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PROHIBITING FUTURE RANSOM PAYMENTS TO IRAN ACT

MARKUP

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

ON

H.R. 5931

SEPTEMBER 14, 2016

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PROHIBITING FUTURE RANSOM PAYMENTS TO IRAN ACT

WEDNESDAY, SEPTEMBER 14, 2016

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:13 a.m., in room 2172, Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman ROYCE. This committee will come to order.

Pursuant to notice, we meet today to mark up H.R. 5931, the Prohibiting Future Ransom Payments to Iran Act.

Without objection, all members may have 5 days to submit statements and related materials for the record.

And I now call up H.R. 5931. Without objection, it is considered read and open for amendment at any point.

[The information referred to follows:]

I

114TH CONGRESS
2D SESSION

H. R. 5931

To provide for the prohibition on cash payments to the Government of Iran, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 6, 2016

Mr. ROYCE (for himself, Mr. ZELDIN, Ms. ROS-LEHTINEN, Mr. NUNES, Mr. MEADOWS, Mr. THORNBERRY, Mr. SESSIONS, Mr. DONOVAN, Mr. MCCAUL, Mr. DENT, Mr. CHAFFETZ, Mr. CONAWAY, Mr. ROHRABACHER, Mr. RIBBLE, Mr. TROTT, Mr. YOUNG of Iowa, Mr. DESJARLAIS, Mr. COOK, Mr. PITTENGER, Mr. DESANTIS, Mr. DUFFY, Mr. STIVERS, Mr. FITZPATRICK, Mr. YOHO, Mr. ROTHFUS, Mr. CHABOT, and Mr. WILLIAMS) introduced the following bill; which was referred to the Committee on Foreign Affairs

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A BILL

To provide for the prohibition on cash payments to the Government of Iran, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Prohibiting Future Ransom Payments to Iran Act".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Since 1979, when it held more than 50 United States citizens for 444 days, Iran has repeatedly held United States citizens hostage.

(2) Presidential Policy Directive 30 issued by President Barack Obama on June 24, 2015, states that "It is United States policy to deny hostage-takers the benefits of ransom, prisoner releases, policy changes, or other acts of concession.".

(3) On January 17, 2016, the President announced that Iran would release several United States citizens while the United States would grant clemency to and release seven Iranian nationals serving sentences or awaiting trial in the United States for serious crimes.

(4) Senior officials of the Department of State have acknowledged that these United States citizens were released as part of a "prisoner swap" and Iranian negotiators reportedly asked for a cash payment.

(5) On January 17, 2016, the President also announced that "The United States and Iran are now settling a longstanding Iranian government claim against the United States Government.".

(6) The overall amount of the settlement is approximately $1,700,000,000.

(7) Subsequent reports revealed that $400,000,000 of this $1,700,000,000 settlement was secretly flown to Iran, in cash, simultaneously with the release of these United States citizens.

(8) One of the United States citizens released that night, Pastor Saeed Abedini, has stated that Iranian officials explained a delay in their departure was due to the status of another plane.

(9) Senior officials at the National Security Division of the Department of Justice reportedly objected to the $400,000,000 cash payment, warning that Iran would see it as a ransom.

(10) On August 18, 2016, a Department of State spokesman admitted that the $400,000,000 cash payment was "leverage" to gain the release of Americans held hostage by Iran.

(11) Iranian State Television quoted General Mohammad Reza Naghdi, commander of the Basij militia, as claiming "Taking this much money back was in return for the release of the American spies.".

(12) According to Presidential Policy Directive 30, the United States policy against paying ransom and releasing prisoners "protects United States nationals and strengthens national security by remov-

ing a key incentive for hostage-takers to target United States nationals, thereby interrupting the vicious cycle of hostage-takings, and by helping to deny terrorists and other malicious actors the money, personnel, and other resources they need to conduct attacks against the United States, its nationals, and its interests.".

(13) Since the United States released Iranians serving sentences or awaiting trial in the United States for serious crimes and provided Iran with $400,000,000 in cash, Iran has taken several more United States citizens hostage.

(14) On August 22, 2016, the Department of State issued an "Iran Travel Warning" noting that "Iranian authorities continue to unjustly detain and imprison U.S. citizens, particularly Iranian-Americans, including students, journalists, business travelers, and academics, on charges including espionage and posing a threat to national security.".

(15) The Government of the United States has designated Iran as a state sponsor of terrorism since 1984 and a jurisdiction of primary money laundering concern since 2011.

(16) The Department of State's most recent Country Reports on Terrorism makes clear that

"Iran continued its terrorist-related activity in 2015, including support for Hizballah, Palestinian terrorist groups in Gaza, and various groups in Iraq and throughout the Middle East.".

(17) In announcing Iran's designation as a jurisdiction of primary money laundering concern, the Department of the Treasury made clear that "any and every financial transaction with Iran poses grave risk of supporting" Iran's ongoing illicit activities, including terrorism.

(18) On March 17, 2016, the Department of State acknowledged in a letter to Congress that there remain some "large claims" pending before the Iran-United States Claims Tribunal, "many of which are against the United States".

SEC. 3. STATEMENT OF POLICY.

It shall be the policy of the United States Government not to pay ransom or release prisoners for the purpose of securing the release of United States citizens taken hostage abroad.

SEC. 4. PROHIBITION ON CASH PAYMENTS TO THE GOVERNMENT OF IRAN.

(a) PROHIBITION.—Notwithstanding any other provision of law, beginning on the date of the enactment of this Act, the United States Government may not provide,

directly or indirectly, promissory notes (including currency) issued by the United States Government or promissory notes (including currency) issued by a foreign government, to the Government of Iran.

(b) LICENSING REQUIREMENT.—

(1) IN GENERAL.—Beginning on the date of the enactment of this Act, the conduct of a transaction or payment in connection with an agreement to settle a claim or claims brought before the Iran-United States Claims Tribunal may be made only—

(A) on a case-by-case basis and pursuant to a specific license by the Office of Foreign Assets Control of the Department of the Treasury; and

(B) in a manner that is not in contravention of the prohibition in subsection (a).

(2) PUBLICATION IN FEDERAL REGISTER.—The President shall publish in the Federal Register a list of transactions and payments, including the amount and method of each such transaction and payment, by the United States Government to the Government of Iran in connection with the agreement described in paragraph (1).

(c) TERMINATION.—The prohibition in subsection (a) and the licensing requirement in subsection (b) shall re-

main in effect until the date on which the President certifies to the appropriate congressional committees that—

(1) the President has rescinded a preliminary draft rule or final rule (as in effect on the day before the date of the enactment of this Act) that provides for the designation of Iran as a jurisdiction of primary money laundering concern pursuant to section 5318A of title 31, United States Code; and

(2) the Secretary of State has removed Iran from the list of countries determined to have repeatedly provided support for acts of international terrorism under section 6(j) of the Export Administration Act of 1979 (as continued in effect pursuant to the International Emergency Economic Powers Act), section 40 of the Arms Export Control Act, section 620A of the Foreign Assistance Act of 1961, or any other provision of law.

(d) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term "appropriate congressional committees" means—

(1) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and

(2) the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate.

SEC. 5. REPORT ON OUTSTANDING CLAIMS BEFORE THE IRAN-UNITED STATES CLAIMS TRIBUNAL.

(a) REPORT.—The President shall submit to the appropriate congressional committees a report that lists and evaluates each outstanding claim before the Iran-United States Claims Tribunal.

(b) MATTERS TO BE INCLUDED.—The report required under subsection (a) shall include the following:

(1) The total value of each outstanding claim.

(2) The current status of each outstanding claim.

(3) The likelihood that each claim will be resolved in the next 6 months.

(c) SUBMISSION TO CONGRESS.—The report required under subsection (a) shall be submitted to the appropriate congressional committees not later than 30 days after the date of the enactment of this Act and every 180 days thereafter for a period not to exceed 3 years.

(d) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term "appropriate congressional committees" means—

(1) the Committee on Foreign Affairs of the House of Representatives; and

(2) the Committee on Foreign Relations of the Senate.

SEC. 6. NOTIFICATION AND CERTIFICATION RELATING TO SETTLEMENTS OF OUTSTANDING CLAIMS BEFORE THE IRAN-UNITED STATES CLAIMS TRIBUNAL.

(a) NOTIFICATION.—The President shall notify the appropriate congressional committees not later than 30 days prior to conducting a transaction or payment from the Government of the United States to the Government of Iran in connection with an agreement to settle a claim or claims brought before the Iran-United States Claims Tribunal.

(b) MATTERS TO BE INCLUDED.—The notification required under subsection (a) shall include the following:

(1) The total amount of the settlement, including the total principal and interest, and an explanation of the calculation of the interest.

(2) A legal analysis of why the settlement was made.

(3) A certification by the President that the settlement is not a ransom for the release of individuals held hostage by Iran.

(4) An identification of each entity of the Government of Iran that will receive amounts from the settlement.

(5) A certification that the funds provided to Iran under the settlement will not be used to provide support to foreign terrorist organizations, the regime of Bashar al-Assad, or other destabilizing activities.

(6) Whether an equal amount of Iranian funds are available and accessible in the United States to satisfy judgments against Iran by victims of Iranian-sponsored terrorism.

(c) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term "appropriate congressional committees" means—

(1) the Committee on Foreign Affairs of the House of Representatives; and

(2) the Committee on Foreign Relations of the Senate.

SEC. 7. EXCLUSION OF CERTAIN ACTIVITIES.

Nothing in this Act shall apply to any activities subject to the reporting requirements of title V of the National Security Act of 1947.

SEC. 8. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to authorize any payment by the Government of the United States to the Government of Iran.

SEC. 9. DEFINITIONS.

In this Act:

(1) GOVERNMENT OF IRAN.—The term "Government of Iran" means—

(A) the state and the Government of Iran, as well as any political subdivision, agency, or instrumentality thereof;

(B) any entity owned or controlled directly or indirectly by the foregoing;

(C) any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, acting or purporting to act directly or indirectly on behalf of any of the foregoing; and

(D) any person or entity identified by the Secretary of the Treasury to be the Government of Iran under part 560 of title 31, Code of Federal Regulations.

(2) IRAN-UNITED STATES CLAIMS TRIBUNAL.—The term "Iran-United States Claims Tribunal" means the tribunal established pursuant to the Al-

giers Accords on January 19, 1981, to resolve certain claims by nationals of one party against the other party and certain claims between the parties.

○

Chairman ROYCE. And after recognizing myself and the ranking member, I will be pleased to recognize any members seeking recognition to speak on the bill before moving to any amendments.

So I very much appreciate the committee members assembling this morning so that we can consider this bill. I introduced this legislation to prevent ransom payments to Iran. And if this legislation was law, the administration's dangerous actions of last January could not have happened.

As members of this committee well know, January 16 marked "Implementation Day" of the administration's nuclear deal with Iran. But the committee was very much surprised when President Obama announced that the United States and Iran had agreed to a separate deal that had several American hostages released by Iran in exchange for the U.S. granting clemency to and releasing seven Iranians serving sentences or awaiting trial for serious crimes—such as aiding Iran's illegal weapons program.

And that part of it made sense, in terms of the exchange of Iranian prisoners for our American hostages. But the President also announced then that the United States would pay Iran $1.7 billion to settle a dispute over an aborted arms sale that stalled when the radicals that rule Iran seized power in 1979. Now, myself and the ranking member were part of many, many briefings leading up to that weekend. At no time did the administration mention that it was close to resolving this case or even mention this case at all. This settlement payment came out of the blue.

The White House rejected concerns that this payment amounted to a ransom for the release of the American hostages—despite Iranian military commanders boasting otherwise. The way in which a lot of us learned more details about this was watching the Iranian television station, watching the translations of their statements about what was afoot, what was going on.

So, last month, when news broke that the United States secretly paid Iran the first part of this settlement—$400 million, in unmarked bills, in cash—just as the hostages were released, it became clear that the President had rejected the advice of his own Justice Department and ignored a longstanding U.S. policy not to release prisoners or pay ransom in exchange for the return of Americans held hostage abroad. Even the State Department now

admits that this payment was—what? They say, well, it was "leverage" for the release of American hostages.

And after weeks of questions from Congress and the press corps, the Obama administration finally admitted that the $1.3 billion of "compromise interest" was also paid in cash—put onto pallets and loaded onto cargo planes. One-point-three billion dollars in cash. Even broken up into two shipments, that must have been a big plane.

Of course, the goal of the longstanding U.S. policy against ransom is to remove a key incentive for hostage-takers to target Americans and deny terrorists and their sponsors the resources they need to conduct attacks. Not surprisingly, Iran has since taken several more Americans hostage and continues to fund terrorist groups that threaten U.S. interests and destabilize the Middle East.

So what drove this side deal, and why on Earth was it conducted in cash? Explicit provisions in existing regulations allow financial institutions to provide payments to Iran through conventional banking channels when those payments are made pursuant to a settlement agreement under the Iran-U.S. Claims Tribunal—as they supposedly were here.

So the administration could have licensed a transaction through the international financial system. It would have taken maybe a week more. It might not have been timed for the release of these hostages. But it certainly could have been done that way. It should have been done that way, if they were going to do it. Instead, the administration chose to deliver $1.7 billion in untraceable assets to the world's leading state sponsor of terrorism.

