

AMENDMENT TO RULES COMM. PRINT 116–19
OFFERED BY MR. GALLAGHER OF WISCONSIN

At the end of title XII, add the following new subtitle:

1 **Subtitle I—Telecommunications**
2 **Denial Order Enforcement Act**

3 **SEC. 1281. SHORT TITLE.**

4 This subtitle may be cited as the “Telecommunications Denial Order Enforcement Act”.

6 **SEC. 1282. STATEMENT OF POLICY.**

7 It shall be the policy of the United States to enforce
8 denial orders on covered telecommunications companies
9 found to have violated the export control or sanctions laws
10 of the United States.

11 **SEC. 1283. IMPOSITION AND ENFORCEMENT OF DENIAL ORDERS WITH RESPECT TO COVERED TELECOMMUNICATIONS COMPANIES.**

14 (a) IMPOSITION OF DENIAL ORDERS.—

15 (1) IN GENERAL.—Not later than 180 days
16 after the date of the enactment of this Act, and annually thereafter—

18 (A) the President shall determine and report to the appropriate congressional commit-

1 tees if any covered telecommunications company
2 is in violation of an export control or sanctions
3 law of the United States; and

4 (B) if the President makes an affirmative
5 determination with respect to a covered tele-
6 communications company under subparagraph
7 (A), the President shall impose penalties pursu-
8 ant to a denial order with respect to the com-
9 pany or its agents or affiliates as described in
10 paragraph (2).

11 (2) PENALTIES DESCRIBED.—The penalties de-
12 scribed in this paragraph are the following:

13 (A) The covered telecommunications com-
14 pany and when acting for or on their behalf,
15 their successors, assigns, directors, officers, em-
16 ployees, representatives, or agents (hereinafter
17 each a “denied person”), may not, directly or
18 indirectly, participate in any way in any trans-
19 action involving any commodity, software or
20 technology (hereinafter collectively referred to
21 as “item”) exported or to be exported from the
22 United States that is subject to the Export Ad-
23 ministration Regulations (as codified in sub-
24 chapter C of chapter VII of title 15, Code of
25 Federal Regulations, or any successor regula-

1 tions), or in any other activity subject to the
2 Export Administration Regulations.

3 (B) No person may, directly or indirectly,
4 do any of the following:

5 (i) Export or reexport to or on behalf
6 of a denied person any item subject to the
7 Export Administration Regulations.

8 (ii) Take any action that facilitates
9 the acquisition or attempted acquisition by
10 a denied person of the ownership, posses-
11 sion, or control of any item subject to the
12 Export Administration Regulations that
13 has been or will be exported from the
14 United States, including financing or other
15 support activities related to a transaction
16 whereby a denied person acquires or at-
17 tempts to acquire such ownership, posses-
18 sion, or control.

19 (iii) Take any action to acquire from
20 or to facilitate the acquisition or attempted
21 acquisition from a denied person of any
22 item subject to the Export Administration
23 Regulations that has been exported from
24 the United States.

1 (iv) Obtain from a denied person in
2 the United States any item subject to the
3 Export Administration Regulations with
4 knowledge or reason to know that the item
5 will be, or is intended to be, exported from
6 the United States.

7 (v) Engage in any transaction to serv-
8 ice any item subject to the Export Admin-
9 istration Regulations that has been or will
10 be exported from the United States and
11 which is owned, possessed or controlled by
12 a denied person, or service any item, of
13 whatever origin, that is owned, possessed
14 or controlled by a denied person if such
15 service involves the use of any item subject
16 to the Export Administration Regulations
17 that has been or will be exported from the
18 United States.

19 (3) REPORT.—The President shall submit to
20 the appropriate congressional committees an annual
21 report on the implementation of this subsection.

22 (b) PROHIBITION ON MODIFICATION OF PEN-
23 ALTIES.—Notwithstanding any other provision of law, no
24 official of an executive agency may modify any penalty,
25 including a penalty imposed pursuant to a denial order,

1 implemented by the Government of the United States with
2 respect to a covered telecommunications company or its
3 agents or affiliates pursuant to a determination that the
4 company has violated an export control or sanctions law
5 of the United States until the date that is 30 days after
6 the President certifies to the appropriate congressional
7 committees that the company—

8 (1) has not, for a period of one year, conducted
9 activities in violation of the laws of the United
10 States; and

11 (2) is fully cooperating with investigations into
12 the activities of the company conducted by the Gov-
13 ernment of the United States, if any.

14 (c) REGULATIONS.—The President is authorized to
15 prescribe such regulations as may be necessary to carry
16 out this section.

17 **SEC. 1284. DEFINITIONS.**

18 In this subtitle:

19 (1) APPROPRIATE CONGRESSIONAL COMMIT-
20 TEES.—The term “appropriate congressional com-
21 mittees” means—

22 (A) the Committee on Financial Services
23 and the Committee on Foreign Affairs of the
24 House of Representatives; and

1 (B) the Committee on Banking, Housing,
2 and Urban Affairs and the Committee on For-
3 eign Relations of the Senate.

4 (2) COVERED TELECOMMUNICATIONS COM-
5 PANY.—The term “covered telecommunications com-
6 pany” means any of the following:

7 (A) Huawei Technologies Company or
8 ZTE Corporation (or any subsidiary or affiliate
9 of such entities).

10 (B) Any other telecommunications com-
11 pany domiciled in the People’s Republic of
12 China (or any subsidiary or affiliate of such en-
13 tities), excluding any subsidiary of a foreign
14 company domiciled in the People’s Republic of
15 China.

16 (3) EXECUTIVE AGENCY.—The term “executive
17 agency” means—

18 (A) an executive department specified in
19 section 101 of title 5, United States Code;

20 (B) a military department specified in sec-
21 tion 102 of title 5, United States Code;

22 (C) an independent establishment as de-
23 fined in section 104(1) of title 5, United States
24 Code; and

1 (D) a wholly-owned Government corpora-
2 tion fully subject to chapter 91 of title 31,
3 United States Code.

