

(ii) the evasion of such prohibitions.

(b) Sense of Congress regarding the designation of North Korea as a jurisdiction of primary money laundering concern

Congress—

(1) acknowledges the efforts of the United Nations Security Council to impose limitations on, and to require the enhanced monitoring of, transactions involving North Korean financial institutions that could contribute to sanctioned activities;

(2) urges the President, in the strongest terms—

(A) to immediately designate North Korea as a jurisdiction of primary money laundering concern; and

(B) to adopt stringent special measures to safeguard the financial system against the risks posed by North Korea's willful evasion of sanctions and its illicit activities; and

(3) urges the President to seek the prompt implementation by other countries of enhanced monitoring and due diligence to prevent North Korea's misuse of the international financial system, including by sharing information about activities, transactions, and property that could contribute to—

(A) activities sanctioned by applicable United Nations Security Council resolutions; or

(B) the evasion of such sanctions.

(c) Determinations regarding North Korea

(1) In general

Not later than 180 days after February 18, 2016, the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, and in accordance with section 5318A of title 31, shall determine whether reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern.

(2) Enhanced due diligence and reporting requirements

If the Secretary of the Treasury determines under paragraph (1) that reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern, the Secretary, in consultation with the Federal functional regulators (as defined in section 6809 of title 15), shall impose 1 or more of the special measures described in section 5318A(b) of title 31 with respect to the jurisdiction of North Korea.

(3) Report required

(A) In general

Not later than 90 days after the date on which the Secretary of the Treasury makes a determination under paragraph (1), the Secretary shall submit to the appropriate congressional committees a report that contains the reasons for such determination.

(B) Form

The report submitted under subparagraph (A) shall be submitted in unclassified form, but may include a classified annex.

(Pub. L. 114–122, title II, §201, Feb. 18, 2016, 130 Stat. 101.)

§9221a. Prohibition on indirect correspondent accounts

(a) In general

Except as provided in subsection (b), if a United States financial institution has or obtains knowledge that a correspondent account established, maintained, administered, or managed by that institution for a foreign financial institution is being used by the foreign financial institution to provide significant financial services indirectly to any person, foreign government, or financial institution designated under section 9214 of this title, the United States financial institution shall ensure that such correspondent account is no longer used to provide such services.

(b) Exception

A United States financial institution is authorized to process transfers of funds to or from North Korea, or for the direct or indirect benefit of any person, foreign government, or financial institution that is designated under section 9214 of this title, only if the transfer—

(1) arises from, and is ordinarily incident and necessary to give effect to, an underlying transaction that has been authorized by a specific or general license issued by the Secretary of the Treasury; and

(2) does not involve debiting or crediting a North Korean account.

(c) Definitions

In this section:

(1) Correspondent account

The term “correspondent account” has the meaning given that term in section 5318A of title 31.

(2) United States financial institution

The term “United States financial institution” means¹ has the meaning given that term in section 510.310 of title 31, Code of Federal Regulations, as in effect on August 2, 2017.

(3) Foreign financial institution

The term “foreign financial institution” has the meaning given that term in section 1010.605 of title 31, Code of Federal Regulations, as in effect on August 2, 2017.

(Pub. L. 114–122, title II, §201A, as added Pub. L. 115–44, title III, §312(a), Aug. 2, 2017, 131 Stat. 945.)

§9222. Ensuring the consistent enforcement of United Nations Security Council resolutions and financial restrictions on North Korea

(a) Findings

Congress makes the following findings:

(1) All member states of the United Nations are obligated to implement and enforce applicable United Nations Security Council resolutions fully and promptly, including by blocking the property of, and ensuring that any property is prevented from being made available to, persons designated for the blocking of property by the Security Council under applicable United Nations Security Council resolutions.

¹ So in original.

(2) As of May 2015, 158 of the 193 member states of the United Nations had not submitted reports on measures taken to implement North Korea-specific United Nations Security Council resolutions 1718, 1874, and 2094.