We cannot allow this to happen again. There is a reason why conducting large transactions in cash with this type of regime is really bad policy, and that reason is because the international body charged with developing policies to combat money laundering and terrorism financing tell us that physical transportation of currency is, in their words, "one of the main methods used to move criminal assets, to launder money, and to finance terrorism." Indeed, I believe that is why Iran wanted the cash, to support terrorism.

It is not a coincidence to me that this desire for cash comes just as the committee's legislation to crack down on banks that finance Hezbollah is having an impact. Iran is having trouble transferring funds to Hezbollah as a result of the legislation this committee passed and was signed into law.

So the legislation I have introduced has two core elements. One, it prohibits future cash payments—for any reason—to Iran until Iran stops sponsoring terrorism and is no longer a primary money-laundering concern. And, two, it demands transparency—a 30-day notification—and congressional review of any future settlements related to the U.S.-Iran Hague tribunal so that the committee is not surprised again when it comes to these large payments.

And this, I think, is a reasonable piece of legislation that strikes the right balance between ending cash payments to a state sponsor of terrorism on the one hand while ensuring we can live up to our international commitments on the other.

And I will now go to our ranking member, Mr. Eliot Engel of New York.

Mr. ENGEL. Thank you very much, Mr. Chairman.

Let me start by saying that there is no harsher critic of Iran in this Congress than myself. I think everyone on this committee knows that. I view Iran as a threat to global security. I opposed the nuclear deal. And I have said again and again that we need to hold Iran's feet to the fire on a range of bad behavior, from support for terrorism, to its ballistic missile program, to its atrocious record on human rights.

I also want to go on record saying that I am uncomfortable with the parts of the payment sent to Iran earlier this year. There are parts of this process that Congress should take a hard look at.

But let's make a few things clear. First of all, whether we like it or not, the payment that was sent to Iran was Iran's money. Decades ago, before the revolution in Iran, that money was payment for a weapons sale, but we certainly weren't going to send weapons to the ayatollahs.

Secondly, again, whether we like it or not, there will be more payments to Iran in the future. Under the Algiers Accord, the United States agreed to abide by the rulings of the Iran-United States Claims Tribunal. The payment sent earlier this year was part of a settlement reached in that body, and there are 1,126 claims still pending before the tribunal. We have been making payments this way since Ronald Reagan was President, and make no mistake, there will be more. That is an obligation we took on 35 years ago.

So, in my view, given that reality, the most important question for this committee is, how do we ensure that Congress learns about when this is going to happen before it happens? Because, obviously, that is not what happened, and it is very galling that we didn't know about it. How do we ensure that that can't happen in the future? How do we ensure that we have an opportunity to weigh in and ask questions in the future?

So the bill actually doesn't address that concern. From what I can tell, the bill has one major aim: Stop payments from going to Iran in cash, physical bank notes. But when we read the bill, the language in the bill prohibits payments in promissory notes, including currency. While promissory notes aren't money, they are exactly what they sound like: A commitment to make a future payment. And the fact is the United States did not issue a promissory note to Iran. Additionally, "currency" doesn't refer only to physical bank notes. So I don't think this bill would do what we would like it to do.

Now, my staff and I had a chance to look at the language only after the bill was drafted. Now, that is because it was not drafted with any input from Democratic members.

We have worked very hard, all of us, in the 4 years to make sure that there is consensus in this committee. We do our best when there is consensus. I think we agree that there is a problem, and if we put our heads together, hopefully we could reach a bipartisan approach. When we are serious about passing legislation in this committee, we always collaborate across the aisle. This bill has 50 cosponsors, not a single Democrat. And so I don't think that this bill is really an attempt to have a consensus; it is more an attempt to make a statement.

And this bill is—this is obviously a serious issue. I think we agree on much of this. We agree on the unhappiness of what happened. But I think, if we are really going to make some inroads, we need to put our heads together and come up with a unified way of changing it. I think we can do that.

So I am going to offer an amendment in the nature of a substitute that addresses the actual concerns that have arisen from this payment, that strengthens congressional oversight when it comes to future payments, and I think the committee would pass—and could pass without question.

So I am going to do my part to offer a workable alternative, because I do agree with you, Mr. Chairman. Again, what happened was a problem, and Congress needs to be consulted. We are an equal branch of government, and I think that hiding things from Congress is not acceptable. But I think that the way we go about it, we should go about it, is to put our heads together, collaborate. Let's come up with something that has 100 cosponsors or 200 cosponsors, equally divided between Democrats and Republicans. I think that's what the American people would want us to do.

So I am going to offer a workable alternative. And, as always, Mr. Chairman, we will work together and hopefully be able to get to the bottom of some of these things that really disturb all of us.

I yield back.

Chairman ROYCE. But would the gentleman yield?

Mr. ENGEL. Yes, I would.

Chairman ROYCE. Is it my understanding that it is possible that on the other side of the aisle there could be some support or concurrence with the idea that we would cut off the ability to transfer cash to Iran? Or does this go to——

Mr. ENGEL. Well, I was told that the language—look, I am willing to sit down and come up with compromises to do what we want to do. But I am told that the language of the bill doesn't actually do, I think, what you would like it to do and cut off the cash. Because, as I mentioned before, it talks about—let me see if I can get the language here—it talks about promissory notes. And so they are not money, and we did not issue a promissory note to Iran.

Chairman ROYCE. But it says promissory notes, including currency. So that would include cash. Promissory notes and cash.

Mr. ENGEL. Well, I am willing to sit down and put our heads together and see if we can come up with a bill that we can all support. I am not opposed to placing restrictions on——

Chairman ROYCE. Perhaps we could work on that definition of cash right now, if it is acceptable to the ranking member.

Mr. ENGEL. Well, what would you have——

Chairman ROYCE. We can continue to debate, but I think the goal that I have in this is pretty straightforward. It is to prevent again this kind of transaction which we saw for the $400 million and the $1.3 billion in the successive transportation, or flights, that took these pallets of cash from occurring again.

And if we can work on language here now during the markup that is specific in how we define that cash—in this case, we know they were pallets of unmarked euros and of Swiss francs. So if we can arrive at a definition of how we define—let me—Mr. Sherman, I think, was seeking recognition.

Mr. SHERMAN. I would just interject that there are bearer bonds issued by European corporations that are just as untraceable and are not covered by the language of the bill since it deals with sovereign debt and not corporate debt.

I yield back.

Chairman ROYCE. So my thought, at this point, Mr. Sherman and Mr. Engel, would be: I am open to us working on that definition in concert here during the markup or maybe getting a broad enough definition for an amendment and then have our staff continue to work to refine it. But I think we can reach a common objective, if it is to prevent the transfer of cash to Iran, that would be helpful.

Mr. ENGEL. Well——

Chairman ROYCE. Let's continue discussion, if we could.

Mr. ENGEL. Okay.

Mr. Chairman, the notification provisions in this bill—correct me if I am wrong—would prevent any payments since the President would not be able to make certification. So I think that you have that there. But our goal would be to do the same thing.

So if you would like to recess for a few minutes and maybe we can work out the language, I would be amenable to that.

Chairman ROYCE. Well, there are two options here. One is to recess for a few minutes to work on this. The other would be for us to work on it while we allow members to continue to debate the issue.

Mr. ENGEL. That is fine.

Chairman ROYCE. That might give them the time to do this while we are in consultation.

Mr. ENGEL. That is fine with me.

Chairman ROYCE. So I will recognize Mr. Smith of New Jersey, followed by a Democratic member. In the meantime, we will consult.

Mr. Smith of New Jersey is recognized.

Mr. SMITH. Thank you very much, Mr. Chairman.

I want to thank you for authoring the Prohibiting Future Ransom Payments to Iran Act, which is a reaction to, I think, what was an egregiously flawed decision by the administration to provide hard currency, as you and others have pointed out, cash payments, including euros and dollars, not traceable, in a way that can be today already buying arms for a number of horrific state actors and others like Hezbollah, which we have all known have been financed so extensively by the Iranians.

You know, it just seems like the flawed nuclear arms agreement just continues to disappoint on every aspect of its implementation—you know, the fact that the ballistic missiles were not a part of it; and now Iran is on a tear to develop a ballistic missile capability to deliver nuclear arms; all of the side deals and secret deals that we don't even know about that we then find out about through some investigative reporting by some of our news media or by congressional oversight; and now this, money being flown in for the hostages.

I had raised several times during the course of those negotiations that the hostages should have been freed without any precondition and it should have been done before any kind of an agreement was

concluded between the United States, the P5+1, and we kept being told, oh, that is a side issue, it is being done on the sidelines.

And now we see this terrible ransom payment, which I believe, Mr. Chairman, may incentivize other state actors of terrorism, as well as terrorist groups and others and nefarious organizations all over the world, that believe that the United States will pay ransom, and that incentivizes the taking of hostages for that very purpose.

So this is a tourniquet type of bill to say, you should have told us, Mr. President, you should have been transparent about all of this process, which you have not been, and we want this noticing, the transparency, and we want absolutely an end to these cash payments to these terrible regimes that kill, maim, execute, and rape, like Tehran.

I yield back.

Chairman ROYCE. I recognize Mr. Brad Sherman of California to speak on the underlying bill.

Mr. SHERMAN. Mr. Chairman, I would hope that we would deal with this bill as part of an overall State Department authorization bill and that we would deal with it a few months from now. This is a highly political issue right now. Rather, we need an overall policy about congressional involvement and congressional notice if payments of this type are going to be made.

Looking at the bill itself, I don't think it should just be Iran. I think it should be all state sponsors of terrorism and North Korea. And I know the ranking member has a proposal that would broaden this concept. Yes, yesterday it was Iran; tomorrow it may be North Korea.

Second, I think that Iran may not have gotten any tremendous advantage by getting this money in cash. Yes, at the bottom of the food chain, criminal enterprises deal in cash. But at the top of the food chain, they use all their skill to turn to cash into bank deposits. And I think that Iran might well want this cash in bank deposits, particularly in banks in China and other places not entirely friendly to the United States.

I think that it never hurts to reiterate our policy against paying ransom. As to the deal that occurred, the simultaneous transfer of cash and prisoners on the one hand for getting our hostages on the other, I think we may be more concerned about the criminals that we released and those under criminal investigation that we released, because this does tremendous benefit to Iran.

Iran needs an international network of people skilled in evading the arms control. How do you get the centrifuge, how do you get the titanium tubes that you need for the nuclear weapon of next decade? You get them with a network of people who can worm their way into business, can give a civilian front, and will ship you these items.

The release of these criminals helps Iran achieve that in two ways. First, these individuals are now available to Iran, and they are skilled. Perhaps the most skilled criminals are those who have been caught once. They won't get caught that way again. But, second, it tells Iran's network around the world, if you get caught, we will get you out.

So there is controversy with this. On the other hand, there are those who say, well, we shouldn't have settled the $1.4 billion financial dispute at the same time as we got our hostages back. Imagine how Congress would have reacted if we had paid the $1.4 billion and not gotten our hostages back. The other thing worse than transferring the money and getting your hostages is transferring the money and not getting your hostages.

So these two related and simultaneous deals occurred. They are politically hot. We will do a better job of legislating early next year when we focus not just on Iran but on all state sponsors of terrorism and North Korea and when we focus not on that politically charged issue of pallets of cash going to Iran but, rather, sit back and say, what should be the procedures for payments of this type to be made?

And, finally, I would point out, as I did to the chairman, that there are many instruments, if Iran wants nontraceable instruments. There is not just currency and bonds issued by sovereigns; there are also corporate bonds and in Europe there are plenty of bearer corporate bonds that would serve the same purpose. And, you know, I think a bond issued by Siemens is just about as valuable as one issued by the German or French Government.

So I think this is a bill that needs a lot of technical work, and that would benefit from some time. And it is a bill that needs a calm political atmosphere, and that can be generated only by some time. I look forward to hopefully bipartisan legislation early next year.

And I yield back.

Chairman ROYCE. We will go to Mr. Chabot of Ohio.

Mr. CHABOT. Thank you, Mr. Chairman. And thank you for your leadership in bringing this before the committee. I think it is very important that we take this up, and thank you for this.

When the $1.7 billion in payments to Iran came to light, the Obama administration refused to call those payments what they were, which is clearly ransom. They denied it and denied it and denied it, and now we know it was true.

First, the administration wanted us to believe that the payment was essentially money that the U.S. owed Iran from the days of the Shah.

When that story didn't work, they tried to tell the American people that the money was unsettled claims in the Iran-U.S. Claims Tribunal. The administration argued that if we didn't pay Iran the money we would lose even more. So, in effect, this was supposed to be a bargain. What a deal, right?

When that story didn't work, the truth finally came out. We learned that what we all suspected was, in fact, true. The Obama administration paid $1.7 billion to Iran in exchange for hostages.

Once again, the administration's policy toward Iran damaged our reputation around the world for resolve, for standing for something. This has really damaged our reputation, I think, as the administration has done time and again.

