

Hostile State Asset Denial and Settlement Act

Version 3 — discussion draft and transmittal memorandum

Discussion draft, Hostile State Asset Denial and Settlement Act, version 3; request for technical review and referral to the Office of the Legislative Counsel.

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MEMORANDUM

TO [Member / Committee] staff

FROM Collin B. George, CISSP, National Security Advisor, Sanctir LLC

DATE October 2, 2026

RE Discussion draft, Hostile State Asset Denial and Settlement Act, version 3; request for technical review and referral to the Office of the Legislative Counsel

This memorandum transmits version 3 of the Hostile State Asset Denial and Settlement Act. It supersedes the September 22, 2026 draft. Version 3 adds a confiscation tier that only Congress can trigger, four channels for using vested property, an express statement of what the Act displaces, and corrections to the citations identified in a source-verification pass completed today. The draft is a starting point for staff deliberation, not a finished measure. I request that the office consider referring it to the Office of the Legislative Counsel for drafting and to the committees of jurisdiction for substantive review.

What the bill does. Congress names the conflict. The hostile state's property in United States jurisdiction is blocked under this Act, not under the International Emergency Economic Powers Act. Earnings on sovereign assets are held in custody; title stays with the owner. If Congress then finds, by joint resolution under an expedited procedure, that the hostile state committed an armed attack or an act of aggression and has not ceased and made reparation within twelve months, principal vests in the United States and a Custodian in the Treasury liquidates it into a Settlement and Claims Account. The Account pays adjudicated claims of United States nationals and existing terrorism judgments, funds the named operation through the Defense Cooperation Account, and receives a levy on the hostile state's licensed export revenue. Enemy military property is captured as booty of war. Enemy merchant vessels and blockade runners go to prize court.

Why Congress, and why now. Existing law already lets the President confiscate. Section 203(a)(1)(C) of IEEPA permits confiscation and vesting of the property of any foreign state engaged in armed hostilities with the United States. Section 5(b) of the Trading with the Enemy Act permits vesting in time of war. The REPO for Ukrainians Act permits seizure of Russian sovereign assets on a presidential certification. None of these requires a finding by Congress, a claims process, or an appropriation. The United States has been in armed hostilities with Iran since February 28, 2026, without a declaration of war or an authorization for the use of military force, and a naval blockade of Iranian ports ran from April into June 2026. The confiscation power is live and unstructured. *Brown v. United States*, 12 U.S. (8 Cranch) 110 (1814), holds that confiscation of enemy property is for Congress. This bill is Congress exercising that power on its own terms.

Legal basis. The capture and confiscation provisions rest on article I, section 8, clause 11, and on a settled line of cases: *Brown*; *Miller v. United States*, 78 U.S. 268 (1871); *Stoehr v. Wallace*, 255 U.S. 239

(1921); *Cummings v. Deutsche Bank*, 300 U.S. 115 (1937); and *Silesian-American Corp. v. Clark*, 332 U.S. 469 (1947). *Juragua Iron Co. v. United States*, 212 U.S. 297 (1909), holds that enemy property receives no Takings Clause protection. The War Claims Act of 1948 (50 U.S.C. 4101 et seq.) is the statutory precedent for liquidating vested enemy assets to pay the claims of United States nationals. The custody tier, which reaches central bank reserves that were never captured, rests instead on a countermeasures posture under the law of State responsibility, which requires reversibility; that is why principal in that tier is preserved and released on settlement, and why central bank reserves vest on conversion only if the conversion resolution so provides. The override of foreign sovereign immunity follows 22 U.S.C. 8772. In *Bank Markazi v. Peterson*, 578 U.S. 212 (2016), the Court stated that Congress “may amend the law and make the change applicable to pending cases, even when the amendment is outcome determinative.” *Learning Resources, Inc. v. Trump* (Feb. 20, 2026) held that IEEPA does not authorize tariffs; it did not address IEEPA’s blocking authorities, and this bill does not rely on it.

