

The Quarantining the Ayatollah's State-Sponsored Aggression and Militancy (QASSAM) Act – H.R. 4258

Introduced by Rep. Peter Roskam (R-IL)

Bill Summary

Overview

H.R. 4258 aims to financially weaken Iran's Islamic Revolutionary Guard Corps (IRGC) and ensure that sanctions relief, as authorized by the Joint Comprehensive Plan of Action (JCPOA), will not provide billions of dollars in increased revenue to the IRGC or IRGC-connected companies.

The IRGC is an elite branch of Iran's armed forces responsible for planning and executing terrorist attacks against American citizens and other civilians around the globe. The IRGC equips and trains Foreign Terrorist Organizations (FTOs) including Hamas in Gaza and Hezbollah in Lebanon. The Corps supports Bashar al-Assad and his murderous regime in Syria, finances the Houthi militia in Yemen, and is widely believed to have orchestrated the deadly AMIA bombings in Buenos Aires, Argentina. The IRGC poses a direct threat to our national security and that of our allies.

Beyond its military role, the IRGC is a multibillion-dollar business empire deeply entrenched in the Iranian economy. The IRGC maintains ownership and control over numerous commercial entities throughout Iran's major economic sectors, including, but not limited to, oil, transportation, finance, automotive, and manufacturing. Estimates indicate the IRGC controls 10% of the Iranian economy, with annual revenue of over 12 billion dollars. The Iranian economy is set to improve greatly from incoming sanctions relief thanks to the JCPOA. Sanctions relief will pump billions of dollars into the Iranian economy and will greatly benefit IRGC-owned entities, providing the IRGC with millions, if not billions, of more dollars to fuel its terror campaign abroad and repressive actions at home. Congress must act to stop the IRGC from receiving a cash bonanza in the coming months.

Section One: Impose sanctions against entities in which the IRGC owns 20% or greater interest

Directs the President to impose sanctions against any entity which Iran's Islamic Revolutionary Guard Corps (IRGC) owns, directly or indirectly, a 20% or greater interest, regardless of whether the entity itself is listed on the Office of Foreign Assets Controls' (OFAC) Specially Designated Nationals and Blocked Persons List (SDN). Although the IRGC and IRGC-owned entities are currently sanctioned and found on the SDN list, only entities in which the IRGC maintains 50% or greater interest are included. Hundreds of companies which are partially owned by the IRGC are unsanctioned and open to business.

Current Sanctions against the IRGC and IRGC-owned entities

- The Office of Foreign Asset Control of the Department of Treasury currently lists the IRGC and entities in which the IRGC owns 50% or greater interest on the Specifically Designated Nationals (SDN) list, thus blocking their assets and placing sanctions against them. These sanction policies only apply to entities in which the IRGC owns a 50% or greater interest. Other entities to which the IRGC is significantly connected often go unlisted and unsanctioned, and are consequentially open for business.
- Sanctioning all entities that meet the 20% IRGC ownership threshold would help limit the negative effects of sanctions relief under the JCPOA and keep international investment and business out of companies in which the IRGC holds interest.

IRGC Sanctions and the JCPOA

- The U.S. will maintain its terrorism and human rights-related sanctions against Iran until Iran stops its illicit activity. The IRGC and all IRGC-owned entities are set to stay on the SDN list for the unforeseeable future.
- H.R. 4258 serves to strengthen these terrorism-related sanctions by inhibiting the flow of funds from reaching the IRGC and IRGC-owned and partially owned entities. We cannot entirely control the IRGC's actions but we must use all available means to ensure it does not gain new resources to support terrorism, human rights violations, and other illicit activities.

Section Two: IRGC Watch List

Directs the Secretary of Treasury to establish, maintain, and publish a list to the Federal Register of all entities in which the IRGC maintains 20% or less ownership or are influenced by the IRGC through IRGC-board membership or other means. An IRGC watch list will provide governments and business entities better knowledge of the IRGC's connections with Iranian commercial entities, and encourage them to keep their money out of IRGC-connected entities.

The IRGC Watch List

- The IRGC Watch List would fulfill an important role by highlighting and publicizing the IRGC's deep connection to hundreds of Iranian commercial entities which are currently unlisted.
- The IRGC Watch List would provide Congress, businesses, and the international community with a comprehensive compilation of all IRGC-connected commercial entities, serving as a tool to prevent investment and capital from flowing to entities which benefit the IRGC and enable it to further its illicit activities.
- The IRGC Watch List would send a strong signal to companies considering business relations with an IRGC-connected company to be vigilant, as their potential business partners are under scrutiny and may soon be designated on the SDN list.

Section Three: Authorization of State and local sanctions against the IRGC and IRGC connected entities.

Authorizes states and local governments to divest from certain companies that engage in investment or business activities with Iran's Revolutionary Guard Corps (IRGC) or entities owned or partially owned by the IRGC. States and local governments must have the authority to prevent their assets from funding the IRGC's terrorism, human rights abuses, and other illicit activities.

Stopping Iran's State Sponsorship of Terrorism and Human Rights Abuses

- Despite the removal of nuclear sanctions against Iran provided under the JCPOA, the United States will maintain economic sanctions against Tehran for its sponsorship of terrorism and human rights abuses.
- H.R. 4258 authorizes states and local governments to divest from certain companies that engage in investment or business activities with Iran's Revolutionary Guard Corps (IRGC) or entities owned or partially owned by the IRGC.

The Rights of States and Local Governments to Sanction Iran

- In 2010, Congress passed and President Obama signed into law the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA), which authorizes and encourages states to impose divestment and contracting policies against Iran for its dangerous and destabilizing activities.
- The legal authority for state sanctions is found in Section 202 of CISADA, which authorizes states and local governments to divest from, or prohibit investment of the assets of the state or local government in, any person, company, entity, etc., that the state or local government determines engages in certain types of investment or business activities in Iran.
- H.R. 4258 expands this authorization to give states the authority to sanction IRGC and IRGC-connected entities.

States Must Maintain and Strengthen Sanctions against Iran

- Thirty states and Washington D.C. currently have Iran divestment laws in place. From California to Louisiana to New Hampshire, states are prohibiting their assets from being invested in companies, financial institutions, or other entities that do certain types of business with Iran, forcing them to choose between doing business with America or with Iran. With trillions of dollars in state and local assets, states can play a powerful role in stopping companies and other entities from doing business with the Islamic Republic.
- Eleven states currently have contracting prohibition laws in place against Iran. These eleven states, including, Florida, California, South Carolina, Maryland, and others, prohibit companies, financial institutions, and/or other persons from receiving state and local government contracts if they conduct certain types of business with Iran. There are billions of dollars in state and local government contracts, and anyone who wants to pursue these lucrative opportunities must sever business ties with Iran.
- Congress supports the rights of states and local governments to sanction Iran for sponsoring terrorism and violating human rights.