While the Obama administration has a tough time arriving at the truth, here are a few things that we do know. Iran continues to see terrorism as a legitimate tool of statecraft. Iran continues to see anti-Semitism, a denial of the state of Israel's right to exist, as

normal diplomatic discourse. Iran continues to harass our ships in the Persian Gulf. And, just as in 1979, the actions of the Obama administration have emboldened Iran to see hostage-taking as just another means of gaining leverage at the bargaining table.

However, the ransom payment has been met with bipartisan enthusiastic support in one place: In Iran. Hardliners and so-called reformers in Tehran have celebrated the Obama administration's ransom payment. So-called reformers, such as President Rouhani, have praised the agreement as evidence that engagement works. The head of the Basij, a key component of the Iranian Revolutionary Guard, Brigadier General Mohammad-Reza Naqdi, argued the payment of $1.7 billion was evidence of American intent to infiltrate Iran. Iranian media has covered the story with headlines such as "The Exchange of Four American Spies"—spies.

H.R. 5931, the Prohibiting Future Ransom Payments to Iran Act, is guided by a simple principle: The U.S. should never pay ransom for the release of our citizens held hostage abroad. When you make payments like this, all you do is invite more Americans to be held hostage in other countries besides Iran around the world.

So this is a terrible road to go down. That is why our history on this has been pretty clear: We don't pay for return of hostages. And this goes 100 percent against that. It is wrong, it is dangerous, and a lot of people are going to pay a price down the road for this.

And I yield back the balance of my time.

Chairman ROYCE. Mr. Meeks of New York.

Mr. MEEKS. Thank you, Mr. Chairman.

This bill, H.R. 5931, Prohibiting Future Ransom Payments to Iran Act, I think it is clear that it is basically a partisan bill, at this point. It is an issue, though, that shouldn't be partisan at all, as I think Mr. Engel and Mr. Sherman—and I want to really associate myself with many of the remarks of Mr. Sherman on this matter. The subject of Iran and congressional oversight is one that should unite us, not divide us.

Now, it is clear that we are in a political season. And what has happened in the past, at least with this committee, we have often tried to manage to rise above partisan politics in the best interests of our Nation. But that is not this bill. This bill is clearly a partisan bill that is not made to unite but to divide.

The Wall Street Journal article in August that reported a settlement payment to Iran has been used by my colleagues on the other side of the aisle as fodder for their convenient political spin. The majority quickly turned to talking points about the administration's settlement payment being a cash ransom payment—this, despite the fact that the Obama administration had, in fact, briefed Congress of the $1.7 billion settlement of a longstanding claim with the Government of Iran.

Let's be clear: Because the payment was in cash doesn't mean it was a secret, nor does it mean it was a ransom payment. The modality of payment is not the determining factor. Whether it was cash, check, or charge, it was not payment for a ransom, and it is not different from what has happened in the past.

Let us also be clear that using leverage when conducting diplomatic negotiations is a common and smart strategy and another reason why, if you are doing this correctly, we would have to hear

and talk back and forth to the State Department. And I believe, in fact, had the Obama administration not used every bit of existing leverage it had to ensure the release of Americans, I could imagine that the majority would be raking the administration over the coals for failing to successfully negotiate. In other words, as Mr. Sherman indicated, had we given the money and not gotten any hostages back, you would be railing about that.

Similarly, had the administration not negotiated The Hague settlement and ended up ultimately paying a higher price for the 1979 failed arm sales, the majority would also point to that as a failure.

For the record, since the establishment of the U.S.-Iran Claims Tribunal, all U.S. citizens' claims against Iran that were registered under the Algiers Accords have been resolved. Americans, as a result, have gotten about $2.5 billion in payments. At the tribunal, there are still over 1,000 Iranian claims yet to be resolved. These are just the facts.

So there was no ransom payment, and this bill is an unfortunate attempt to play, in my opinion, politics with an issue that our diplomats worked very hard to resolve. And, as such, I hope the American people look at the totality of the circumstances, examine all the facts, and see that regardless of the majority's effort to distort the reality, leveraging the settlement payment to obtain the best results in concurrent negotiations was indeed shrewd and not at all reckless.

Let me end by saying I agree with Mr. Sherman again. I think that if we wait until post-election, where we can sit in calm fashion and talk to our State Department and diplomats, et cetera, then we will be in a climate where we can resolve this issue in a manner that is bipartisan, that is also inclusive of not only Iran but all of the nations that are sponsors of terrorism. I think Mr. Sherman is absolutely right. Because we want to make sure that we have something where we are looking at oversight with all of those types of nations that proliferate terrorism.

So I think that, Mr. Chairman, we should hold this bill and negotiate this right after the election is over, the beginning of the next Congress.

And I yield back.

Chairman ROYCE. Any other Republican members seeking recognition on this bill?

I will recognize myself here for a couple of observations.

And I think I would just begin by going to the observations of the Justice Department, because, in this case, the administration ignored its own lawyers. The head of the Justice Department's National Security Division warned that Iran would see this as ransom and would respond to this by taking more Americans hostage. And since this was done in cash—and that is the argument here, it being done in cash—we have had three more hostages that were abducted while they were in Iran.

They held the cash—again, this cash was held until the hostages left Iran. The State Department now says, well, that is leverage. To me, it was textbook ransom. And the Iranians viewed it as ransom because I have seen the tapes of their comments when this transaction occurred. They bragged about it. And, as I said, now more Americans have been taken hostage.

But if we focus on the bill in front of us today, as a practical matter, this bill does two things: One, it provides more transparency regarding the U.S.-Iran Claims Tribunal; and, two, it prohibits cash payments to the Government of Iran, the world's leading state sponsor of terrorism.

Remember, as the Financial Action Task Force has made clear, and I am going to quote from the task force, "The physical transportation of currency"—as in cash—"is one of the main methods used to move criminal assets, launder money, and finance terrorism." The reason that last point, financing terrorism, is important to us here is because we are all cognizant of the cash that Iran transfers into the hands, or has transferred into the hands, of Hamas and continues to transfer into the hands of Hezbollah.

So that is the fundamental question before us. And I think our sanctions regime was designed with tribunal payments in mind. I would just make this point. The Iran transactions sanctions regime contains a number of exemptions from the rules so that certain transactions can go forward. And, in this case, transactions for tribunal settlements are explicitly authorized and would shield any entity involved in such a transaction from liability under U.S. law.

But the administration chose a different course here. The administration chose not to license a transaction within the international financial system. They chose instead to deliver $1.7 billion in untraceable assets, in cash.

If everything was on the up-and-up and there was no connection to hostages, why not go through the process laid out in law? Issuing a license, you know? If the administration wanted to pay through a bank, it could have. How do we know? Because earlier this year the Obama administration paid Iran $10 million for heavy water, and that transaction flowed through the formal financial system, a bank. We just learned this on Monday.

So, yes, it would have taken a little longer, but the dispute this payment was supposed to settle was over 35 years old, so what is another month? The only way I see timing coming into the play is if this was a ransom for the release of Americans. And, hopefully, we won't be doing that again.

So I wanted to make those points, and I now go to Ms. Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Chair.

So I want to just start by saying what I think everybody here, on the panel up here, would agree, is that we do not trust Iran. Probably none of us like to send any money to them because they are the number-one state sponsor of terror in the world. I won't go into the list of horrible activities they are involved in. And I know we all recognize, though, that there is a need to fulfill legal obligations on our part if we have to transfer funds.

Mr. Chair, you know, I want to state for the record you know I believe that you are an above-excellent, fair chairman. With that said, I want to say that I think this bill itself, this piece of legislation, is more of a political statement. And although I think both the ranking member and the chair, you have raised important issues, I would feel more comfortable to hear an explanation from the State Department for why they acted the way they did.

And one thing I have learned by sitting at all these meetings is this foreign policy stuff is very complicated. And I think it would be a more reasoned way for us to proceed, if we want to discuss this issue, to bring some people in, whether it is from the State Department or think tanks, but some people who could give us perspective. And so I would just request both to the chair and the ranking member that we be given an opportunity to have that kind of hearing.

And I yield back.

Chairman ROYCE. I thank the gentlelady, and we will have further discussions with the gentlelady.

I think Mr. Wilson of South Carolina is next to be recognized.

Mr. WILSON. Thank you, Mr. Chairman.

I appreciate your hard work and dedication on this issue that has a threatening impact on American families. By providing the Iranian regime with $1.7 billion worth of nearly untraceable foreign cash without the knowledge of Congress, the Obama administration has put American families at risk.

On June 4, 2016, former Under Secretary for Terrorism and Financial Intelligence David Cohen testified before the Senate Committee on Banking, Housing, and Urban Affairs, accurately describing Iran as the world's foremost state sponsor of terrorism. Even more troubling is Iran's ranking as the world's foremost money launderer, ranking first on the Basel Anti-Money-Laundering Index.

This week, I sent a letter to Under Secretary of Terrorism and Financial Intelligence Adam Szubin asking for his assessment of the far-reaching negative consequences that the direct cash transfer may have. I look forward to hearing his response, whether or not he can guarantee that this ransom will not be used to finance terror.

Despite the payoff, the chant remains, "Death to America, death to Israel."

Again, I want to thank Chairman Royce for his work on ensuring that future payments cannot happen again.

I yield back.

Chairman ROYCE. Mr. Sires?

Mr. SIRES. Thank you, Mr. Chairman.

You know, here we are, a week or two before we leave, and I don't see the rush, why we have to do this. I know the optics of this are horrible, and I think the administration should have been—when it was first released, should have been more forthcoming. But I just don't think this is the time to do something like this. I think we ought to work together on this. We have to work together on this and many issues.

And I would like to turn over the rest of my time to Mr. Brad Sherman.

Mr. SHERMAN. I thank the gentleman from New Jersey.

We keep hearing the word "ransom." We do have to put in the record: This was Iran's money. The Shah sent $400 million in the 1970s. We held on to it. The Iranian Government was entitled to that $400 million, plus interest. And settling that would be a good thing to do.

Second, the fact that it was paid in cash did not materially make it more dangerous for the United States. What if the money had been wired into a Russian bank? It would have been available for Iran to use to buy sophisticated anti-aircraft systems that would make some future Iranian nuclear program invulnerable to attack. Or it could have been wired to China to buy large numbers of shoulder-fired anti-aircraft missiles, which are the most dangerous thing for a terrorist organization to have. Or it could have been wired to a Russian or Chinese bank and then converted into euros or other currency.

The use of cash turned out to be terrible politics. There is a visual image that sticks in people's minds. The money that we paid, as the chairman pointed out, for the heavy water was done through the banking system and is less politically interesting because there is no picture.

So there was a simultaneous transfer. Had we transferred the money beforehand, then I think this committee would be even more outraged. We needed to get our hostages back, and only a simultaneous transfer could achieve that.

So I will yield back to the gentleman from New Jersey.

Mr. SIRES. I don't have any more remarks, Mr. Chairman.

Chairman ROYCE. The gentleman yields back.

Do any other Republican members seek recognition?

If not, Mr. Engel—oh, Mr. Connolly?

Mr. CONNOLLY. Just briefly, Mr. Chairman.

I would like to see our committee try to act, on controversial issues especially, in the bipartisan manner that, by and large, has characterized, I think, your chairmanship and the ranking member's tenure as well.

It is easy to politically exploit the optics of the situation, as Mr. Sherman just indicated, but that belies the complexity of a really difficult relationship in which the goal is to make sure we cement a non-nuclear Iran going forward.

If we are serious about this legislation, let's have a hearing. Let's hear from the State Department and others in the administration to explain the thinking behind the decisions that were made.

And let's also recall, I think, the thoughtful observation of Mr. Sherman that this was Iran's money. It is not like it was some grant by the United States Government.

And I do think there are, frankly, you know, two options for our committee. We can, in a political season, less than 60 days out from an election, try to exploit an issue in the hopes of some partisan political advantage; or we can do what we usually do, or have done in the last few years, in this committee and try the more thoughtful, reflective approach to make a serious contribution to American foreign policy.

I don't believe that the bill in front of us does that. I believe that Mr. Engel has made a very creative attempt at trying to find common ground. I will support Mr. Engel's substitute, and, sadly, I will be required to oppose the chairman's bill.

With that, I yield back.

Chairman ROYCE. I thank the gentleman for yielding back.

You know, we do have a standing request before the Secretary of State to come before us, and that is being scheduled.

There is some urgency to this issue, in this sense: It was not just the $400 million that was cash, it was an additional $1.3 billion that was transferred. So this has been an ongoing pattern. And because it is an ongoing pattern, I would like to see us reach some kind of consensus that this will not be done in cash in the future. Because we are basically doing their money laundering for them, in a sense, because cash is what Hezbollah needs.

And I have already gone through the motions of passing my legislation and having it signed into law, in terms of stopping the financial system from allowing Iran to transfer cash to Hezbollah. But as long as Iran gets its hands on additional—they were transferring funds to Hezbollah through a banking system. We have shut that down. The only way they can do it now is if they transfer cash. And the ones giving them cash is us.

So, from that standpoint, and because this is a continued practice here, not once, but has occurred three times now, I think I need to move forward with legislation.

I understand Mr. Engel has an amendment. And if there are no further requests for recognition on the bill, I will go to him for his amendment.

The clerk will report the amendment.