Scale. The findings of the REPO for Ukrainians Act state that between \$4 billion and \$5 billion in Russian sovereign assets is in United States jurisdiction; the Congressional Budget Office uses approximately \$5 billion (November 2025). Worldwide, approximately \$280 billion to \$300 billion is immobilized, about €210 billion of it in the European Union, most at Euroclear. Iranian and Venezuelan sovereign balances in United States jurisdiction are smaller still. The revenue of those states is in future oil flows, not in United States bank accounts. That is why section 306 adds a levy on licensed export revenue, on the model of the United Nations Compensation Commission, which was funded by a percentage of Iraqi oil proceeds under Security Council Resolutions 687 and 705. Apart from the levy, this is not a revenue bill, and it should not be presented as one.

How it would be used. The draft is written to be enacted dormant, with no state named. Section 101(f) lets Congress name a state, a commencement date, and theaters later by joint resolution under the expedited procedure in section 503. Section 201 lets Congress convert custody to confiscation by a second joint resolution under the same procedure. A bracketed section 102 would give the President a narrow interim authority to hold earnings on already-blocked sovereign property pending a designation. I recommend against including it, because existing blocking authority already denies the hostile state the use of the assets.

Decisions for the sponsor. Six items are bracketed or flagged. First, whether central bank reserves vest on conversion (section 202(b)); the draft leaves that to the conversion resolution. Second, the levy rate in section 306, bounded at 5 to 30 percent. Third, the share of vested proceeds transferable to the Defense Cooperation Account (section 304), capped at 50 percent and set by the conversion resolution. Fourth, whether to override the 75 percent priority of the United States Victims of State Sponsored Terrorism Fund (section 308(b)); the draft overrides it, which the plaintiffs’ bar will oppose. Fifth, section 503 applies a fast-track procedure to the resolutions that name a hostile state and that convert custody to confiscation. Ten hours of debate, no amendments, majority passage. That is the provision that will draw the most objection, and the memorandum does not minimize it. Sixth, letters of marque under clause 11 are constitutionally available against hostile-state-owned vessels and are not included.

Drafting note. The conforming amendments to 10 U.S.C. 8863 and 8864 (section 404(b) and (c)) are stated descriptively; executable strike-and-insert text is left to Legislative Counsel. Bracketed values are open policy choices. Annex A lists every citation with its verification status; Annex B lists the changes from the September 22 draft.

I am available to discuss any provision.

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Summary

The bill is a standalone war-powers statute built on eight principles.

- **Congress names the conflict.** Section 101 designates the hostile state, the commencement date, and the theaters. Only Congress may change them.
- **Independent of IEEPA, and exclusive.** Blocking rests on this Act alone. Section 106 provides that, once a hostile state is designated, this Act is the exclusive authority for confiscation of its sovereign assets, displacing 50 U.S.C. 1702(a)(1)(C), 50 U.S.C. 4305(b), and the REPO Act seizure authority as to those assets.
- **Custody first.** Section 104 places earnings on sovereign assets in a segregated Sub-Account. Title stays with the owner; the United States holds a statutory lien as custodian. Section 205 bars vesting of principal except as this Act provides.
- **Confiscation only by a second vote of Congress.** Section 201 defines a conversion resolution: findings of armed attack or aggression and of failure to cease and make reparation within twelve months. On enactment, section 202 vests covered sovereign assets in the United States, and a Custodian in the Treasury liquidates them (section 203). Third-party interests are protected (section 204).
- **Claims paid without a further Act.** The Foreign Claims Settlement Commission adjudicates claims of United States nationals; the Treasury pays certified awards from the Account under a permanent appropriation (section 302). Existing terrorism judgments are satisfied from identified assets on the model of 22 U.S.C. 8772 (section 303).
- **Operations funded through an existing account.** Section 304 transfers a congressionally set share of vested proceeds to the Defense Cooperation Account (10 U.S.C. 2608), appropriated for the named operation, after a claims reserve is set aside. Section 305 permits captured enemy funds in the theaters to be used for urgent relief and force protection, with accounting.
- **Future revenue reached by levy.** Section 306 conditions any license authorizing the hostile state's commodity exports on payment of a fixed percentage of proceeds into the Account.

- **Sunset.** Authorities end five years after enactment unless reauthorized. Custody, the Custodian's authority over assets already vested, and the Account continue until release or disposition.

