



S. 1612 – The International Emergency Economic Powers Enhancement Act

FLOOR SITUATION

S 1612 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Senator Chris Dodd (D-CT) on June 13, 2007. The bill passed the Senate on June 26, 2007 by unanimous consent. On September 26, 2007, the House Foreign Affairs Committee held a mark-up of the bill and agreed to seek consideration under suspension of the rules, by voice vote.

S. 1612 is expected to be considered on the floor on October 2, 2007.

BACKGROUND

The International Emergency Economic Powers Act (PL 95-223) was signed into law by President Carter on December 28, 1977. This legislation authorized the President to declare a national emergency based on an “usual and extraordinary threat” posed by a country or transnational group. Upon declaring such an emergency, the President would have the authority to impose economic sanctions against the countries or groups that are posing a threat.

Under the International Emergency Economic Powers Act, the Office of Foreign Assets Control (OFAC), which is an agency within the Department of the Treasury, can impose penalties against private companies that do not comply with the sanctions. The Act allowed OFAC to impose a \$10,000 penalty against a company that did not comply with OFAC sanctions.

Additionally, the Act requires the President to report to Congress on the sanctions that have been imposed.

SUMMARY

Civil Penalties

The bill would increase civil penalties for violating sanctions to either \$250,000 or twice the amount of the transaction – whichever is greater.

**Note: The current penalty is \$10,000. According to the Committee report, “rather than impose a single fine to fit every violation, the Act would ensure that penalties reflect the seriousness of a violation.”*

Criminal Penalties

The bill would increase the criminal penalties for violating sanctions to \$1 million, with a maximum of 20 years in jail (or both).

**Note: The current criminal penalty includes a maximum fine of \$50,000 and a jail sentence of 10 years (or both).*

Additionally, eligibility for criminal penalties is changed to a person that “willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of, an unlawful act.”

**Note: The current criminal penalties are extended to those that “willfully violates, or willfully attempts to violate, any license, order, or regulation.”*

ADDITIONAL VIEWS

In a letter to the Senate Banking, Housing, and Urban Affairs Chairman Christopher Dodd, the Department of the Treasury stated that the Department, “strongly supports the International Emergency Economic Powers Enhancement Act of 2007 and appreciates the leadership of the Chairman and Ranking Member in proposing legislation that significantly enhances the enforcement and deterrent effects of the International Emergency Economic Powers Act (IEEPA) sanctions.”

COST

According to the Congressional Budget Office, “enacting this bill could increase federal revenues as a result of the collection of additional civil and criminal penalties assessed for violations of IEEPA regulations. Civil penalties are typically assessed by the Office of Foreign Assets Control (OFAC) of the U.S. Treasury, while criminal penalties are assessed in the federal courts. Amounts collected from civil penalties are recorded in the budget as revenues and are deposited into the General Fund of the Treasury. Criminal fines are recorded as revenues, then deposited in the Crime Victims Fund, and later spent. Based on information from OFAC and the Administrative Office of the United States Courts, CBO expects that the increases proposed by this legislation would affect relatively few cases per year. As such, we estimate that enacting this bill would probably have an insignificant effect on the federal budget over the next 10 years.”

STAFF CONTACT

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