Mr. HIGGINS. Mr. Chairman?

Chairman ROYCE. Mr. Higgins.

Mr. HIGGINS. Yeah, Mr. Chairman, you had said that there is a fundamental question before us, and I think the fundamental question is this: If the Iran nuclear program wasn't working, that is what we would be talking about. Because it is, we conveniently changed the subject.

The Iran nuclear deal is working. Natanz—Iran has put 19,000 centrifuges in storage under international control. That is a win.

Iran has shipped out 98 percent of low-enriched uranium. All Iran nuclear facilities are open to international inspections. That is a win.

Fordow—all nuclear material has been removed in this once-secret facility. That is a win.

Reduced stockpile of enriched uranium from 12,000 kilograms to 300 kilograms, with a purity rate of no more than 3.67 percent, not enough to make a nuclear weapon, that is a win.

The heavy water reactor at Iraq has been filled with concrete. That is a win.

Last year, Iran was 2 months from a nuclear weapon. Today, the International Atomic Energy Agency said that they are more than a year away from a nuclear weapon. That is a win.

Until recently, Moshe Ya'alon was the Israeli Defense Minister. He said, today, because of the nuclear deal, Iran no longer poses an existential threat to Israel.

When you are losing, you change the subject. And I think that is what is going on here, and let's just be honest about it.

I yield back.

Chairman ROYCE. Well, will the gentleman yield?

Mr. HIGGINS. Yep.

Chairman ROYCE. I would just make a couple of points.

Mr. HIGGINS. Sure.

Chairman ROYCE. The first point is I intentionally avoided raising this issue of the Iran deal as part of this hearing because I know that that is a bone of contention between members and some supported it, some opposed it.

If you raise the point of how well that deal is working, I would just point out to you that German intelligence already has reported that Iran was attempting to obtain prohibited nuclear capability, in violation of the agreement, by approaching their agents, by approaching German industry to get around the agreement.

The second point I would make is that, even as we sit here, Iran is working on centrifuges that spin faster and faster and faster. Yes, they have figured out a way to set themselves up on a schedule where 10 years from now they will have an industrial-scale capability in terms of how fast those centrifuges will spin and how quick they can produce the nuclear material they need.

And when this agreement expires, on top of it, if you have any question in your mind about their long-term intention, think for a minute of the ballistic missiles that they continue to produce. And as opposed to the talking points we saw at the time, when we thought there was going to be an 8-year prohibition on delivering ballistic missiles or on working on ballistic missiles or the 5-year prohibition that was supposed to be on the conventional arms transfer, they are in the process right now of developing ballistic missiles. And you can see on the side of those missiles, in Farsi, the words "Israel must be destroyed." And you go over to the other side of the missile and see in the photograph; they put it in Hebrew just in case you didn't get the message.

So I don't think there is any question of where Iran is headed here and the position they are going to be in, or of the fact that they did approach German agents with the intent of circumventing the agreement.

So I meant to resist the temptation to get into a debate about this, because this hearing is not about that subject. But since you raised the issue, I would just caution that the intention of the Iranians in all of this is transparently obvious to anybody that is reading their news or listening to their leader talk about his long-term desire to annihilate Israel, who is just the little Satan in his equation. The big Satan is the United States.

But back to the question at hand. The question at hand is whether or not we are going to try to prohibit the transfer of cash to this regime.

Mr. HIGGINS. Would the gentleman yield for just a final thought?

Chairman ROYCE. I will definitely yield.

Mr. HIGGINS. In that part of the world, there is the morning after, and there is the morning after the morning after. And I think that, despite 1 year ago, all the controversy regarding whether or not there would be compliance with this plan has eroded significantly.

It is not perfect. It is not black and white; there is a lot of gray. There is nuance in foreign policy. But the fact of the matter is, until recently, the Israeli Foreign Minister says that Iran no longer poses an existential, a standout threat to Israel because of the efficacy of Iran's compliance and the international monitoring system that was put in place. That is a major, major victory.

And I am simply saying, Mr. Chairman, with all due respect, that if that plan wasn't working today, that is what we would be talking about today. Because it is, that is why we are not.

Chairman ROYCE. Without objection—I thank the gentleman.

Without objection, Mr. Weber is recognized to speak on the underlying bill.

Mr. WEBER. Thank you, Mr. Chairman.

I am really amazed at the discussion. We are told that this is a political season. So do we shut down all bills during a political season?

We are told that this is partisan, it has all the appearance of being nothing more than partisan. And in keeping with the political-season idea, I remember that during the last two—because there is a Presidential campaign going on, ostensibly, I suspect—in the last two Presidential campaigns, how George Bush was brought up for the war on Iraq, and everybody had to weigh in on whether they would have agreed with the war on Iraq.

That notwithstanding, I would remind those on the left, we live and exist and work in a political world.

Now, Secretary of State John Kerry was here months and months and months ago, and we had this discussion with him, he and I did, a back-and-forth exchange. And I said, why wouldn't we demand the hostages back before the Iranian nuclear giveaway was put into place? His response was he didn't want them to be pawns.

Turns out they were pawns, and some of the most expensive pawns in history, in my opinion, and not just in terms of billions of dollars of cash, but for two reasons: Number one, obviously, they can export terrorism now in a way that they couldn't before they got the money. Secondly, not just the billions of dollars, they will now take and have already taken more Americans.

One of the comments earlier was, well, it would have been worse if we would have given them the cash and not gotten the hostages back, as if somehow that made the deal more palatable. Well, Americans are tired of being misled by the White House, by the State Department, and anybody else, for that matter. What about the lying and the misleading by the White House?

Political season? Are you kidding me? Americans want to know and deserve the truth all the time, not just when it is a political season. They want during this political season and every other time, as far as I can tell, somebody to stand up for America, protect them from terrorism, and protect them from out-of-control bureaucrats and a misleading, dare I say lying White House and maybe even the State Department. Americans deserve that.

Mr. Chairman, I yield back.

Chairman ROYCE. You know, a lot of this is water under the bridge, all right? Regardless of our opinions, a lot of it is water under the bridge. To me, the only question, prospectively, going forward, is whether or not we are going to discontinue the process of paying cash. That is the intent of the bill.

And I think Mr. Engel has an amendment. The clerk will report the Engel amendment.

Ms. MARTER. Amendment in the nature of a substitute to H.R. 5931, offered by Mr. Engel.

Strike all after the enacting clause and insert the following:

Section 1. Short Title. This act may cited as the "Restrictions on Payments to State Sponsors of Terrorism Act."

Section 2. Restrictions on Payments to State Sponsors of Terrorism. (a) In General.—No agency or instrumentality of the United States Government may make a payment or enter into an agreement to make a payment, to an agency or instrumentality of a government of a state sponsor of terrorism, or an agent acting on behalf of such a government, in settlement of a claim or judgment against the United States, unless, not less than 5 days prior to making such payment or entering into such agreement, the President submits to the appropriate committees in Congress in writing——

Chairman ROYCE. Without objection, the amendment is considered as read.

[The information referred to follows:]

AMENDMENT IN THE NATURE OF A SUBSTITUTE

TO H.R. 5931

OFFERED BY M .

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Restrictions on Payments to State Sponsors of Terrorism Act".

SEC. 2. RESTRICTIONS ON PAYMENTS TO STATE SPONSORS OF TERRORISM.

(a) IN GENERAL.—No agency or instrumentality of the United States Government may make a payment, or enter into an agreement to make a payment, to an agency or instrumentality of a government of a state sponsor of terrorism, or an agent acting on behalf of such a government, in settlement of a claim or judgment against the United States, unless, not less than 5 days prior to making such payment or entering into such agreement, the President submits to the appropriate committees of Congress in writing—

(1) a notification of the proposed payment or agreement; and

(2) the text of the claim or judgment with respect to which such payment or agreement relates.

(b) APPLICATION TO NORTH KOREA.—

(1) IN GENERAL.—Subsections (a) and (c) shall apply with respect to a payment, or an agreement to make a payment, to an agency or instrumentality of the Government of the Democratic Peoples' Republic of Korea, or an agent acting on behalf of such Government, in the same manner and to the same extent as such subsections apply with respect to a payment, or an agreement to make a payment, to an agency or instrumentality of a state sponsor of terrorism, subject to the termination provisions described in paragraph (2).

(2) TERMINATION.—Subsections (a) and (c) shall cease to apply with respect to a payment, or an agreement to make a payment, to an agency or instrumentality of the Government of the Democratic Peoples' Republic of Korea, or an agent acting on behalf of such Government, beginning on the date on which the President makes the certification to Congress under section 402 of the North Korea Sanctions and Policy Enhancement Act of 2016 (Public Law 114–122; 22 U.S.C. 92512).

(c) PUBLICATION IN THE FEDERAL REGISTER.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall publish in the Federal Register a list of payments, and agreements to make payments, to agencies and instrumentalities of governments of a state sponsors of terrorism as described in subsection (a) that were made or entered into during the prior 180-day period.

(2) CONTENTS.—The list of payments, and agreements to make payments, required to be published in the Federal Register under paragraph (1) shall, with respect to each such payment or agreement, include the following:

(A) The amount of the payment or agreement.

(B) The agency or instrumentality of the United States Government that made the payment or entered into the agreement.

(C) The reason or reasons for the payment or agreement.

SEC. 3. REPORT ON OUTSTANDING CLAIMS BEFORE THE IRAN-UNITED STATES CLAIMS TRIBUNAL.

(a) REPORT.—The President shall submit to the appropriate committees of Congress a report that describes

each claim pending before the Iran-United States Claims Tribunal as of the date of enactment of this Act.

(b) MATTERS TO BE INCLUDED.—The report required under subsection (a) shall include the amount (if an amount is specified) and the status before the Iran-United States Claims Tribunal of each claim described in subsection (a).

(c) FORM.—The report required under subsection (a) shall be submitted in unclassified form, but may contain a classified annex if necessary.

(d) DEADLINE.—The report required under subsection (a) shall be submitted to the appropriate committees of Congress not later than 90 days after the date of the enactment of this Act and annually thereafter until the disposition of all claims pending before the Iran-United States Claims Tribunal.

SEC. 4. EXCLUSION OF CERTAIN ACTIVITIES.

Nothing in this Act shall apply to any activities subject to the reporting requirements of title V of the National Security Act of 1947.

SEC. 5. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to authorize any payment by the Government of the United States to a state sponsor of terrorism or North Korea.

SEC. 6. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term "appropriate committees of Congress" means—

(A) the Committee on Foreign Affairs, the Committee on the Judiciary, and the Committee on Financial Services of the House of Representatives; and

(B) the Committee on Foreign Relations, the Committee on the Judiciary, and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) STATE SPONSOR OF TERRORISM.—The term "state sponsor of terrorism" means a country the government of which the Secretary of State has determined, for purposes of section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (as continued in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)), section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)), section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)), or any other provision of

law, to be a government that has repeatedly provided support for acts of international terrorism.

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Chairman ROYCE. The Chair recognizes the author to explain the amendment.

Mr. ENGEL. Thank you, Mr. Chairman. My amendment is fairly straightforward and in my view goes to the core problem that has arisen from this Iran payment situation, which is Congress' oversight role. As I said in my opening, the reality is that there, that there will be more payments under our Algiers Accords obligations, and frankly, I don't want a repeat of what happened. This committee should not be finding out after the fact how and when these payments are taking place, so my amendment says simply that payments like this cannot happen unless Congress is notified in advance. The bill contains a 5-day notification. I certainly would be open to negotiate a larger amount of time.

It would apply to payments not just to Iran, but to any state sponsor of terrorism, plus North Korea. It would also apply to all forms of payment—cash, check, wire transfer, you name it—because I don't think it really matters. A payment is a payment. Whether it is cash or not, it doesn't really matter. And it says, claims, settlements, and payments should be publicly reported in the Federal Register. So this amendment also strips out references to promissory notes because, again, the United States hasn't issued promissory notes to Iran. That is not the way these payments have worked. My language preserves certain key provisions, a requirement for periodic reporting to Congress on activity under the Algiers Accords, an exemption for our intelligence activities, and some technical language.

I have also gotten rid of the word ransom in this bill. Now whether you believe the payment was a ransom or not, we know this is a political argument. I think we should focus on substance and not derail ourselves over something on which we are simply not going to agree, so I think this is the right approach. It strengthens our oversight, and it provides greater transparency, and I think it would send a strong bipartisan message that Congress and the Foreign Affairs Committee need to be a part of the payments process going forward.

We have worked very long on this committee. Under your leadership, Mr. Chairman, with consensus, I hope we can sit down early next year, put our heads together, and come up with language that

will get to what both you and I agree are abuses that should not have happened and should not happen in the future. The fact that this bill has only Republican co-sponsors, 50 of it, sends a message to us that it is not a bipartisan bill, and that it is really just a messaging bill to a very large extent.

So I know you feel very strongly about this, as do I, and I would hope that what we have been doing for the past several years, we can continue to do when we come back next year, and that is, work bipartisanship and get at what you and I have no disagreement on, the fact that the way the Iran payments were made left a lot to be desired, and Congress should not be kept out of the loop. We have to play a very, very important role. So I ask that all members support my amendment, and I yield back.

