

112TH CONGRESS  
1ST SESSION

# S. 1867

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## AN ACT

To authorize appropriations for fiscal year 2012 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Defense Au-  
 5 thorization Act for Fiscal Year 2012”.

6 **SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF**  
 7 **CONTENTS.**

8 (a) DIVISIONS.—This Act is organized into four divi-  
 9 sions as follows:

10 (1) Division A—Department of Defense Author-  
 11 izations.

12 (2) Division B—Military Construction Author-  
 13 izations.

14 (3) Division C—Department of Energy National  
 15 Security Authorizations and Other Authorizations.

16 (4) Division D—Funding Tables.

17 (5) Division E—SBIR and STTR Reauthoriza-  
 18 tion.

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

Sec. 1. Short title.

Sec. 2. Organization of Act into divisions; table of contents.

Sec. 3. Congressional defense committees.

Sec. 4. Scoring of budgetary effects.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Authorization of appropriations.

1           (3) A summary of the defense needs asserted by  
2           the Government of the Republic of Georgia as jus-  
3           tification for its requests for defensive arms pur-  
4           chases.

5           (4) A description of the action taken on any de-  
6           fensive arms sale request by the Government of the  
7           Republic of Georgia and an explanation for such ac-  
8           tion.

9           (d) FORM.—The plan required under subsection (a)  
10          shall be submitted in unclassified form, but may contain  
11          a classified annex.

12   **SEC. 1245. IMPOSITION OF SANCTIONS WITH RESPECT TO**  
13                           **THE FINANCIAL SECTOR OF IRAN.**

14          (a) FINDINGS.—Congress makes the following find-  
15          ings:

16               (1) On November 21, 2011, the Secretary of  
17               the Treasury issued a finding under section 5318A  
18               of title 31, United States Code, that identified Iran  
19               as a jurisdiction of primary money laundering con-  
20               cern.

21               (2) In that finding, the Financial Crimes En-  
22               forcement Network of the Department of the Treas-  
23               ury wrote, “The Central Bank of Iran, which regu-  
24               lates Iranian banks, has assisted designated Iranian  
25               banks by transferring billions of dollars to these

1 banks in 2011. In mid-2011, the CBI transferred  
2 several billion dollars to designated banks, including  
3 Saderat, Mellat, EDBI and Melli, through a variety  
4 of payment schemes. In making these transfers, the  
5 CBI attempted to evade sanctions by minimizing the  
6 direct involvement of large international banks with  
7 both CBI and designated Iranian banks.”.

8 (3) On November 22, 2011, the Under Sec-  
9 retary of the Treasury for Terrorism and Financial  
10 Intelligence, David Cohen, wrote, “Treasury is call-  
11 ing out the entire Iranian banking sector, including  
12 the Central Bank of Iran, as posing terrorist financ-  
13 ing, proliferation financing, and money laundering  
14 risks for the global financial system.”.

15 (b) DESIGNATION OF FINANCIAL SECTOR OF IRAN  
16 AS OF PRIMARY MONEY LAUNDERING CONCERN.—The fi-  
17 nancial sector of Iran, including the Central Bank of Iran,  
18 is designated as of primary money laundering concern for  
19 purposes of section 5318A of title 31, United States Code,  
20 because of the threat to government and financial institu-  
21 tions resulting from the illicit activities of the Government  
22 of Iran, including its pursuit of nuclear weapons, support  
23 for international terrorism, and efforts to deceive respon-  
24 sible financial institutions and evade sanctions.

1       (c) FREEZING OF ASSETS OF IRANIAN FINANCIAL  
2 INSTITUTIONS.—The President shall, pursuant to the  
3 International Emergency Economic Powers Act (50  
4 U.S.C. 1701 et seq.), block and prohibit all transactions  
5 in all property and interests in property of an Iranian fi-  
6 nancial institution if such property and interests in prop-  
7 erty are in the United States, come within the United  
8 States, or are or come within the possession or control  
9 of a United States person.

