

HOLDING IRANIAN LEADERS ACCOUNTABLE ACT OF 2023

DECEMBER 19, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MCHENRY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 6245]

The Committee on Financial Services, to whom was referred the bill (H.R. 6245) to require the Secretary of the Treasury to report on financial institutions' involvement with officials of the Iranian Government, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Holding Iranian Leaders Accountable Act of 2023”.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Iran is characterized by high levels of official and institutional corruption, and substantial involvement by Iran’s security forces, particularly the Islamic Revolutionary Guard Corps (IRGC), in the economy.

(2) The Department of Treasury in 2019 designated the Islamic Republic of Iran’s financial sector as a jurisdiction of primary money laundering concern, concluding, “Iran has developed covert methods for accessing the international financial system and pursuing its malign activities, including misusing banks and exchange houses, operating procurement networks that utilize front or shell companies, exploiting commercial shipping, and masking illicit transactions using senior officials, including those at the Central Bank of Iran (CBI).”

(3) In June 2019, the Financial Action Task Force (FATF) urged all jurisdictions to require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran. The FATF later called upon its members to introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and require increased external audit requirements, for financial groups with respect to any of their branches and subsidiaries located in Iran.

(4) According to the State Department’s “Country Reports on Terrorism” in 2021, “Iran continued to be the leading state sponsor of terrorism, facilitating a wide range of terrorist and other illicit activities around the world. Regionally,

Iran supported acts of terrorism in Bahrain, Iraq, Lebanon, Syria, and Yemen through proxies and partner groups such as Hizballah and Hamas.”.

SEC. 3. REPORT ON FINANCIAL INSTITUTIONS AND ASSETS CONNECTED TO CERTAIN IRANIAN OFFICIALS.

(a) **FINANCIAL INSTITUTIONS AND ASSETS REPORT.**—

(1) **IN GENERAL.**—Not later than 180 days after the date of the enactment of this Act, and every 2 years thereafter, the President shall submit a report to the appropriate Members of Congress containing—

(A) the estimated total funds or assets that are under direct or indirect control by each of the natural persons described under subsection (b), and a description of such funds or assets, except that the President may limit coverage of the report to not fewer than 5 of such natural persons in order to meet the submission deadline described under this paragraph;

(B) a description of how such funds or assets were acquired, and how they have been used or employed;

(C) a list of any non-Iranian financial institutions that—

(i) maintain an account in connection with funds or assets described in subparagraph (A); or

(ii) knowingly provide significant financial services to a natural person covered by the report; and

(D) a description of any illicit or corrupt means employed to acquire or use such funds or assets.

(2) **EXEMPTIONS.**—The requirements described under paragraph (1) may not be applied with respect to a natural person or a financial institution, as the case may be, if the President determines:

(A) The funds or assets described under subparagraph (A) of paragraph (1) were acquired through legal or noncorrupt means.

(B) The natural person has agreed to provide significant cooperation to the United States for an important national security or law enforcement purpose with respect to Iran.

(C) A financial institution that would otherwise be listed in the report required by paragraph (1) has agreed to—

(i) no longer maintain an account described under subparagraph (C)(i) of paragraph (1);

(ii) no longer provide significant financial services to a natural person covered by the report; or

(iii) provide significant cooperation to the United States for an important national security or law enforcement purpose with respect to Iran.

(3) **WAIVER.**—The President may waive for up to 1 year at a time any requirement under paragraph (1) with respect to a natural person or a financial institution after reporting in writing to the appropriate Members of Congress that the waiver is in the national interest of the United States, with a detailed explanation of the reasons therefor.

(b) **PERSONS DESCRIBED.**—The natural persons described in this subsection are the following:

(1) The Supreme Leader of Iran.

(2) The President of Iran.

(3) The members of the Council of Guardians.

(4) The members of the Expediency Council.

(5) The Minister of Intelligence and Security.

(6) The Commander and the Deputy Commander of the IRGC.

(7) The Commander and the Deputy Commander of the IRGC Ground Forces.

(8) The Commander and the Deputy Commander of the IRGC Aerospace Force.

(9) The Commander and the Deputy Commander of the IRGC Navy.

(10) The Commander of the Basij-e-Mostaz'afin.

(11) The Commander of the Qods Force.

(12) The Commander in Chief of the Police Force.

(13) The head of the IRGC Joint Staff.