Chairman ROYCE. I thank the gentleman, and let me speak to the ranking member's substitute, which I will regretfully oppose. And I hope that maybe during the process, or Rules Committee, we can try to reach further accord here. But there is a common theme between the underlying bill and the ranking member's substitute, and that theme is the need for greater transparency, the need for greater congressional involvement in these decisions, and that is a must.

Leading up to the day that this settlement was announced, the administration had repeatedly briefed Congress on Iran and the nuclear deal. Yet, despite having innumerable opportunities to do so, the Obama administration never raised this potential financial settlement with this committee. So this payment came out of the blue. If diplomats were working overtime on a settlement, why not tell the committee of jurisdiction of the possibility? And if the goal of this settlement was merely to put to rest a decade's-old dispute over an aborted arms sale, as we were told after the fact, they why the secrecy?

The administration has intentionally left us—that is, this committee—they have intentionally left us in the dark, and it hasn't only been on this issue. Let me add that. Cuba is another example that comes to mind, and Mr. Engel raised the legitimate point of North Korea, another example where, in a prior Republican administration, we found ourselves being left in the dark. The only way we have gotten information is through continued congressional questioning and good press reporting.

Both the underlying bill and the ranking member's substitute require the administration to be more transparent with Congress and the American people about how it engages with the Tribunal. If future settlements are truly a good deal for American taxpayers, these requirements should be welcomed. They should not be a burden. The goal of the underlying legislation is to ensure that a Tribunal that has been in place since 1981, and has operated more or less successfully, cannot be manipulated by this or the next administration. And here the two of us agree, but I am afraid that the substitute does not give me enough comfort in that area.

But there is another larger problem, and that is this. That is because this proposal that we are talking about, this amendment before us, unlike the underlying bill, contains no restrictions on the way in which Iran could be paid. I was raising questions about this $1.7 billion payment when it was first made, and, quite frankly,

not too many of us were focused on it until it was revealed that it was paid in cash. That is because everyone knows that cash is the conduit of all sorts of illegal behavior, such as the payment of cash from Iran to Hamas and the payment of cash from Iran into the hands of Hezbollah, a recurring problem. And that is why the world's top financial body for money laundering warns that moving cash is one of the main methods used to move criminal assets, launder money, and finance terrorism, which is exactly why the bill I introduced bans the transfer of cash to the Iranian regime, until it stops sponsoring terrorism and ends its money laundering. Regretfully, the substitute does not contain such restrictions, so I will oppose it.

Other members seeking recognition? Mr. Deutch.

Mr. DEUTCH. Thank you, Mr. Chairman. Mr. Chairman, I want to commend you for all that you have done to ensure that the committee has played an active oversight role, both during the Iran nuclear negotiations and since the agreement was entered into, and for the myriad of Iran's other bad behavior and dangerous behavior. I also want to thank the chairman for his continued and vocal support for the return of my constituent, Bob Levinson.

As Ranking Member Engel noted, this committee has been a model for bipartisanship, particularly in the way we have approached legislation dealing with Iran, and I want to thank Ranking Member Engel for offering his amendment, and I offer my support for it. By requiring the President to notify Congress no less than 5 days before making payment for any judgment or settlement to any country designated as a state sponsor of terrorism or North Korea, Mr. Engel's amendment will broaden congressional oversight of the international claims process and ensure that the House of Representatives is fully informed on all potential payments.

I share the concerns of my colleagues, that the mechanism of payment for this particular settlement was made without informing Congress at the time of the payment, and I agree with the chairman that Iran should not be using United States money, or any funds gained from sanctions relief, to fund its terror activities. Since coming to Congress, I have been extremely vocal about the need to crack down on Iran's dangerous behavior. I have sat at this dais and questioned members of this administration on exactly how we will track funds Iran is receiving from sanctions relief under the JCPOA to make sure they are not being used to support terrorism. I have introduced legislation to help Congress impose swift sanctions on Iran for its illegal ballistic missile tests, and I have sat here for 6½ years and implored Iran to return my constituent, Bob Levinson, the longest-held American, who went missing in Iran 9½ years ago and remains missing to this day.

Let's be clear. It is the policy of this administration that the United States does not pay ransom for its citizens, and to my knowledge, no such ransom payment occurred. Yet that is the very premise on which this underlying bill is crafted, as the title indicates, and that is why I have to oppose the bill and support the Engel substitute. The notion that the United States delivered pallets of cash as ransom for the release of our citizens is simply false. Moreover, the underlying bill risks putting the United States in

violation of our legal obligations under the Algiers Accord, which requires the U.S. and Iran to bring claims to the Iran-U.S. Claims Tribunal. This process has yielded $2.5 billion for American claimants, and by including a prohibition on the U.S. providing promissory notes to the Government of Iran, but without providing for a legal definition of promissory note, this could be interpreted as barring any payment from the U.S. to Iran without a license. Prohibiting the settlement of any claim until the President can certify that the funds paid are not supporting terrorism would likely prevent the United States from reaching a settlement figure that would likely be significantly less than a judgment, as was the case with this $1.7 billion settlement, thereby, under those terms, costing the U.S. taxpayers more money.

Ranking Member Engel's substitute amendment would carry over the provision from the underlying bill that requires reporting to Congress on claims, settlements, and payments to Iran, enhancing Congress' visibility on any transfers of funds to Iran going forward, and giving us the opportunity to have a say.

We have done meaningful work in this committee under the leadership of Chairman Royce and Ranking Member Engel, and it is because of this committee that Iran faced unprecedented economic sanctions. It is because of this committee that members of Iran's Revolutionary Guard Corps, who direct the funding of terror and who commit egregious human rights violations, remain sanctioned. And it is because of this committee that banks continue to be wary of dealing with Iran, and Iran is still unable to fully access the international financial market or United States dollars.

When we work together on this committee, on these issues of critical importance, the country is stronger and the country is safer. And when the United States leads by example and upholds its international obligations, this country is stronger and safer. That is what this Engel amendment will do. That is why I support it, and I urge my colleagues to do the same. I thank you, Mr. Chairman, and I yield back.

Chairman ROYCE. Now I will just recognize myself for a point there. I want to make it clear that this bill does not withdraw us from the Hague Tribunal or undermine the Hague Tribunal, and I will explain why. First, this bill requires the administration to be more transparent with Congress and with the American people about how it engages with the Tribunal. If future settlements are truly a good deal for American taxpayers, this requirement should be an asset, not a burden. And while this bill does prevent the United States from paying a Tribunal award or settlement in cash, that should not be a problem. As the Associated Press recently reported, there is little precedent for using cash to pay for such a settlement. And if the United States has to make payment to Iran in the future for whatever reason, such a payment should be processed through the formal financial system. That is how the Hague Tribunal settlements have been handled for the last 35 years, and that is how it should work in the future, and that is what this bill also ensures.

Other members seeking recognition? Mr. Meeks.

Mr. MEEKS. Mr. Chairman, I am in strong support of the ranking member's amendment, because it seems to me that what we should

be really focused on, and it should not matter whether it is a Democratic President or a Republican President, is congressional oversight, to make sure that we are, and as his bill so states, at 5 days' notice, we are an equal branch of government, and we should have oversight. Clearly the title of this bill is saying that there was a ransom paid, and it is alleging the fact that whether it was cash, whether it was check, whether it was charged, that the money was utilized for a ransom. And that is not the case because the question then would be if there were no hostages and this money was just simply paid, then would we be sitting here today? Well, if we did not have oversight, then that, too, would be incorrect, and what Mr. Engel's amendment says is we should have oversight at all times.

But why this becomes a political debate is that we are now debating whether or not these payments were tantamount to ransom when, in fact, as Mr. Sherman indicated earlier, this is Iran's money, and it is money that we were going to have to pay, and we just happened to, in my belief, had a good deal in negotiating the cost because it saved taxpayers' dollars.

And so we are now mired into a political dispute as opposed to substance as to what this committee has been doing under your leadership, Mr. Chairman, as well as the ranking member, to make sure that we have the correct congressional oversight so that the wool is not pulled over our eyes. But it becomes a political argument—that is what we are in now—based upon the very title of this bill.

So I strongly support Mr. Engel's amendment, which I think accomplishes what all of us on this committee in a bipartisan way should want, that we are going to make sure that we have oversight, no matter who the President, no matter what the party. This committee is going to work on the best interests of the United States and to make sure that things are done properly.

Mr. CONNOLLY. Would my friend yield?

Mr. MEEKS. I yield to the gentleman.

Mr. CONNOLLY. The point you are making about ransom, do I understand the point you are making is that when you have used such a highly-charged emotive word, you have clearly prejudged the situation, and that is what we are being asked to vote on when that is in the title of a bill?

Mr. MEEKS. Absolutely.

Mr. CONNOLLY. Is it also true that this payment was made about 8 months ago?

Mr. MEEKS. That is correct.

Mr. CONNOLLY. And all of a sudden, we are marking up a bill because it is urgent, and we are doing it, if I understand correctly, before we have a hearing and hear from the State Department. We are actually waiting for the State Department to get back to us, and somehow there is some urgency, even though 8 months have transpired?

Mr. MEEKS. That is absolutely correct. We have had no testimony, no witnesses, no hearings or anything of that nature, so it looks that this is a political bill.

Mr. CONNOLLY. Can my friend, in any way, identify what the nature of the urgency is, that apparently didn't occur in the previous 8 months?

Mr. MEEKS. I haven't a clue.

Mr. CONNOLLY. Could my friend speculate that it might have something to do with the fact that we are less than 60 days away from the presidential election?

Mr. MEEKS. I think that there is an election on November the 8th.

Mr. CONNOLLY. I thank my friend for illuminating my understanding.

Chairman ROYCE. I recognize myself here. Does the gentleman yield back?

Mr. MEEKS. I yield back.

Chairman ROYCE. On a couple of points. The first point would be that after we became aware of this conduct 8 months ago, we subsequently have become aware of something we weren't informed of at the time. And it is only through our repeated questions and some good press work that we know that not only was the original $400 million paid of ransom—and I call it ransom, because that is what Iran demanded. They demanded a ransom. I know that because I watched the translations of the Iranian television stations. And so this doesn't occur in a vacuum. I know that, and I know the administration knew that paying ransom was against longstanding U.S. policy. They knew that that might provoke an outcry, so they settled this decades'-old dispute, 35-year-old dispute, over an arms sale that was called off after the Islamic Revolution in 1979, and that allowed the Iranians to go home and say that they got a ransom and it allowed the Obama administration to come home and denied they paid a ransom.

Here is the problem, one of them: The Justice Department, Obama's own Justice Department, called the President's bluff. The point of the no-concessions policy is to remove the incentive to take Americans hostage. And the Justice Department warned, that if Iran thinks they got a ransom, then they will take more hostages. That is the point. That is what I want to discourage with this legislation. I do not want another administration to pay Iran cash one more time because it is ransom. And that is exactly what happened, and the subsequent act of taking three more American hostages confirms exactly the policy that Justice warned about. So from my standpoint, I want a deterrence out there for this administration and future administrations. And, yes, I have tried to get the Secretary of State up here before this committee to talk about this, and we are still working to schedule his appearance, and I am hopeful that we will succeed in that.

Mr. Zeldin of New York.

Mr. ZELDIN. Well, thank you, Mr. Chairman. I don't know if one of the gentlemen who said this isn't a ransom and that we owed them money would be interested in answering this question. Says who? For decades, for decades, this was a disputed claim. I know why, and I also know about our counterclaims, so when did we first admit that this money was owed and that they didn't owe us anything?

Mr. SHERMAN. I don't think we have ever said that they don't owe us anything, and there has been work that we have done on whether the hostages taken at the Embassy have the right to sue the Iranian Government, but there is no dispute that $400 million of the Shah's money was sitting under American control since the 1970s. And, in fact, most of the calculations I have seen would indicate that we have paid less interest than could have been earned in other investments. So I know to go from $400 million to $1.1 billion sounds like the rate of return on that is rather low.

Mr. ZELDIN. Reclaiming my time. A few things there. So first off, we received money from the Iranians for a purchase that they cancelled. So we were spending a lot of money to build pretty serious weapons systems that they cancelled. Furthermore——

Mr. SHERMAN. Will the gentleman yield——

Mr. ZELDIN. Let me just finish my point. It is my time.

Mr. SHERMAN. I believe we cancelled it.

Mr. ZELDIN. Then in February 1979, it was restructured, the debt that they were owed. Then they take our Embassy, and 15 days after they take our Embassy, the Iranians say that they do not owe any foreign obligations to anyone. Then for decades, for decades, we dispute this claim while having our own counterclaim. So they ask for $400 million. We are asking for $817 million in the counterclaim because they were supposed to protect the weapons systems that we had given them.

In addition to that, there was $400 million of claims of United States citizens in U.S. courts against Iran, judgments against the Iranians, that were subrogated as part of that $400 million. So we have a disputed claim for decades with regards to what Iran was asking from the United States. But at the same exact time, we are asking for $817 million because they failed to protect the weapons systems. They took our Embassy. They said that they didn't owe any foreign obligations. They owe $400 million to the United States for claims of United States citizens, so we can put everything on balance. It comes back to the question, why is the net that we owe them $400 million?

