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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

To amend the Fentanyl Sanctions Act to strengthen the imposition of sanctions under that Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. JAMES introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Fentanyl Sanctions Act to strengthen the imposition of sanctions under that Act, 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 “Fentanyl Reduction
5 Engrained by Economic Deterrence Act” or the “FREED
6 Act”.

1 **SEC. 2. EXPANSION OF SANCTIONS UNDER THE FENTANYL**
2 **SANCTIONS ACT.**

3 (a) IN GENERAL.—Section 7212 of the Fentanyl
4 Sanctions Act (21 U.S.C. 2312) is amended to read as
5 follows:

6 **“SEC. 7212. IMPOSITION OF SANCTIONS.**

7 “(a) APPLICATION TO FOREIGN PERSONS.—The
8 President shall impose the sanctions described in section
9 7213(a)(6) with respect to any foreign person that—

10 “(1) is identified as a foreign opioid trafficker
11 in the report submitted under section 7211(a); or

12 “(2) the President determines—

13 “(A) knowingly has engaged in, or at-
14 tempted to engage in, an activity or transaction
15 that has materially contributed to, or poses a
16 significant risk of materially contributing to,
17 opioid trafficking;

18 “(B) knowingly has received any property
19 or interest in property that the foreign person
20 knows or should have known—

21 “(i) constitutes or is derived from the
22 proceeds of an activity or transaction de-
23 scribed in subparagraph (A);

24 “(ii) was used or intended to be used
25 to commit or to facilitate such an activity
26 or transaction;

1 “(C) knowingly has provided, or attempted
2 to provide, financial, material, or technological
3 support for, including through the provision of
4 goods or services in support of—

5 “(i) any activity or transaction de-
6 scribed in subparagraph (A); or

7 “(ii) any foreign person described in
8 paragraph (1) or clause (i) of this subpara-
9 graph;

10 “(D) is an adult spouse or other family
11 member of an individual described in paragraph
12 (1) or subparagraph (A), (B), or (C) of this
13 paragraph; or

14 “(E) is or has been owned, controlled, or
15 directed by, or has knowingly acted or pur-
16 ported to act for or on behalf of, directly or in-
17 directly, any foreign person described in para-
18 graph (1) or subparagraph (A), (B), or (C) of
19 this paragraph.

20 “(b) APPLICATION TO AGENCIES AND INSTRUMEN-
21 TALITIES OF FOREIGN STATES.—The President shall im-
22 pose 3 or more of the sanctions described in section 7213
23 with respect to—

24 “(1) each agency or instrumentality of a foreign
25 state (as defined in section 1603(b) of title 28,

1 United States Code) that the President deter-
2 mines—

3 “(A) has engaged in, or attempted to en-
4 gage in, an activity or transaction that has ma-
5 terially contributed to, or poses a significant
6 risk of materially contributing to, opioid traf-
7 ficking; or

8 “(B) has provided, or attempted to pro-
9 vide, financial, material, or technological sup-
10 port for, including through the provision of
11 goods or services in support of, any activity or
12 transaction described in subparagraph (A);

13 “(2) each foreign person the President deter-
14 mines is a senior official of an agency or instrumen-
15 tality of a foreign state described in paragraph (1);
16 and

17 “(3) each foreign person that the President de-
18 termines is or has been owned, controlled, or di-
19 rected by, or has knowingly acted or purported to
20 act for or on behalf of, directly or indirectly, an
21 agency or instrumentality of a foreign state de-
22 scribed in paragraph (1) or a foreign person de-
23 scribed in paragraph (2).

24 “(c) DETERMINATION OF APPLICABILITY TO CER-
25 TAIN FOREIGN PERSONS.—

1 “(1) IN GENERAL.—The sanctions described in
2 section 7213 may not apply to a foreign person de-
3 scribed in subsection (a)(1)(D) if the President de-
4 termines that there is clear and convincing evidence
5 the person—

6 “(A) is no longer in contact with the indi-
7 vidual described in paragraph (1) of subsection
8 (a) or subparagraph (A), (B), or (C) of para-
9 graph (2) of that subsection; and

10 “(B) has provided reliable assurances that
11 the person will not engage in any conduct de-
12 scribed in subsection (a) in the future.

13 “(2) NOTIFICATION.—Not later than 30 days
14 after making a determination under paragraph (1),
15 the President shall submit to the appropriate con-
16 gressional committees and leadership a report on the
17 determination.

18 “(d) WAIVER AUTHORITY.—

19 “(1) IN GENERAL.—The President may waive
20 the imposition of sanctions under this section, on a
21 case-by-case basis and for a period not to exceed
22 180 days per waiver, with respect to a foreign per-
23 son or agency or instrumentality of a foreign state,
24 as the case may be, if the President certifies in writ-
25 ing to the appropriate congressional committees that

1 such waiver is vital to the national security interests
2 of the United States or would ensure the delivery of
3 humanitarian assistance such as medicine, agricul-
4 tural products, food, or fuel.