(14) The Commander of the IRGC Intelligence.

(15) The head of the IRGC Imam Hussein University.

(16) The Supreme Leader's Representative at the IRGC.

(17) The Chief Executive Officer and the Chairman of the IRGC Cooperative Foundation.

(18) The Commander of the Khatam-al-Anbia Construction Head Quarter.

(19) The Chief Executive Officer of the Basij Cooperative Foundation.

(20) The head of the Political Bureau of the IRGC.

(21) The senior leadership as determined by the President of the following groups:

- (A) Hizballah.
 - (B) Hamas.
 - (C) Palestinian Islamic Jihad.
 - (D) Kata'ib Hizballah.
- (c) **FORM OF REPORT; PUBLIC AVAILABILITY.**—
- (1) **FORM.**—The report required under subsection (a) and any waiver under subsection (a)(3) shall be submitted in unclassified form but may contain a classified annex.
 - (2) **PUBLIC AVAILABILITY.**—The Secretary shall make the unclassified portion of such report public if the Secretary notifies the appropriate Members of Congress that the publication is in the national interest of the United States and would substantially promote—
 - (A) deterring or sanctioning official corruption in Iran;
 - (B) holding natural persons or financial institutions listed in the report accountable to the people of Iran;
 - (C) combating money laundering or the financing of terrorism; or
 - (D) achieving any other strategic objective with respect to the Government of Iran.
 - (3) **FORMAT OF PUBLICLY AVAILABLE REPORTS.**—If the Secretary makes the unclassified portion of a report public pursuant to paragraph (2), the Secretary shall make it available to the public on the website of the Department of the Treasury—
 - (A) in English, Farsi, Arabic, and Azeri; and
 - (B) in precompressed, easily downloadable versions that are made available in all appropriate formats.

SEC. 4. RESTRICTIONS ON CERTAIN FINANCIAL INSTITUTIONS.

(a) **IN GENERAL.**—Not later than the date that is 90 days after submitting a report described under section 3(a)(1), the Secretary shall undertake the following with respect to a financial institution that is described under section 3(a)(1)(C) and listed in the report:

- (1) If the financial institution is a United States financial institution, require the closure of any account described in section 3(a)(1)(C)(i), and prohibit the provision of significant financial services, directly or indirectly, to a natural person covered by the report.
 - (2) If the financial institution is a foreign financial institution, actively seek the closure of any account described in section 3(a)(1)(C)(i), and the cessation of significant financial services to a natural person covered by the report, using any existing authorities of the Secretary, as appropriate.
- (b) **SUSPENSION.**—The Secretary may suspend the application of subsection (a) with respect to a financial institution upon reporting to the appropriate Members of Congress that the suspension is in the national interest of the United States, with a detailed explanation of the reasons therefor.

SEC. 5. EXCEPTIONS FOR NATIONAL SECURITY; IMPLEMENTATION AUTHORITY.

The following activities shall be exempt from requirements under sections 3 and 4:

- (1) Any activity subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.), or to any authorized intelligence activities of the United States.
- (2) The admission of an alien to the United States if such admission is necessary to comply with United States obligations under the Agreement between the United Nations and the United States of America regarding the Headquarters of the United Nations, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, or under the Convention on Consular Relations, done at Vienna April 24, 1963, and entered into force March 19, 1967, or other applicable international obligations of the United States.
- (3) The conduct or facilitation of a transaction for the sale of agricultural commodities, food, medicine, or medical devices to Iran or for the provision of humanitarian assistance to the people of Iran, including engaging in a financial transaction relating to humanitarian assistance or for humanitarian purposes or transporting goods or services that are necessary to carry out operations relating to humanitarian assistance or humanitarian purposes.

SEC. 6. SUNSET.

The provisions of this Act shall have no force or effect on the earlier of—

- (1) the date that is 5 years after the date of enactment of this Act; or
- (2) 30 days after the Secretary reports in writing to the appropriate Members of Congress that—
 - (A) Iran is not a jurisdiction of primary money laundering concern; or

(B) the Government of Iran is providing significant cooperation to the United States for the purpose of preventing acts of international terrorism, or for the promotion of any other strategic objective that is important to the national interest of the United States, as specified in the report by the Secretary.

SEC. 7. DEFINITIONS.