Mr. SHERMAN. U.S. citizens, I believe, have collected $2.5 billion in settlements from Iran. I support efforts for more to be paid. And you can say that there was a tactical advantage in the various lawsuits and claims for us to continue to hold Iran's money. But this, if you look at this money in isolation, it is my understanding that we cancelled the contract, and if we hadn't, we should, because the weapons that we had agreed to give the Shah should never have been in the hands of the Supreme Leader who took over afterwards.

Mr. ZELDIN. Actually, the timeline is that the Iranians fell behind in their payments, and in February 1979, the entire deal was restructured. But, again, so the whole thing that caused this issue was the Iranians falling behind in their payments. But, again, you have $400 million sitting in accounts to pay claims. You have $400 million sitting in an account. The Iranians have claims against the United States. The United States has claims against Iran. Both sides are disputing it. I am asking, so what happened with our $817 million claim against the Iranians?

Mr. SHERMAN. I believe that is still pending and whether it is Iran or any other sovereign, the State Department uniformly opposes the suits against sovereign. If we look at this issue by itself——

Mr. ZELDIN. But we can't. We can't look at it.

Mr. SHERMAN. If you are going to say you can never settle anything until you——

Mr. ZELDIN. The $400 million that was sitting in that account was not there for one claim. That $400 million was not sitting in that account to settle one claim. It was to pay claims in front of the Tribunal. So, yes, the Iranians had claims against the United States, but also the United States had claims against the Iranians. Part of that had to do with subrogated claims of hundreds of millions of dollars $400 million actually, that the Iranians owed the United States. I yield back the balance of my time——

Chairman ROYCE. Any other Democratic members? Ms. Frankel.

Ms. FRANKEL. Thank you. I have just a couple questions to each of you, to the chairman and ranking member. So first, let me ask both the questions, and then you can answer. Mr. Chairman, just on the underlying bill, there is a requirement that there is a certification that funds provided to Iran under the settlement will not be used to provide support for foreign terrorist organizations, the regime of the Bashar al-Assad and other destabilizing activities. And while I agree with that, my question to you, are you kidding? Do you really think a President of the United States can, in good faith, ever certify that with Iran? No, I don't think so, because it is my opinion that any money that we give to Iran, legally or not legally, that they are going to do bad things with it. So I mean, I don't even want to ask my President to certify something that is totally, I think, impossible. So that is a question. Do you really think that a President——

Chairman ROYCE. Let me respond just very briefly. What I am trying to do here is to indicate that if it is done in cash, you cannot certify. If it is done in a system with all of the regulations that the international financial system has on Iran to make sure that they cannot do terror finance, and the bills that we have passed, you can then certify, you can certify that it complies with those agreements, but cash you cannot. So that is the distinction I am trying to make.

Ms. FRANKEL. And just to Mr. Engel, I want to ask you about your amendment, which is, you have a 5-day notice requirement. Is that correct? Are there circumstances, you think, where that would not—there would be some type of emergency or something? I am just wondering about the 5 days. What is the significance of 5 days? Is it possible that there would have to be an exception to that?

Mr. ENGEL. Well, the 5 days, and as I said in my remarks, I would be willing to entertain a more lengthy period of time. It was just an attempt to say that the main thing we want to get, or I would like to get at, is the fact that there was no notice to Congress, and that Congress was not informed about it until we heard about it with everybody else, and that really shouldn't stand. So whether we want the President to give us 5 days or 10 days or 15

days, that could be negotiated. But the fact is that they should give us advance notice.

Ms. FRANKEL. If I may, just to follow up, I understand the longer period. But could there be a circumstance where it would have to be shorter? That is what I am asking you. I mean, is it possible that there would have to be some kind of exception for some kind of waiver?

Mr. SHERMAN. Will the gentlelady yield?

Ms. FRANKEL. Yes, I would.

Mr. SHERMAN. I would point out that in an emergency situation, Congress could meet and authorize a payment as quickly as we could vote. So while there may be a 5-day requirement, if Congress meets and passes something, it could be on the President's desk in a few hours.

Ms. FRANKEL. I mean, I wouldn't rely on this Congress to move fast on anything. I mean, really, I think grass grows quicker than this Congress moves. Really.

Mr. ENGEL. I think there is no significance in terms of the time other than we wanted to make the point that the executive branch should be notifying the legislative branch. And I think if we are worrying about emergencies or whatever, we could always build it into it. What I hope would happen, because, look, no matter what happens here, none of this is passing this year. I mean, it is not going to become law this year, so I would hope that we have had a discussion. There are concerns on both sides, that we put our heads together, that we do have the hearings, because I know hearings are important to all of us, to you, to me, to the chairman, and that we come back and put our heads together and come up with a bipartisan bill, which is the way this committee works the best.

You know, the fact that this bill contained only Republican cosponsors, you know, indicates to me that there really wasn't an attempt to try to build bipartisan consensus for this bill. I think we can. I think we should. I think that 80 to 90 percent of our concerns are identical, and I think that we could hopefully hash something out in the best tradition of this committee the way we have been doing it for the past 4 years.

Ms. FRANKEL. Thank you. I will just say that I am happy to support your amendment with a promise that as it moves along, there is some smoothing out, if there is some ability to have some exceptions in an emergency.

Mr. ENGEL. Well, I would hope that, again, that this would lead to bipartisan negotiations, and I am sure we would take all these contingencies into account.

Chairman ROYCE. Mr. Yoho is seeking time, of Florida.

Mr. YOHO. Thank you, Mr. Chairman. And I just kind of want to bring this back to why we are here today, and I agree with Ranking Member Engel that we should have something in the works for North Korea or any other country that we may go through this again. But the reason we are here today is because this administration chose to act unilaterally against his own adviser and State Department's counsel, and they delivered $400 million in cash.

In addition, the Iranian Government had the audacity to request it to be in unmarked bills, and they are the leading state sponsor

of terrorism and money laundering. And for that reason, that is why we need to pass this bill today. It is not political. It is because we are being forced into this so it doesn't happen again, and I look forward to voting yes on your bill. I yield back.

Chairman ROYCE. Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman. Mr. Chairman, I would ask unanimous consent that an article printed in the New York Times on the U.S. and Iran dated November 28, 1991, be entered into the record.

Chairman ROYCE. Without objection.

Mr. CONNOLLY. And let me just say why. You know, if you listen to some of the comments, you would think a unique development has occurred that only President Obama and his administration have engaged in in terms of cash payments to the Government of Iran. This article in 1991 describes a payment made by then-Republican President George H. W. Bush for a total of $278 million to the Government of Iran and quotes the administration at that time of denying that it was ransom for the release of two hostages, Anglican Terry Waite, and American Thomas Sutherland, from Lebanon held by Iranian-based kidnappers. It might also be pointed out that——

Chairman ROYCE. Would the gentleman yield?

Mr. CONNOLLY. Just 1 second, Mr. Chairman. This money was a payment for undelivered Iranian-owned, American-made military equipment dating back before the 1979 Islamic Revolution. I don't remember Democrats accusing George H. W. Bush of ransom or of somehow doing something inimical to U.S. interests. The same courtesy, it seems to me, ought to be shown to our Government. I will yield to the chairman, but then I am going to yield the balance of my time to Mr. Sherman, if he wishes it, to be able to respond, because he was not allowed to, to Mr. Zeldin.

Chairman ROYCE. Well, we will let Mr. Sherman respond.

Mr. CONNOLLY. As a courtesy, I certainly would yield.

Chairman ROYCE. Subsequently I will respond. Mr. Sherman, I want to make sure you get your time to respond.

Mr. SHERMAN. I think I made my point. One could have taken the position that we don't make any deal with Iran on any issue until all matters are resolved, and until Iran becomes a liberal democracy. I think very few people have taken that position. Prime Minister Netanyahu said we should have a deal with Iran on the nuclear issue. He just wanted what he described as a better deal. Who knows whether that better deal could have been developed or not, but no one that I, very few people that I know have have said you can't have a deal with Iran on the settlement of a $400 million claim until Iran settles with us on the hostages that were taken at the Embassy, or until Iran settles with us on their support for terrorism.

This is a complicated relationship. We may have to reach deals one at a time. And the $400 million, I don't think we had a claim to say that we get to keep the money because Iran fell behind on its contract payment, perhaps under the Shah. The fact is whether Iran did or did not cancel the contract, we would have and should have cancelled it because the weapons that we were going to sell the Shah should never have been delivered to this Islamic republic.

So we cancelled, or should have cancelled, or the contract was cancelled. We owed the $400 million. $400 million in the 1970s would accrue far more than $400 million—would be well over $1 billion today. We reached a settlement on that. It was simultaneous with a settlement that got three of our hostages released. And the only thing worse than reaching a settlement on that deal simultaneous with the release of our hostages would have been if we had reached a settlement on this $400 million plus interest, and not gotten our hostages released from Iran. And with that, I yield back my time.

Mr. CONNOLLY. I yield to the chairman. I meant no discourtesy, Mr. Chairman.

Chairman ROYCE. I would just point out that for many, many years, including during the Bush administration, Iran has operated under a certain modus operandi, and that modus operandi—I can tell you how they see it. They see it as ransom, and that intention has been to take Americans and get ransom. And under this legislation, it will no longer be possible for them to get that ransom in cash, and there is a very compelling reason we don't want them to continue the practice, and that is because of their funding of Hamas and Hezbollah. I would just make that point. And if there are no further requests for recognition, the question occurs on Mr. Engel's amendment. All those in favor, say aye. All those opposed, no. In the opinion of the Chair, the noes have it.

Mr. CONNOLLY. Mr. Chairman, I ask for a recorded vote.

Chairman ROYCE. On that, we will have a recorded vote. The clerk will call the roll.

Ms. MARTER. Mr. Chairman?
Chairman ROYCE. No.
Ms. MARTER. Mr. Chairman votes no.
Mr. Smith?
Mr. SMITH. No.
Ms. MARTER. Mr. Smith votes no.
Ms. Ros-Lehtinen?
[No response.]
Ms. MARTER. Mr. Rohrabacher?
[No response.]
Ms. MARTER. Mr. Chabot?
Mr. CHABOT. No.
Ms. MARTER. Mr. Chabot votes no.
Mr. Wilson?
Mr. WILSON. No.
Ms. MARTER. Mr. Wilson votes no.
Mr. McCaul?
Mr. MCCAUL. No.
Ms. MARTER. Mr. McCaul votes no.
Mr. Poe?
[No response.]
Ms. MARTER. Mr. Salmon?
Mr. SALMON. No.
Ms. MARTER. Mr. Salmon votes no.
Mr. Issa?
Mr. ISSA. No.
Ms. MARTER. Mr. Issa votes no.

Mr. Marino?
Mr. MARINO. No.
Ms. MARTER. Mr. Marino votes no.
Mr. Duncan?
[No response.]
Ms. MARTER. Mr. Brooks?
Mr. BROOKS. No.
Ms. MARTER. Mr. Brooks votes no.
Mr. Cook?
Mr. COOK. No.
Ms. MARTER. Mr. Cook votes no.
Mr. Weber?
Mr. WEBER. No.
Ms. MARTER. Mr. Weber votes no.
Mr. Perry?
Mr. PERRY. Absolutely not.
Ms. MARTER. Mr. Perry votes no.
Mr. DeSantis?
Mr. DESANTIS. No.
Ms. MARTER. Mr. DeSantis votes no.
Mr. Meadows?
Mr. MEADOWS. No.
Ms. MARTER. Mr. Meadows votes no.
Mr. Yoho?
Mr. YOHO. No.
Ms. MARTER. Mr. Yoho votes no.
Mr. Clawson?
[No response.]
Ms. MARTER. Mr. DesJarlais?
[No response.]
Ms. MARTER. Mr. Ribble?
Mr. RIBBLE. No.
Ms. MARTER. Mr. Ribble votes no.
Mr. Trott?
Mr. TROTT. No.
Ms. MARTER. Mr. Trott votes no.
Mr. Zeldin?
Mr. ZELDIN. No.
Ms. MARTER. Mr. Zeldin votes no.
Mr. Donovan?
Mr. DONOVAN. No.
Ms. MARTER. Mr. Donovan votes no.
Mr. Engel?
Mr. ENGEL. Aye.
Ms. MARTER. Mr. Engel votes yes.
Mr. Sherman?
Mr. SHERMAN. Aye.
Ms. MARTER. Mr. Sherman votes aye.
Mr. Meeks?
Mr. MEEKS. Absolutely yes.
Ms. MARTER. Mr. Meeks votes yes.
Mr. Sires?
Mr. SIRES. Yes.
Ms. MARTER. Mr. Sires votes yes.

