

110TH CONGRESS
1ST SESSION

S. 1234

To strengthen the liability of parent companies for violations of sanctions by foreign entities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 26, 2007

Mr. LAUTENBERG (for himself and Mrs. CLINTON) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To strengthen the liability of parent companies for violations of sanctions by foreign entities, 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 “Stop Business with
5 Terrorists Act of 2007”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) ENTITY.—The term “entity” means a part-
9 nership, association, trust, joint venture, corpora-
10 tion, or other organization.

1 (2) PARENT COMPANY.—The term “parent
2 company” means an entity that is a United States
3 person and—

4 (A) the entity owns, directly or indirectly,
5 more than 50 percent of the equity interest by
6 vote or value in another entity;

7 (B) board members or employees of the en-
8 tity hold a majority of board seats of another
9 entity; or

10 (C) the entity otherwise controls or is able
11 to control the actions, policies, or personnel de-
12 cisions of another entity.

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

15 (A) a natural person who is a citizen of the
16 United States or who owes permanent alle-
17 giance to the United States; and

18 (B) an entity that is organized under the
19 laws of the United States, any State or terri-
20 tory thereof, or the District of Columbia, if nat-
21 ural persons described in subparagraph (A)
22 own, directly or indirectly, more than 50 per-
23 cent of the outstanding capital stock or other
24 beneficial interest in such entity.

1 **SEC. 3. LIABILITY OF PARENT COMPANIES FOR VIOLA-**
2 **TIONS OF SANCTIONS BY FOREIGN ENTITIES.**

3 (a) **IN GENERAL.**—In any case in which an entity en-
4 gages in an act outside the United States that, if com-
5 mitted in the United States or by a United States person,
6 would violate the provisions of Executive Order 12959 (50
7 U.S.C. 1701 note) or Executive Order 13059 (50 U.S.C.
8 1701 note), or any other prohibition on transactions with
9 respect to Iran imposed under the authority of the Inter-
10 national Emergency Economic Powers Act (50 U.S.C.
11 1701 et seq.), the parent company of the entity shall be
12 subject to the penalties for the act to the same extent as
13 if the parent company had engaged in the act.

14 (b) **APPLICABILITY.**—Subsection (a) shall not apply
15 to a parent company of an entity on which the President
16 imposed a penalty for a violation described in subsection
17 (a) that was in effect on the date of the enactment of this
18 Act if the parent company divests or terminates its busi-
19 ness with such entity not later than 90 days after such
20 date of enactment.

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