For purposes of this Act:

- (1) APPROPRIATE MEMBERS OF CONGRESS.—The term “appropriate Members of Congress” means the Speaker and Minority Leader of the House of Representatives, the Majority Leader and Minority Leader of the Senate, the Chairman and Ranking Member of the Committee on Financial Services of the House of Representatives, and the Chairman and Ranking Member of the Committee on Banking, Housing, and Urban Affairs of the Senate.
- (2) FINANCIAL INSTITUTION.—The term “financial institution” means a United States financial institution or a foreign financial institution.
- (3) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the meaning given that term in section 561.308 of title 31, Code of Federal Regulations.
- (4) FUNDS.—The term “funds” means—
 - (A) cash;
 - (B) equity;
 - (C) any other asset whose value is derived from a contractual claim, including bank deposits, bonds, stocks, a security as defined in section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)), or a security or an equity security as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)); and
 - (D) anything else that the Secretary determines appropriate.
- (5) 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.
- (6) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.
- (7) UNITED STATES FINANCIAL INSTITUTION.—The term “United States financial institution” has the meaning given the term “U.S. financial institution” under section 561.309 of title 31, Code of Federal Regulations.

PURPOSE AND SUMMARY

Introduced on November 6, 2023, by Representative French Hill, H.R. 6245, the *Holding Iranian Leaders Accountable Act* , requires the President to report on the assets of certain Iranian government officials and terrorist leaders while also providing for the publication of those assets. This legislation further requires the Secretary of the Department of the Treasury (Treasury) to seek the closure of U.S. and foreign financial institution accounts connected with the assets.

BACKGROUND AND NEED FOR LEGISLATION

The *Holding Iranian Leaders Accountable Act* is an evolution of previous legislation (H.R. 5461, 114th Congress) that required a public report on the assets of top Iranian government officials. This earlier bill passed the House in 2016 with a bipartisan majority of 282 to 143. At the time, Financial Services Committee Democrats had expressed concerns that the reporting requirements could place excessive burdens on Treasury. H.R. 6245 provides flexibility to ensure that Treasury can meet its deadline, while still exposing the illicit and corrupt assets of senior leaders in Iran. This legislation further requires Treasury to seek the closure of accounts connected with Iranians included in the asset report, both in the U.S. and abroad.

HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop H.R. 6245: The Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the Committee on Financial Services held a hearing on October 25, 2023, titled “How America and Its Allies Can Stop Hamas, Hezbollah, and Iran from Evading Sanctions and Financing Terror.”

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on November 14, 2023, and ordered H.R. 6245 to be reported favorably to the House as amended by a recorded vote of 49 ayes to 0 nays (Record vote no. FC–110), a quorum being present. Before the question was called to order the bill favorably reported, the Committee adopted an amendment in the nature of a substitute offered by Mr. Hill by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the order to report legislation and amendments thereto. H.R. 6245 was ordered reported favorably to the House as amended by a recorded vote of 49 ayes to 0 nays (Record vote no. FC–110), a quorum being present.

Record vote no. FC - 110

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. McHenry	X	—	—	Ms. Waters	X	—	—
Mr. Hill	X	—	—	Mrs. Velázquez	X	—	—
Mr. Lucas	X	—	—	Mr. Sherman	X	—	—
Mr. Sessions	X	—	—	Mr. Meeks	—	—	—
Mr. Posey	X	—	—	Mr. Scott	X	—	—
Mr. Luetkemeyer	X	—	—	Mr. Lynch	X	—	—
Mr. Huizenga	X	—	—	Mr. Green	X	—	—
Mrs. Wagner	X	—	—	Mr. Cleaver	X	—	—
Mr. Barr	X	—	—	Mr. Himes	—	—	—
Mr. Williams (TX)	X	—	—	Mr. Foster	X	—	—
Mr. Emmer	X	—	—	Mrs. Beatty	X	—	—
Mr. Loudermilk	X	—	—	Mr. Vargas	X	—	—
Mr. Mooney	X	—	—	Mr. Gottheimer	X	—	—
Mr. Davidson	X	—	—	Mr. Gonzalez	X	—	—
Mr. Rose	X	—	—	Mr. Casten	X	—	—
Mr. Steil	X	—	—	Ms. Pressley	X	—	—
Mr. Timmons	X	—	—	Mr. Horsford	X	—	—
Mr. Norman	X	—	—	Ms. Tlaib	X	—	—
Mr. Meuser	X	—	—	Mr. Torres	X	—	—
Mr. Fitzgerald	X	—	—	Ms. Garcia	X	—	—
Mr. Garbarino	—	—	—	Ms. Williams (GA)	X	—	—
Mrs. Kim	X	—	—	Mr. Nickel	X	—	—
Mr. Donalds	X	—	—	Ms. Petersen	X	—	—
Mr. Flood	X	—	—				
Mr. Lawler	X	—	—				
Mr. Nunn	X	—	—				
Ms. De La Cruz	X	—	—				
Mrs. Houchin	X	—	—				
Mr. Ogles	X	—	—				