5 “(2) BRIEFINGS.—Not later than 30 days after
6 issuing a waiver under paragraph (1) with respect to
7 a foreign person or agency or instrumentality of a
8 foreign state, and every 180 days thereafter for such
9 period of time as the waiver remains in effect, the
10 President shall provide to the appropriate congres-
11 sional committees a briefing on the status of the in-
12 volvement of the foreign person or agency or instru-
13 mentality of a foreign state in activities described in
14 this section.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall take effect on the date that is 90 days
17 after the date of the enactment of this Act.

18 (c) REGULATORY AUTHORITY.—

19 (1) IN GENERAL.—Not later than 180 days
20 after the date of the enactment of this Act, the
21 President shall prescribe regulations as necessary for
22 the implementation of the amendment made by sub-
23 section (a).

24 (2) NOTIFICATION TO CONGRESS.—Not later
25 than 10 days prior to prescribing regulations under

1 paragraph (1), the President shall notify the appro-
2 priate congressional committees and leadership (as
3 defined in section 7203 of the Fentanyl Sanctions
4 Act (21 U.S.C. 2302)) with respect to the proposed
5 regulations.

6 **SEC. 3. DETERMINATIONS WITH RESPECT TO PRIMARY**
7 **MONEY LAUNDERING CONCERN RELATING**
8 **TO ILLICIT FENTANYL AND NARCOTICS FI-**
9 **NANCING.**

10 If the Secretary of the Treasury determines that 1
11 or more financial institutions operating outside of the
12 United States, 1 or more classes of transactions within,
13 or involving, a jurisdiction outside of the United States,
14 or 1 or more types of accounts within, or involving, a juris-
15 diction outside of the United States, is of primary money
16 laundering concern in connection with the financing of il-
17 licit fentanyl and other narcotics, the Secretary of the
18 Treasury may, by order, regulation, or otherwise as per-
19 mitted by law, require domestic financial institutions and
20 domestic financial agencies to take one or more of the spe-
21 cial measures described in section 5318A(b) of title 31,
22 United States Code.

1 **SEC. 4. REPORT ON IMPROVED ENFORCEMENT WITH RE-**
2 **SPECT TO MONEY LAUNDERING RELATING**
3 **TO ILLICIT FENTANYL AND NARCOTIC DRUGS**
4 **FINANCING.**

5 (a) IN GENERAL.—Not later than one year after the
6 date of the enactment of this Act, the Secretary of the
7 Treasury shall submit to appropriate congressional com-
8 mittees a report that identifies any additional regulations,
9 statutory changes, enhanced due diligence requirements,
10 or reporting requirements the Secretary determines are
11 necessary to better identify, prevent, and combat money
12 laundering connected with the financing of illicit fentanyl
13 and other narcotic drugs, including related to—

14 (1) identifying the beneficial ownership of anon-
15 ymous entities; and

16 (2) enhanced know-your-customer procedures
17 and screenings for transactions involving any organi-
18 zation identified by the Secretary as—

19 (A) a drug cartel or other criminal organi-
20 zation based in Mexico;

21 (B) a money laundering organization based
22 in the People's Republic of China; or

23 (C) any other entity involved in the financ-
24 ing of illicit fentanyl.

25 (b) FORM.—

1 (1) IN GENERAL.—The report required by sub-
2 section (a) shall be submitted in unclassified form,
3 but may include a classified annex and be accom-
4 panied by a classified briefing.

5 (2) PUBLIC AVAILABILITY.—The unclassified
6 portion of the report required by subsection (a) shall
7 be made available to the public, including on a pub-
8 licly accessible internet website of the Department of
9 the Treasury.

10 (c) APPROPRIATE CONGRESSIONAL COMMITTEES DE-
11 FINED.—In this section, the term “appropriate congres-
12 sional committees” means—

13 (1) the Committee on Banking, Housing, and
14 Urban Affairs and the Committee on Foreign Rela-
15 tions of the Senate; and

16 (2) the Committee on Financial Services and
17 the Committee on Foreign Affairs of the House of
18 Representatives.

19 **SEC. 5. SENSE OF CONGRESS ON INTERNATIONAL CO-**
20 **OPERATION.**

21 It is the sense of Congress that the Secretary of the
22 Treasury and other relevant Federal officials should work
23 jointly with financial intelligence units, trade transparency
24 units, and appropriate law enforcement authorities of Can-
25 ada, European and European Union countries, and the

1 United Kingdom to identify and present, in the report re-
2 quired by section 4 and in future analyses of suspicious
3 transaction reports, cash transaction reports, currency
4 and monetary instrument reports, and other relevant data
5 to identify trends and assess risks in the movement of il-
6 licit funds from illicit fentanyl operations from Mexico,
7 India, the People's Republic of China, or any country in
8 the Western Hemisphere through the financial systems of
9 the United States, the United Kingdom, and Europe.