Mr. Connolly?
Mr. CONNOLLY. Aye.
Ms. MARTER. Mr. Connolly votes yes.
Mr. Deutch.
[No response.]
Ms. MARTER. Mr. Higgins?
Mr. HIGGINS. Yes.
Ms. MARTER. Mr. Higgins votes yes.
Ms. Bass?
[No response.]
Ms. MARTER. Mr. Keating?
Mr. KEATING. Yes.
Ms. MARTER. Mr. Keating votes yes.
Mr. Cicilline?
[No response.]
Ms. MARTER. Mr. Grayson?
Mr. GRAYSON. Yes.
Ms. MARTER. Mr. Grayson votes yes.
Mr. Bera?
Mr. BERA. Yes.
Ms. MARTER. Mr. Bera votes yes.
Mr. Lowenthal?
Mr. LOWENTHAL. Yes.
Ms. MARTER. Mr. Lowenthal votes yes.
Ms. Meng?
Ms. MENG. Yes.
Ms. MARTER. Ms. Meng votes yes.
Ms. Frankel?
Ms. FRANKEL. Yes.
Ms. MARTER. Ms. Frankel votes yes.
Ms. Gabbard?
Ms. GABBARD. Yes.
Ms. MARTER. Ms. Gabbard votes yes.
Mr. Castro?
Mr. CASTRO. Yes.
Ms. MARTER. Mr. Castro votes yes.
Ms. Kelly?
Ms. KELLY. Yes.
Ms. MARTER. Ms. Kelly votes yes.
Mr. Boyle?
Mr. BOYLE. Yes.
Ms. MARTER. Mr. Boyle votes yes.
Chairman ROYCE. Have all members been recorded?
Ms. ROS-LEHTINEN. Mr. Chairman.
Chairman ROYCE. The gentlelady from Florida.
Ms. ROS-LEHTINEN. Mr. Chairman, how am I recorded?
Ms. MARTER. You are not recorded, ma'am.
Ms. ROS-LEHTINEN. I vote enthusiastically no.
Ms. MARTER. Ms. Ros-Lehtinen votes no.
Chairman ROYCE. Mr. Duncan?
Mr. DUNCAN. How am I recorded?
Ms. MARTER. You are not recorded, sir.
Mr. DUNCAN. I vote no.
Ms. MARTER. Mr. Duncan votes no.

Chairman ROYCE. The clerk will report the vote.

Ms. MARTER. Mr. Chairman, on that vote, there are 16 ayes and 21 noes.

Chairman ROYCE. The amendment fails. I understand Mr. Zeldin of New York has an amendment at the desk. Does the member have an amendment at the desk?

Mr. ZELDIN. Yes, Mr. Chairman.

Chairman ROYCE. The clerk will report.

Ms. MARTER. Amendment to H.R. 5931 offered by Mr. Zeldin of New York. Page 9, line 22, before the period, insert the following: ", including a detailed description of all claims and counter-claims covered by the settlement."

[The information referred to follows:]

AMENDMENT TO H.R. 5931

OFFERED BY MR. ZELDIN OF NEW YORK

Page 9, line 22, before the period, insert the following: '', including a detailed description of all claims and counter-claims covered by the settlement''.

Page 10, after line 11, insert the following:

(7) A copy of the settlement agreement.

(8) A description of the disposition of any related claims that have been subrogated to the United States Government.

(9) A certification that the settlement is in the best interest of the United States.

☒

Chairman ROYCE. Without objection, considered as read. Let me recognize Mr. Zeldin for the purpose of explaining his amendment.

Mr. ZELDIN. Thank you, Mr. Chairman. My amendment expands on this bill's reporting requirements regarding settlements. Specifically, it will require a copy of the settlement agreements to be given to Congress, the status of some outstanding claims, and a guarantee that the settlement is in the best interests of the United States.

There are still too many unanswered questions about this ransom payment—a $1.7 billion cash payment to Iran given simultaneously and connected to the release of four American hostages. This is $1.7 billion that went directly toward Iran's military. This is the same Iran military that not only embarrassed our 10 Navy sailors with photography and videography, but then gave awards to their generals in appreciation. This is the same military that right now is humiliating our Naval ships in international waters, and threatening to shoot down our planes. This is the same military responsible for killing American servicemembers. The President of the United States is saying and doing nothing to prevent that. Instead, he just agreed to pay for it.

My amendment ensures that Congress and the American people have clarity about any American claims which may be conceded through settlements our Government enters into at the Iran-U.S. Claims Tribunal. Now some people blindly loyal to this President will say we owed the $400 million. Says who? We didn't owe the money. What about the $817 million that the U.S. claimed against Iran that Iran was contesting, or, over the course of the past few decades, Americans directly harmed by Iranian terrorism had sued Iran in U.S. courts and won. In 2000, Congress passed a law authorizing that the funds needed to pay those judgments in an equal amount to the assets at that time frozen in Iran's foreign military sales account held by the U.S., which was around $400 million. When the American victims accepted those payments, their claims were subrogated to the United States, meaning that their claims against Iran became the United States' claims against Iran. That law clearly states that "no funds shall be paid to Iran or released to Iran from the Foreign Military Sales Fund until such subrogated claims have been dealt with to the satisfaction of the United States." That is law.

But the administration recently paid Iran the full $400 million amount from the FMS fund, plus more than three times that amount in interest, a total of $1.7 billion in cash, apparently without requiring Iran to pay anything with regards to those American victims' claims for Iranian terrorism.

The need for transparency about the effect of Tribunal settlements on all claims is obvious, including counterclaims and subrogated claims being pursued on behalf of the American people. I personally tried to access the Tribunal's Web site, which claims to contain "many fully searchable public documents." I had to request an account on the Tribunal's Web site, and 1 month has passed without a response. That route clearly is not an acceptable option. This bill and amendment are necessary for transparency, accountability, and national security.

Again, it is United States law that "no funds shall be paid to Iran or released to Iran from the Foreign Military Sales Fund until such subrogated claims have been dealt with to the satisfaction of the United States."

I thank Chairman Royce for addressing this important issue, and I thank his staff for their hard work on this bill. I yield back.

Chairman ROYCE. Mr. Sherman.

Mr. SHERMAN. I will just comment briefly. It is my understanding that the statute the gentleman was referring to only provides a statement of policy and not a statutory limit on the power of the President. He may disagree with what the President is doing. Whenever you settle a claim in a complicated relationship, you wonder, well, should I settle this claim without also getting justice on some other claim, and the President made a decision. That decision can be questioned, but I don't think it can be declared to be illegal simply because he didn't follow the policy language in a congressional enactment.

Chairman ROYCE. Would the gentlemen respond?

Mr. ZELDIN. Thank you, Mr. Chairman. I don't want you to put words in my mouth. That is not what I stated. But what I did quote was a law, and I stated what that law stated. But I really don't want you to put words in my mouth.

Mr. SHERMAN. Just to clarify for the record, the statute that you quoted, and quoted accurately, was a statement of policy and not a statute that limits presidential action. Do I have that right? Or would the gentleman want to comment?

Chairman ROYCE. The parliamentarian could opine on this, but I am not sure you want to hear his answer. He is of the opinion that, yes, for the record, it would be both.

Mr. SHERMAN. That it is a statutory——

Chairman ROYCE. His opinion.

Mr. SHERMAN. I look forward to getting various opinions on this, but I will yield back my time.

Chairman ROYCE. In the interest of clarifying the underlying amendment, let me just, as I am looking at this amendment, what it does is it adds details to the reporting requirement so that we have clarity not only about the direct claims being settled, but also about any counterclaims or subrogated claims that may be extinguished by such an agreement. That is what the amendment does. My hope is that we pass this by voice and get on to the final bill.

Mr. Engel.

Mr. ENGEL. Mr. Chairman, I have no objection to the gentleman's amendment, but I would, again, say that while there may be objections to what the President did, he is not the first President to do it. It has been done by both Democratic and Republican Presidents. So I think that we object to the attacks on this President and this administration. Certainly we agree that there needs to be more oversight, and, again, I hope that we can sit down and come up with a bipartisan bill to do that notification, but I think what the gentleman is offering is reasonable, and I support it.

Chairman ROYCE. I thank Mr. Engel, and hearing no further requests for recognition, the question occurs on this amendment. All those in favor, say aye. All those opposed, no. In the opinion of the Chair, the ayes have it and the amendment is agreed to.

And hearing no further amendments, the question occurs on approving the bill as amended. All those in favor, say aye. All those opposed, no. In the opinion of the Chair, the ayes have it.

Mr. CONNOLLY. Mr. Chairman, I ask for a recorded vote.

Chairman ROYCE. A recorded vote has been requested. The clerk will call the roll.

Ms. MARTER. Mr. Chairman?
Chairman ROYCE. Aye.
Ms. MARTER. Mr. Chairman votes yes.
Mr. Smith?
Mr. SMITH. Yes.
Ms. MARTER. Mr. Smith votes yes.
Ms. Ros-Lehtinen?
Ms. ROS-LEHTINEN. Aye.
Ms. MARTER. Ms. Ros-Lehtinen votes yes.
Ms. MARTER. Mr. Rohrabacher?
[No response.]
Ms. MARTER. Mr. Chabot?
Mr. CHABOT. Yes.
Ms. MARTER. Mr. Chabot votes yes.
Mr. Wilson?
Mr. WILSON. Yes.
Ms. MARTER. Mr. Wilson votes yes.
Mr. McCaul?
Mr. MCCAUL. Aye.
Ms. MARTER. Mr. McCaul votes yes.
Mr. Poe?
[No response.]
Ms. MARTER. Mr. Salmon?
Mr. SALMON. Yes.
Ms. MARTER. Mr. Salmon votes yes.
Mr. Issa?
Mr. ISSA. Yes.
Ms. MARTER. Mr. Issa votes yes.
Mr. Marino?
Mr. MARINO. Yes.
Ms. MARTER. Mr. Marino votes yes.
Mr. Duncan?
Mr. DUNCAN. Yes.
Ms. MARTER. Mr. Duncan votes yes.
Ms. MARTER. Mr. Brooks?
[No response.]
Ms. MARTER. Mr. Cook?
Mr. COOK. Yes.
Ms. MARTER. Mr. Cook votes yes.
Mr. Weber?
Mr. WEBER. Yes.
Ms. MARTER. Mr. Weber votes yes.
Mr. Perry?
Mr. PERRY. Yes.
Ms. MARTER. Mr. Perry votes yes.
Mr. DeSantis?
Mr. DESANTIS. Yes.
Ms. MARTER. Mr. DeSantis votes yes.

Mr. Meadows?
Mr. MEADOWS. Yes.
Ms. MARTER. Mr. Meadows votes yes.
Mr. Yoho?
Mr. YOHO. Yes.
Ms. MARTER. Mr. Yoho votes yes.
Mr. Clawson?
[No response.]
Ms. MARTER. Mr. DesJarlais?
[No response.]
Ms. MARTER. Mr. Ribble?
Mr. RIBBLE. Yes.
Ms. MARTER. Mr. Ribble votes yes.
Mr. Trott?
Mr. TROTT. Yes.
Ms. MARTER. Mr. Trott votes yes.
Mr. Zeldin?
Mr. ZELDIN. Yes.
Ms. MARTER. Mr. Zeldin votes yes.
Mr. Donovan?
Mr. DONOVAN. Yes.
Ms. MARTER. Mr. Donovan votes yes.
Mr. Engel?
Mr. ENGEL. No.
Ms. MARTER. Mr. Engel votes no.
Mr. Sherman?
Mr. SHERMAN. No.
Ms. MARTER. Mr. Sherman votes no.
Mr. Meeks?
Mr. MEEKS. No.
Ms. MARTER. Mr. Meeks votes no.
Mr. Sires?
Mr. SIRES. No.
Ms. MARTER. Mr. Sires votes no.
Mr. Connolly?
Mr. CONNOLLY. No.
Ms. MARTER. Mr. Connolly votes no.
Mr. Deutch.
[No response.]
Ms. MARTER. Mr. Higgins?
Mr. HIGGINS. No.
Ms. MARTER. Mr. Higgins votes no.
Ms. Bass?
[No response.]
Ms. MARTER. Mr. Keating?
Mr. KEATING. No.
Ms. MARTER. Mr. Keating votes no.
Mr. Cicilline?
[No response.]
Ms. MARTER. Mr. Grayson?
Mr. GRAYSON. No.
Ms. MARTER. Mr. Grayson votes no.
Mr. Bera?
Mr. BERA. No.

Ms. MARTER. Mr. Bera votes no.
Mr. Lowenthal?
Mr. LOWENTHAL. No.
Ms. MARTER. Mr. Lowenthal votes no.
Ms. Meng?
Ms. MENG. No.
Ms. MARTER. Ms. Meng votes no.
Ms. Frankel?
Ms. FRANKEL. No.
Ms. MARTER. Ms. Frankel votes no.
Ms. Gabbard?
Ms. GABBARD. No.
Ms. MARTER. Ms. Gabbard votes no.
Mr. Castro?
Mr. CASTRO. No.
Ms. MARTER. Mr. Castro votes no.
Ms. Kelly?
Ms. KELLY. No.
Ms. MARTER. Ms. Kelly votes no.
Mr. Boyle?
Mr. BOYLE. No.
Ms. MARTER. Mr. Boyle votes no.
Mr. BROOKS. Mr. Chairman, how am I recorded?
Ms. MARTER. You are not recorded, Mr. Brooks.
Mr. BROOKS. I vote yes.
Ms. MARTER. Mr. Brooks votes yes.
Chairman ROYCE. The clerk will report the vote.
Ms. MARTER. Mr. Chairman, on that vote, there are 21 ayes and 16 noes.