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 6245 is to require the President to report on the assets of certain Iranian government officials and terrorist leaders while also providing for the publication of those assets.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of House rule XIII, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

The Committee has requested but not received an estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, once an estimate has been prepared by the Director of the Congressional Budget Office, as required by section 402 of the Congressional Budget Act of 1973, the Committee will adopt as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate.

FEDERAL MANDATES STATEMENT

The Committee has requested but not received an estimate of the Federal mandates from the Director of the Congressional Budget Office, pursuant to section 423 of the Unfunded Mandates Reform Act. The Committee will adopt the estimate once it has been prepared by the Director.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not con-

tain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This Act may be cited as the “Holding Iranian Leaders Accountable Act of 2023”.

Section 2. Findings

The Congress finds the following:

(1) Iran is characterized by high levels of official and institutional corruption, and substantial involvement by Iran’s security forces, particularly the Islamic Revolutionary Guard Corps (IRGC), in the economy.

(2) The Department of Treasury in 2019 designated the Islamic Republic of Iran’s financial sector as a jurisdiction of primary money laundering concern, concluding, “Iran has developed covert methods for accessing the international financial system and pursuing its malign activities, including misusing banks and exchange houses, operating procurement networks that utilize front or shell companies, exploiting commercial shipping, and masking illicit transactions using senior officials, including those at the Central Bank of Iran (CBI).”

(3) In June 2019, the Financial Action Task Force (FATF) urged all jurisdictions to require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran. The FATF later called upon its members to introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and require increased external audit requirements, for financial groups with respect to any of their branches and subsidiaries located in Iran.

(4) According to the State Department’s “Country Reports on Terrorism” in 2021, “Iran continued to be the leading state sponsor of terrorism, facilitating a wide range of terrorist and other illicit activities around the world. Regionally, Iran supported acts of terrorism in Bahrain, Iraq, Lebanon, Syria, and Yemen through proxies and partner groups such as Hizballah and Hamas.”

Section 3. Report on financial institutions and assets connected to certain Iranian officials

This section requires the President to report on the assets of certain Iranian government officials and terrorist leaders while also providing for the publication of those assets.

Section 4. Restrictions on certain financial institutions

This section requires the Secretary of the Treasury to seek the closure of the U.S. and foreign financial institution accounts connected with the assets in the President's report.

Section 5. Exceptions for national security; implementation authority

The following activities shall be exempt from requirements under sections 3 and 4:

1. Any activity subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.), or to any authorized intelligence activities of the United States.
2. The admission of an alien to the United States if such admission is necessary to comply with United States obligations under the Agreement between the United Nations and the United States of America regarding the Headquarters of the United Nations, signed at Lake Success June 26, 1947, and entered into force November 21, 1947, or under the Convention on Consular Relations, done at Vienna April 24, 1963, and entered into force March 19, 1967, or other applicable international obligations of the United States.
3. The conduct or facilitation of a transaction for the sale of agricultural commodities, food, medicine, or medical devices to Iran or for the provision of humanitarian assistance to the people of Iran, including engaging in a financial transaction relating to humanitarian assistance or for humanitarian purposes or transporting goods or services that are necessary to carry out operations relating to humanitarian assistance or humanitarian purposes.

Section 6. Sunset

The provisions of this Act shall have no force or effect on the earlier of—

1. the date that is 5 years after the date of enactment of this Act; or
2. 30 days after the Secretary of the Treasury reports in writing to the appropriate Members of Congress the following:
 - i. Iran is not a jurisdiction of primary money laundering concern; or
 - ii. the Government of Iran is providing significant cooperation to the United States for the purpose of preventing acts of international terrorism, or for the promotion of any other strategic objective that is important to the national interest of the United States, as specified in the report by the Secretary.

Section 7. Definitions

This section contains various definitions for the bill.