



Memorandum

VIA EMAIL

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To: Clients and Friends

From: Stanley J. Marcuss
George F. Murphy

Re: Congress Set to Pass Legislation Increasing U.S.
Sanctions Against Iran

House and Senate leaders have agreed on a bill to strengthen U.S. economics sanctions against Iran. House members filed yesterday a bill amending a prior House version passed by the Senate earlier this year.

The bill, H.R. 1905, includes a provision that would subject foreign affiliates owned or controlled by U.S. companies to the same prohibitions as their U.S. parents. The bill would make U.S. parents liable for sanctions violations of its foreign affiliate's transactions with Iran and subject the U.S. parent to civil penalties. The bill would allow a U.S. company to avoid penalties if it divests or terminates its business with the foreign affiliate within 180 days of the bill's enactment.

As we reported in a February 24, 2012 memorandum entitled "Sanctions v. Iran" regarding a similar provision in a sister bill to H.R. 1905 in the Senate, S. 2101, expanding sanctions to subject foreign affiliates owned or controlled by U.S. companies to the same restrictions as their U.S. parents would be a significant change in U.S. sanctions against Iran and U.S. sanctions law in general since the Reagan Administration.

A House vote on the bill is expected to be scheduled this week and the bill is likely to pass.