(3) A recent report by the Government Accountability Office (GAO-15-485)—

(A) finds that officials of the United States and representatives of the United Nations Panel of Experts established pursuant to United Nations Security Council Resolution 1874 (2009), which monitors and facilitates implementation of United Nations sanctions on North Korea, “agree that the lack of detailed reports from all member states is an impediment to the UN’s effective implementation of its sanctions”; and

(B) notes that “many member states lack the technical capacity to enforce sanctions and prepare reports” on the implementation of United Nations sanctions on North Korea.

(4) All member states share a common interest in protecting the international financial system from the risks of money laundering and illicit transactions emanating from North Korea.

(5) The United States dollar and the euro are the world’s principal reserve currencies, and the United States and the European Union are primarily responsible for the protection of the international financial system from the risks described in paragraph (4).

(6) The cooperation of the People’s Republic of China, as North Korea’s principal trading partner, is essential to—

(A) the enforcement of applicable United Nations Security Council resolutions; and

(B) the protection of the international financial system.

(7) The report of the Panel of Experts expressed concern about the ability of banks to detect and prevent illicit transfers involving North Korea if such banks are located in member states with less effective regulators or member states that are unable to afford effective compliance.

(8) North Korea has historically exploited inconsistencies between jurisdictions in the interpretation and enforcement of financial regulations and applicable United Nations Security Council resolutions to circumvent sanctions and launder the proceeds of illicit activities.

(9) Amroggang Development Bank, Bank of East Land, and Tanchon Commercial Bank have been designated by the Secretary of the Treasury, the United Nations Security Council, and the European Union as having materially contributed to the proliferation of weapons of mass destruction.

(10) Korea Daesong Bank and Korea Kwangson Banking Corporation have been designated by the Secretary of the Treasury and the European Union as having materially contributed to the proliferation of weapons of mass destruction.

(11) The Foreign Trade Bank of North Korea has been designated by the Secretary of the Treasury for facilitating transactions on behalf of persons linked to its proliferation net-

work and for serving as “a key financial node”.

(12) Daedong Credit Bank has been designated by the Secretary of the Treasury for activities prohibited by applicable United Nations Security Council resolutions, including the use of deceptive financial practices to facilitate transactions on behalf of persons linked to North Korea’s proliferation network.

(b) Sense of Congress

It is the sense of Congress that the President should intensify diplomatic efforts in appropriate international fora, such as the United Nations, and bilaterally, to develop and implement a coordinated, consistent, multilateral strategy for protecting the global financial system against risks emanating from North Korea, including—

(1) the cessation of any financial services the continuation of which is inconsistent with applicable United Nations Security Council resolutions;

(2) the cessation of any financial services to persons, including financial institutions, that present unacceptable risks of facilitating money laundering and illicit activity by the Government of North Korea;

(3) the blocking by all member states, in accordance with the legal process of the state in which the property is held, of any property required to be blocked under applicable United Nations Security Council resolutions;

(4) the blocking of any property derived from illicit activity, or from the misappropriation, theft, or embezzlement of public funds by, or for the benefit of, officials of the Government of North Korea;

(5) the blocking of any property involved in significant activities undermining cybersecurity by the Government of North Korea, directly or indirectly, against United States persons, or the theft of intellectual property by the Government of North Korea, directly or indirectly from United States persons; and

(6) the blocking of any property of persons directly or indirectly involved in censorship or human rights abuses by the Government of North Korea.

(c) Strategy to improve international implementation and enforcement of United Nations North Korea-specific sanctions

The President shall direct the Secretary of State, in coordination with other Federal departments and agencies, as appropriate, to develop a strategy to improve international implementation and enforcement of United Nations North Korea-specific sanctions. The strategy should include elements—

(1) to increase the number of countries submitting reports to the United Nations Panel of Experts established pursuant to United Nations Security Council Resolution 1874 (2009), including developing a list of targeted countries where effective implementation and enforcement of United Nations sanctions would reduce the threat from North Korea;

(2) to encourage member states of the United Nations to cooperate and share information with the panel in order to help facilitate investigations;

(3) to expand cooperation with the Panel of Experts;

(4) to provide technical assistance to member states to implement United Nations sanctions, including developing the capacity to enforce sanctions through improved export control regulations, border security, and customs systems;

(5) to harness existing United States Government initiatives and assistance programs, as appropriate, to improve sanctions implementation and enforcement; and

(6) to increase outreach to the people of North Korea, and to support the engagement of independent, non-governmental journalistic, humanitarian, and other institutions in North Korea.