Chairman ROYCE. H.R. 5931 is agreed to as amended. I now move the bill as amended be reported favorably to the House. All those in favor, say aye. All those opposed, no. In the opinion of the Chair, the ayes have it, and H.R. 5931 as amended is ordered favorably reported, and the motion to reconsider is laid on the table. And without objection, staff is directed to make any technical and conforming changes. We are adjourned. It concludes our business. Thank you to the committee members for their contributions and assistance with today's markup.

[Whereupon, at 12:03 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Record

FULL COMMITTEE MARKUP NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

September 14, 2016

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN meeting of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Wednesday, September 14, 2016

TIME: 10:00 a.m.

MARKUP OF: H. R. 5931, Prohibiting Future Ransom Payments to Iran Act.

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE MARKUP

Day *Wednesday* Date *9/14/16* Room *2172*

Starting Time *10:12* Ending Time *12:02*

Recesses [*0*] ( ) ( ) ( ) ( ) ( ) ( )

Presiding Member(s)

Chairman Edward R. Royce

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

BILLS FOR MARKUP: *(Include bill number(s) and title(s) of legislation.)*

See attached.

COMMITTEE MEMBERS PRESENT:

See attached.

NON-COMMITTEE MEMBERS PRESENT:

none

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

IFR - Rep. Gerald Connolly
SFR - Rep. Gerald Connolly

ACTIONS TAKEN DURING THE MARKUP: *(Attach copies of legislation and amendments.)*

See markup summary.

RECORDED VOTES TAKEN (FOR MARKUP): *(Attach final vote tally sheet listing each member.)*

Subject	Yeas	Nays	Present	Not Voting
Engel 291, an amendment in the nature of a substitute, to H.R. 5931	*16*	*21*	*0*	*0*
Final passage of H.R. 5931, as amended by Zeldin 46	*21*	*16*	*0*	*0*

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:02*

Full Committee Hearing Coordinator

Committee on Foreign Affairs
U.S. House of Representatives
114th Congress

Date: *9/14/16*

Record Vote Description:

Engel 291, an amendment in the nature of a substitute, to H.R. 5931

Member	Aye	No	Present
Edward R, Royce, R-CA, Chairman		✓	
Christopher H. Smith, R-NJ		✓	
Ileana Ros-Lehtinen, R-FL		✓	
Dana Rohrabacher, R-CA			
Steve Chabot, R-OH		✓	
Joe Wilson, R-SC		✓	
Michael T. McCaul, R-TX		✓	
Ted Poe, R-TX			
Matt Salmon, R-AZ		✓	
Darrell E. Issa, R-CA		✓	
Tom Marino, R-PA		✓	
Jeff Duncan, R-SC		✓	
Mo Brooks, R-AL		✓	
Paul Cook, R-CA		✓	
Randy K. Weber Sr., R-TX		✓	
Scott Perry, R-PA		✓	
Ron DeSantis, R-FL		✓	
Mark Meadows, R-NC		✓	
Ted S. Yoho, R-FL		✓	
Curt Clawson, R-FL			
Scott DesJarlais, R-TN			
Reid J. Ribble, R-WI		✓	
David A. Trott, R-MI		✓	
Lee M. Zeldin, R-NY		✓	
Daniel Donovan, R-NY		✓	
SUBTOTAL 1		21	

Member	Aye	No	Present
Eliot L. Engel, D-NY	✓		
Brad Sherman, D-CA	✓		
Gregory W. Meeks, D-NY	✓		
Albio Sires, D-NJ	✓		
Gerald E. Connolly, D-VA	✓		
Theodore E. Deutch, D-FL			
Brian Higgins, D-NY	✓		
Karen Bass, D-CA			
William Keating, D-MA	✓		
David Cicilline, D-RI			
Alan Grayson, D-FL	✓		
Ami Bera, D-CA	✓		
Alan S. Lowenthal, D-CA	✓		
Grace Meng, D-NY	✓		
Lois Frankel, D-FL	✓		
Tulsi Gabbard, D-HI	✓		
Joaquin Castro, D-TX	✓		
Robin L. Kelly, D-IL	✓		
Brendan F. Boyle, D-PA	✓		
SUBTOTAL 2	16		

	Aye	No	Present
SUBTOTAL 1		21	
SUBTOTAL 2	16		
TOTAL	16	21	0

Clerk's initials

Committee on Foreign Affairs
U.S. House of Representatives
114th Congress

Date: *9/14/16*

Record Vote Description:

Final Passage of H.R. 5931, a amended by Zeldin 46

Member	Aye	No	Present
Edward R, Royce, R-CA, Chairman	✓		
Christopher H. Smith, R-NJ	✓		
Ileana Ros-Lehtinen, R-FL	✓		
Dana Rohrabacher, R-CA			
Steve Chabot, R-OH	✓		
Joe Wilson, R-SC	✓		
Michael T. McCaul, R-TX	✓		
Ted Poe, R-TX			
Matt Salmon, R-AZ	✓		
Darrell E. Issa, R-CA	✓		
Tom Marino, R-PA	✓		
Jeff Duncan, R-SC	✓		
Mo Brooks, R-AL	✓		
Paul Cook, R-CA	✓		
Randy K. Weber Sr., R-TX	✓		
Scott Perry, R-PA	✓		
Ron DeSantis, R-FL	✓		
Mark Meadows, R-NC	✓		
Ted S. Yoho, R-FL	✓		
Curt Clawson, R-FL			
Scott DesJarlais, R-TN			
Reid J. Ribble, R-WI	✓		
David A. Trott, R-MI	✓		
Lee M. Zeldin, R-NY	✓		
Daniel Donovan, R-NY	✓		
SUBTOTAL 1	21		

Member	Aye	No	Present
Eliot L. Engel, D-NY		✓	
Brad Sherman, D-CA		✓	
Gregory W. Meeks, D-NY		✓	
Albio Sires, D-NJ		✓	
Gerald E. Connolly, D-VA		✓	
Theodore E. Deutch, D-FL			
Brian Higgins, D-NY		✓	
Karen Bass, D-CA			
William Keating, D-MA		✓	
David Cicilline, D-RI			
Alan Grayson, D-FL		✓	
Ami Bera, D-CA		✓	
Alan S. Lowenthal, D-CA		✓	
Grace Meng, D-NY		✓	
Lois Frankel, D-FL		✓	
Tulsi Gabbard, D-HI		✓	
Joaquin Castro, D-TX		✓	
Robin L. Kelly, D-IL		✓	
Brendan F. Boyle, D-PA		✓	
SUBTOTAL 2		16	

	Aye	No	Present
SUBTOTAL 1	21		
SUBTOTAL 2		16	
TOTAL	21	16	0

Clerk's initials

HOUSE COMMITTEE ON FOREIGN AFFAIRS

FULL COMMITTEE MARKUP

PRESENT	*MEMBER*
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
X	Ileana Ros-Lehtinen, FL
	Dana Rohrabacher, CA
X	Steve Chabot, OH
X	Joe Wilson, SC
X	Michael T. McCaul, TX
	Ted Poe, TX
X	Matt Salmon, AZ
X	Darrell Issa, CA
X	Tom Marino, PA
X	Jeff Duncan, SC
X	Mo Brooks, AL
X	Paul Cook, CA
X	Randy Weber, TX
X	Scott Perry, PA
X	Ron DeSantis, FL
X	Mark Meadows, NC
X	Ted Yoho, FL
X	Curt Clawson, FL
	Scott DesJarlais, TN
X	Reid Ribble, WI
X	Dave Trott, MI
X	Lee Zeldin, NY
X	Dan Donovan, NY

PRESENT	*MEMBER*
X	Eliot L. Engel, NY
X	Brad Sherman, CA
X	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
X	Brian Higgins, NY
	Karen Bass, CA
X	William Keating, MA
	David Cicilline, RI
X	Alan Grayson, FL
X	Ami Bera, CA
X	Alan S. Lowenthal, CA
X	Grace Meng, NY
X	Lois Frankel, FL
X	Tulsi Gabbard, HI
X	Joaquin Castro, TX
X	Robin Kelly, IL
X	Brendan Boyle, PA

9/14/16 Foreign Affairs Committee Markup Summary

The Chair called the markup to order.

1) H.R. 5931 (Royce), Prohibiting Future Ransom Payments to Iran Act.

    a. Engel 291, an amendment in the nature of a substitute, was not agreed to by a roll call vote: 16 ayes; 21 noes.

    b. Zeldin 46, was agreed to by voice vote.

    H.R. 5931, as amended, was agreed to by a roll call vote: 21 ayes; 16 noes.

    By voice vote, H.R. 5931, as amended, was ordered favorably reported to the House.

The Committee adjourned.

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE GERALD E. CONNOLLY, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA

The New York Times

U.S. and Iran Sign a Compensation Pact

By ELAINE SCIOLINO,
Published: November 28, 1991

WASHINGTON, Nov. 27— The United States and Iran have reached agreement on compensation of $278 million to Teheran for undelivered Iranian-owned, American-made military equipment dating from before the 1979 Islamic revolution, State Department officials said today.

The long-awaited agreement was signed on Tuesday at the special United States-Iran Claims Tribunal in The Hague. Under its terms, Washington will turn over a check for $260 million to the Iranian Government.

A remaining $18 million will be paid to a special escrow account in The Hague that has fallen below the $500 million mandated by 1981 accords that resolved the 1979 seizure of the American Embassy in Teheran.

Administration officials denied today that the deal was linked to the fate of the three remaining American hostages in Lebanon. "This has nothing to do with the hostage releases," a State Department official said. "This agreement has been under discussion for a long time."

But the accord, which follows the release of the Anglican Church envoy Terry Waite and the American educator Thomas Sutherland by Iranian-backed groups in Lebanon last week, represents an important step toward resolving financial differences with Iran. Both the release of the two hostages and the financial agreement were made possible by Iranian concessions, reflecting Teheran's eagerness to put these issues behind it and win acceptance by the West.

In a sign of continuing movement on the hostages, Giandomenico Picco, the principal aide to the United Nations Secretary General, Javier Perez de Cuellar, left New York for the Middle East today for further negotiations. The Iranian press agency has reported from Beirut that Joseph J. Cicippio, one of the Americans still held, could go free this week.

The settlement involves American-made military equipment that Iran paid for and that was in the United States for repair, testing or training. The amount was decided by Washington and Teheran early this year, and the two sides have haggled over its details since. But it was only recently that Iran made a technical concession on the method of payment that the United States had demanded.

The settlement leaves unresolved Iranian claims of about $10 billion that arise from a 20-year arms-sales relationship with the United States. In addition, claims of billions of dollars filed by American companies and dual nationals against Iran are pending.

http://www.nytimes.com/1991/11/28/world/us-and-iran-sign-a-compensation-pact.html

Statement for the Record
Submitted by Mr. Connolly of Virginia

The facts of this case are simple. Unfortunately, they have been muddied by election year politics, which has in turn undermined the thoughtful and bipartisan work this Committee aspires to produce.

In1979, weapons sales to Iran were interrupted by the Iranian revolution, and $400 million worth of American weapons that were paid for by Iran were never delivered. The claim for this weapons sale became one of the more than one thousand Iranian claims filed with the U.S.-Iran Claims Tribunal, an entity established as part of the 1981 Algiers Accords, which also freed 52 American hostages held in Iran for 444 days.

The hostage crisis was a terrible chapter of American diplomatic history, and I was glad to introduce legislation that allows the victims of the Iran hostage crisis to receive compensation for their pain and suffering. The Justice for Former American Hostages in Iran Act (H.R. 3338) was included in the Consolidated Appropriations Act for FY2016 (H.R. 2029) and enacted into law, and those families will receive what they are owed.

In December 2015, the U.S. and Iran settled the claim over the weapons sale for $1.7 billion, including $1.3 billion in interest. Payment of the claim on January 16, 2016 coincided with Implementation Day of the Joint Comprehensive Plan of Action (JCPOA) and the release of four Americans detained in Iran. The settlement was announced the next day, and Congress was briefed on the payment.

Eight months later, as the 2016 election approaches this payment has been rebranded as a ransom and served up as fodder for the campaign trail with almost no new facts other than a report that the method of payment used to satisfy the settlement was cash.

The product of this faux scandal is the legislation before the Committee today. Look no further than the "findings" section of the bill to understand just how disingenuous this effort really is. The authoritative source cited by this legislation in its craven attempt to prove this was a ransom is Iranian General Mohammad Reza Naghdi, who reportedly said that the money was paid in return for the release of American spies. I do not think this Committee should get into the practice of sourcing our work with quotes from Iranian generals.

In addition to the fact that this bill would violate the Algiers Accords, I will oppose the underlying bill, because the Ranking Member is offering a more thoughtful alternative, which will still create a statutory role for Congress in the payment of claims to Iran. In fact, it will carve out a role for Congress in settlements reached with any country designated a State Sponsor of Terrorism and North Korea. However, it will not manufacture controversy over a ransom payment out of whole cloth, and it certainly does not cite Iranian generals in so-called fact-based findings. I hope the Ranking Member's amendment can be accepted as a bipartisan way forward on this issue.