10       (d) IMPOSITION OF SANCTIONS WITH RESPECT TO  
11 THE CENTRAL BANK OF IRAN AND OTHER IRANIAN FI-  
12 NANCIAL INSTITUTIONS.—

13           (1) IN GENERAL.—Except as specifically pro-  
14 vided in this subsection, beginning on the date that  
15 is 60 days after the date of the enactment of this  
16 Act, the President—

17           (A) shall prohibit the opening or maintain-  
18 ing in the United States of a correspondent ac-  
19 count or a payable-through account by a foreign  
20 financial institution that the President deter-  
21 mines has knowingly conducted or facilitated  
22 any significant financial transaction with the  
23 Central Bank of Iran or another Iranian finan-  
24 cial institution designated by the Secretary of  
25 the Treasury for the imposition of sanctions

1           pursuant to the International Emergency Eco-  
2           nomic Powers Act (50 U.S.C. 1701 et seq.);  
3           and

4                   (B) may impose sanctions pursuant to the  
5           International Emergency Economic Powers Act  
6           (50 U.S.C. 1701 et seq.) with respect to the  
7           Central Bank of Iran.

8           (2) EXCEPTION FOR SALES OF FOOD, MEDI-  
9           CINE, AND MEDICAL DEVICES.—The President may  
10          not impose sanctions under paragraph (1) with re-  
11          spect to any person for conducting or facilitating a  
12          transaction for the sale of food, medicine, or medical  
13          devices to Iran.

14          (3) APPLICABILITY OF SANCTIONS WITH RE-  
15          SPECT TO FOREIGN CENTRAL BANKS.—Except as  
16          provided in paragraph (4), sanctions imposed under  
17          paragraph (1)(A) shall apply with respect to a for-  
18          eign financial institution owned or controlled by the  
19          government of a foreign country, including a central  
20          bank of a foreign country, only insofar as it engages  
21          in a financial transaction for the sale or purchase of  
22          petroleum or petroleum products to or from Iran  
23          conducted or facilitated on or after that date that is  
24          180 days after the date of the enactment of this Act.

1           (4) APPLICABILITY OF SANCTIONS WITH RE-  
2           SPECT TO PETROLEUM TRANSACTIONS.—

3           (A) REPORT REQUIRED.—Not later than  
4           60 days after the date of the enactment of this  
5           Act, and every 60 days thereafter, the Adminis-  
6           trator of the Energy Information Administra-  
7           tion, in consultation with the Secretary of the  
8           Treasury, shall submit to Congress a report on  
9           the availability and price of petroleum and pe-  
10          troleum products produced in countries other  
11          than Iran in the 60-day period preceding the  
12          submission of the report.

13          (B) DETERMINATION REQUIRED.—Not  
14          later than 90 days after the date of the enact-  
15          ment of the Act, and every 180 days thereafter,  
16          the President shall make a determination, based  
17          on the reports required by subparagraph (A), of  
18          whether the price and supply of petroleum and  
19          petroleum products produced in countries other  
20          than Iran is sufficient to permit purchasers of  
21          petroleum and petroleum products from Iran to  
22          reduce significantly in volume their purchases  
23          from Iran.

24          (C) APPLICATION OF SANCTIONS.—Except  
25          as provided in subparagraph (D), sanctions im-

1 posed under paragraph (1)(A) shall apply with  
2 respect to a financial transaction conducted or  
3 facilitated by a foreign financial institution on  
4 or after the date that is 180 days after the date  
5 of the enactment of this Act for the purchase  
6 of petroleum or petroleum products from Iran  
7 if the President determines pursuant to sub-  
8 paragraph (B) that there is a sufficient supply  
9 of petroleum and petroleum products from  
10 countries other than Iran to permit a signifi-  
11 cant reduction in the volume of petroleum and  
12 petroleum products purchased from Iran by or  
13 through foreign financial institutions.

14 (D) EXCEPTION.—Sanctions imposed pur-  
15 suant to paragraph (1) shall not apply with re-  
16 spect to a foreign financial institution if the  
17 President determines and reports to Congress,  
18 not later than 90 days after the date on which  
19 the President makes the determination required  
20 by subparagraph (B), and every 180 days  
21 thereafter, that the country with primary juris-  
22 diction over the foreign financial institution has  
23 significantly reduced its volume of crude oil  
24 purchases from Iran during the period begin-  
25 ning on the date on which the President sub-



1           mitted the last report with respect to the coun-  
2           try under this subparagraph.