(d) Report required

Not later than 90 days after February 18, 2016, and annually thereafter, the Secretary of State shall submit to the appropriate congressional committees a report that describes the actions undertaken to implement the strategy required by subsection (c).

(Pub. L. 114-122, title II, §202, Feb. 18, 2016, 130 Stat. 104.)

§ 9223. Proliferation prevention sanctions

(a) Export of certain goods or technology

A validated license shall be required for the export to North Korea of any goods or technology otherwise covered under section 4605(j) of title 50. No defense exports may be approved for the Government of North Korea.

(b) Transactions in defense articles or defense services

(1) In general

The President shall withhold assistance under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) to the government of any country that provides to or receives from the Government of North Korea a defense article or defense service, as such terms are defined in section 2794 of this title, if the President determines that a significant type or amount of such article or service has been so provided or received.

(2) Applicability

The prohibition under paragraph (1) with respect to a government shall terminate on the date that is 2 years after the date on which the prohibition under paragraph (1) is applied to that government.

(c) Waiver

Notwithstanding any other provision of law, the Secretary of State may waive the prohibitions under this section with respect to a country if the Secretary—

(1) determines that such waiver is in the national interest of the United States; and

(2) submits a written report to the appropriate congressional committees that describes—

(A) the steps that the relevant agencies are taking to curtail the trade described in subsection (b)(1); and

(B) why such waiver is in the national interest of the United States.

(d) Exception

The prohibitions under this section shall not apply to the provision of assistance for human rights, democracy, rule of law, maternal and child health, disease prevention and response, or humanitarian purposes.

(e) Report on arms trafficking involving North Korea

(1) In general

Not later than 180 days after August 2, 2017, and annually thereafter for 5 years, the Secretary of State shall submit to the appropriate congressional committees a report that specifically describes the compliance of foreign countries and other foreign jurisdictions with the requirement to curtail the trade described in subsection (b)(1).

(2) Form

The report required under paragraph (1) shall be submitted in unclassified form but may contain a classified annex.

(Pub. L. 114-122, title II, §203, Feb. 18, 2016, 130 Stat. 106; Pub. L. 115-44, title III, §313, Aug. 2, 2017, 131 Stat. 945.)

REFERENCES IN TEXT

The Foreign Assistance Act of 1961, referred to in subsection (b)(1), is Pub. L. 87-195, Sept. 4, 1961, 75 Stat. 424, which is classified principally to chapter 32 (§2151 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 2151 of this title and Tables.

AMENDMENTS

2017—Subsec. (b). Pub. L. 115-44, §313(1)(A), substituted “Transactions in defense articles or defense services” for “Transactions in lethal military equipment” in heading.

Subsec. (b)(1). Pub. L. 115-44, §313(1)(B), substituted “that provides to or receives from the Government of North Korea a defense article or defense service, as such terms are defined in section 2794 of this title, if the President determines that a significant type or amount of such article or service has been so provided or received” for “that provides lethal military equipment to the Government of North Korea”.

Subsec. (b)(2). Pub. L. 115-44, §313(1)(C), substituted “2 years” for “1 year”.

Subsec. (d). Pub. L. 115-44, §313(2), substituted “maternal and child health, disease prevention and response, or” for “or emergency”.

Subsec. (e). Pub. L. 115-44, §313(3), added subsec. (e).

§ 9224. Procurement sanctions

(a) In general

Except as provided in this section, the head of an executive agency may not procure, or enter into any contract for the procurement of, any goods or services from any person designated under section 9214(a) of this title.

(b) Federal Acquisition Regulation

(1) In general

The Federal Acquisition Regulation issued pursuant to section 1303(a)(1) of title 41 shall be revised to require that each person that is a prospective contractor submit a certification that such person does not engage in any activity described in section 9214(a) of this title.

(2) Applicability

The revision required under paragraph (1) shall apply with respect to contracts for which