating to human*  
 13              *trafficking.*

14              *(2) REQUIRED RECOMMENDATIONS.—The rec-*  
 15              *ommendations under paragraph (1) shall include—*

16              *(A) best practices based on successful anti-*  
 17              *human trafficking programs currently in place*  
 18              *at financial institutions that are suitable for*  
 19              *broader adoption;*

20              *(B) stakeholder feedback on policy proposals*  
 21              *derived from the analysis conducted by the task*  
 22              *force referred to in paragraph (1) that would en-*  
 23              *hance the efforts and programs of financial insti-*  
 24              *tutions to detect and deter money laundering re-*  
 25              *lated to human trafficking, including any rec-*

1        *ommended changes to internal policies, proce-*  
 2        *dures, and controls related to human trafficking;*

3            *(C) any recommended changes to training*  
 4        *programs at financial institutions to better*  
 5        *equip employees to deter and detect money laun-*  
 6        *dering related to human trafficking; and*

7            *(D) any recommended changes to expand*  
 8        *human trafficking-related information sharing*  
 9        *among financial institutions and between such*  
 10       *financial institutions, appropriate law enforce-*  
 11       *ment agencies, and appropriate Federal agencies.*

12        *(b) ADDITIONAL REPORTING REQUIREMENT.—Section*  
 13       *105(d)(7) of the Trafficking Victims Protection Act of 2000*  
 14       *(22 U.S.C. 7103(d)(7)) is amended—*

15            *(1) in the matter preceding subparagraph (A)—*

16            *(A) by inserting “the Committee on Finan-*  
 17        *cial Services,” after “the Committee on Foreign*  
 18        *Affairs”;* and

19            *(B) by inserting “the Committee on Bank-*  
 20        *ing, Housing, and Urban Affairs,” after “the*  
 21        *Committee on Foreign Relations,”;*

22            *(2) in subparagraph (Q)(vii), by striking “;*  
 23        *and” and inserting a semicolon;*

24            *(3) in subparagraph (R), by striking the period*  
 25        *at the end and inserting “; and”; and*

1           (4) *by adding at the end the following:*

2                   “(S) *the efforts of the United States to*  
3           *eliminate money laundering related to human*  
4           *trafficking and the number of investigations, ar-*  
5           *rests, indictments, and convictions in money*  
6           *laundering cases with a nexus to human traf-*  
7           *ficking.”.*

8           (c) *REQUIRED REVIEW OF PROCEDURES.—Not later*  
9           *than 180 days after the date of the enactment of this Act,*  
10          *the Federal Financial Institutions Examination Council,*  
11          *in consultation with the Secretary of the Treasury, the pri-*  
12          *vate sector, and appropriate law enforcement agencies,*  
13          *shall—*

14                   (1) *review and enhance training and examina-*  
15          *tions procedures to improve the surveillance capabili-*  
16          *ties of anti-money laundering and countering the fi-*  
17          *nancing of terrorism programs to detect human traf-*  
18          *ficking-related financial transactions;*

19                   (2) *review and enhance procedures for referring*  
20          *potential human trafficking cases to the appropriate*  
21          *law enforcement agency; and*

22                   (3) *determine, as appropriate, whether require-*  
23          *ments for financial institutions and covered financial*  
24          *institutions are sufficient to detect and deter money*  
25          *laundering related to human trafficking.*

1 **SEC. 306. SENSE OF CONGRESS ON RESOURCES TO COMBAT**  
2 **HUMAN TRAFFICKING.**

3 *It is the sense of Congress that—*

4 *(1) adequate funding should be provided for crit-*  
5 *ical Federal efforts to combat human trafficking;*

6 *(2) the Department of the Treasury should have*  
7 *the appropriate resources to vigorously investigate*  
8 *human trafficking networks under section 111 of the*  
9 *Trafficking Victims Protection Act of 2000 (22 U.S.C.*  
10 *7108) and other relevant statutes and Executive or-*  
11 *ders;*

12 *(3) the Department of the Treasury and the De-*  
13 *partment of Justice should each have the capacity*  
14 *and appropriate resources to support technical assist-*  
15 *ance to develop foreign partners' ability to combat*  
16 *human trafficking through strong national anti-*  
17 *money laundering and countering the financing of*  
18 *terrorism programs;*

19 *(4) each United States Attorney's Office should*  
20 *be provided appropriate funding to increase the num-*  
21 *ber of personnel for community education and out-*  
22 *reach and investigative support and forensic analysis*  
23 *related to human trafficking; and*

24 *(5) the Department of State should be provided*  
25 *additional resources, as necessary, to carry out the*

1 *Survivors of Human Trafficking Empowerment Act*  
 2 *(section 115 of Public Law 114–22; 129 Stat. 243).*

3 ***TITLE IV—DEFENSE***  
 4 ***PRODUCTION ACT MATTERS***

5 ***SEC. 401. LIMITATION ON CANCELLATION OF DESIGNATION***  
 6 ***OF SECRETARY OF THE AIR FORCE AS DE-***  
 7 ***PARTMENT OF DEFENSE EXECUTIVE AGENT***  
 8 ***FOR A CERTAIN DEFENSE PRODUCTION ACT***  
 9 ***PROGRAM.***

10 *(a) LIMITATION ON CANCELLATION OF DESIGNA-*  
 11 *TION.—The Secretary of Defense may not implement the de-*  
 12 *cision, issued on July 1, 2017, to cancel the designation,*  
 13 *under Department of Defense Directive 4400.01E, entitled*  
 14 *“Defense Production Act Programs” and dated October 12,*  
 15 *2001, of the Secretary of the Air Force as the Department*  
 16 *of Defense Executive Agent for the program carried out*  
 17 *under title III of the Defense Production Act of 1950 (50*  
 18 *U.S.C. 4531 et seq.) until the date specified in subsection*  
 19 *(c).*

20 *(b) DESIGNATION.—The Secretary of the Air Force*  
 21 *shall continue to serve as the sole and exclusive Department*  
 22 *of Defense Executive Agent for the program described in*  
 23 *subsection (a) until the date specified in subsection (c).*

24 *(c) DATE SPECIFIED.—The date specified in this sub-*  
 25 *section is the date of the enactment of a joint resolution*

- 1 *or an Act approving the implementation of the decision de-*
- 2 *scribed in subsection (a).*



Calendar No. 263

115TH CONGRESS  
1ST Session

**S. 1591**

**A BILL**

To impose sanctions with respect to the Democratic People's Republic of Korea, and for other purposes.

NOVEMBER 16, 2017

Reported with an amendment