3           (5) WAIVER.—The President may waive the im-  
4           position of sanctions under paragraph (1) for a pe-  
5           riod of not more than 120 days, and may renew that  
6           waiver for additional periods of not more than 120  
7           days, if the President—

8                   (A) determines that such a waiver is vital  
9                   to the national security of the United States;  
10                  and

11                  (B) submits to Congress a report—

12                          (i) providing a justification for the  
13                          waiver; and

14                          (ii) that includes any concrete co-  
15                          operation the President has received or ex-  
16                          pects to receive as a result of the waiver.

17           (e) MULTILATERAL DIPLOMACY INITIATIVE.—

18                   (1) IN GENERAL.—The President shall—

19                          (A) carry out an initiative of multilateral  
20                          diplomacy to persuade countries purchasing oil  
21                          from Iran—

22                                  (i) to limit the use by Iran of revenue  
23                                  from purchases of oil to purchases of non-  
24                                  luxury consumers goods from the country  
25                                  purchasing the oil; and

- 1 (ii) to prohibit purchases by Iran of—  
2 (I) military or dual-use tech-  
3 nology, including items—  
4 (aa) in the Annex to the to  
5 the Missile Technology Control  
6 Regime Guidelines;  
7 (bb) in the Annex on Chemi-  
8 cals to the Convention on the  
9 Prohibition of the Development,  
10 Production, Stockpiling and Use  
11 of Chemical Weapons and on  
12 their Destruction, done at Paris  
13 January 13, 1993, and entered  
14 into force April 29, 1997 (com-  
15 monly known as the “Chemical  
16 Weapons Convention”);  
17 (cc) in Part 1 or 2 of the  
18 Nuclear Suppliers Group Guide-  
19 lines; or  
20 (dd) on a control list of the  
21 Wassenaar Arrangement on Ex-  
22 port Controls for Conventional  
23 Arms and Dual-Use Goods and  
24 Technologies; or

1                   (II) any other item that could  
2                   contribute to Iran’s conventional, nu-  
3                   clear, chemical or biological weapons  
4                   program; and

5                   (B) conduct outreach to petroleum-pro-  
6                   ducing countries to encourage those countries  
7                   to increase their output of crude oil to ensure  
8                   there is a sufficient supply of crude oil from  
9                   countries other than Iran and to minimize any  
10                  impact on the price of oil resulting from the im-  
11                  position of sanctions under this section.

12                  (2) REPORT REQUIRED.—Not later than 180  
13                  days after the date of the enactment of this Act, and  
14                  every 180 days thereafter, the President shall sub-  
15                  mit to Congress a report on the efforts of the Presi-  
16                  dent to carry out the initiative described in para-  
17                  graph (1)(A) and conduct the outreach described in  
18                  paragraph (1)(B) and the results of those efforts.

19                  (f) FORM OF REPORTS.—Each report submitted  
20                  under this section shall be submitted in unclassified form,  
21                  but may contain a classified annex.

22                  (g) DEFINITIONS.—In this section:

23                   (1) ACCOUNT; CORRESPONDENT ACCOUNT; PAY-  
24                   ABLE-THROUGH ACCOUNT.—The terms “account”,  
25                   “correspondent account”, and “payable-through ac-

1 count” have the meanings given those terms in sec-  
 2 tion 5318A of title 31, United States Code.

3 (2) FOREIGN FINANCIAL INSTITUTION.—The  
 4 term “foreign financial institution” has the meaning  
 5 of that term as determined by the Secretary of the  
 6 Treasury pursuant to section 104(i) of the Com-  
 7 prehensive Iran Sanctions, Accountability, and Di-  
 8 vestment Act of 2010 (22 U.S.C. 8513(i)).

9 (3) UNITED STATES PERSON.—The term  
 10 “United States person” means—

11 (A) a natural person who is a citizen or  
 12 resident of the United States or a national of  
 13 the United States (as defined in section 101(a)  
 14 of the Immigration and Nationality Act (8  
 15 U.S.C. 1101(a)); and

16 (B) an entity that is organized under the  
 17 laws of the United States or jurisdiction within  
 18 the United States.

## 19 **TITLE XIII—COOPERATIVE** 20 **THREAT REDUCTION**

### 21 **SEC. 1301. SPECIFICATION OF COOPERATIVE THREAT RE-** 22 **DUCTION PROGRAMS AND FUNDS.**

23 (a) SPECIFICATION OF COOPERATIVE THREAT RE-  
 24 Duction PROGRAMS.—For purposes of section 301 and  
 25 other provisions of this Act, Cooperative Threat Reduction