Due-process protections include actual notice, disclosure of the unclassified basis for designations, an opportunity to respond, judicial review, the innocent-owner defense of 18 U.S.C. 983(d) applied expressly, and preservation of Tucker Act remedies. United States persons are not blocked on the basis of nationality. Diplomatic and consular property is excluded.

Section-by-Section Analysis

Sec. 1. Short title; table of contents. Provides the short title and table of contents.

Sec. 2. Findings; purpose; sense of Congress. Grounds the Act in article I, section 8, clauses 10 and 11; recites *Brown v. United States*; recites the Trading with the Enemy Act and War Claims Act precedent; finds that existing executive confiscation authorities lack congressional findings, a claims process, and an appropriation; states purposes; and includes a sense of Congress that the Act accepts no reciprocal consequence for United States property abroad.

Sec. 3. Definitions. Defines “agency or instrumentality” by reference to 28 U.S.C. 1603(b); separates the conflict commencement date from the earnings accrual date; defines “covered sovereign asset” to include entities 50 percent or more owned by the state; and adds “conversion resolution,” “covered license,” “Custodian,” “Defense Cooperation Account,” “designation resolution,” “theaters,” and “vested asset.”

Title I. Designation and custody.

Sec. 101. Congressional naming of the conflict. Designates the hostile state, commencement date, and theaters, or permits designation later by joint resolution under section 503. The President may not expand or modify them.

Sec. 102. Interim preservation authority (bracketed; not recommended). Would permit interim custody of earnings on already-blocked sovereign property for 180 days pending designation, with no power to block, vest, enforce the lien, or spend.

Sec. 103. Blocking. Blocks property of the hostile state, its agencies and instrumentalities, 50-percent-owned entities, and designated nationals who are not United States persons. Third-country designees and United States persons are not status-blocked. States civil and criminal penalties directly (\$377,700 as adjusted, or twice the transaction; \$1,000,000 and 20 years). Adopts the exceptions in 50 U.S.C. 1702(b).

Sec. 104. Earnings Security Sub-Account. Holds earnings on covered sovereign assets in custody under a statutory lien securing adjudicated claims of United States nationals and the reparation obligation. Releases with yield on cessation and reparation or settlement, by joint resolution or by certification subject to disapproval. Suspends new deposits while the dispute is before a competent international tribunal. On conversion, amounts attributable to vested assets pass to the Account.

Sec. 105. Notice and judicial review. Actual notice to known interest holders; disclosure of the unclassified basis; opportunity to respond; 60-day review period; in camera review of classified material with a summary or cleared-counsel access.

Sec. 106. Exclusive authority; relationship to other law. Once a hostile state is designated, this Act is the exclusive authority for confiscation or vesting of its covered sovereign assets; 50 U.S.C. 1702(a)(1)(C), 50 U.S.C. 4305(b), and section 104(b) of the REPO for Ukrainians Act do not apply to those assets. Blocking under other law continues. Prior vestings are unaffected.

Title II. Confiscation.

Sec. 201. Conversion resolution. Defines the joint resolution, considered under section 503, that converts custody to confiscation: findings of armed attack or aggression and of failure to cease and make reparation within [12] months; a statement whether central bank property vests; and the Defense Cooperation Account share.

Sec. 202. Vesting. On enactment of a conversion resolution, covered sovereign assets in United States jurisdiction vest in the United States as a capture under article I, section 8, clause 11, free of any claim of the hostile state and without compensation. Central bank property held for its own account vests only if the resolution so provides. Property of designated nationals and other persons does not vest.

Sec. 203. Custodian. Establishes an Office of the Custodian of Hostile State Property in the Treasury on the Alien Property Custodian model, with power to hold, manage, vote, operate, and liquidate vested assets; bars sale to the hostile state or its nationals; requires separate accounting, Inspector General audit, and completion of liquidation within [5] years.

Sec. 204. Interests of other persons. Claims process for ownership interests, security interests, and liens of persons other than the hostile state, with judicial review. Applies 18 U.S.C. 983(d) notwithstanding 18 U.S.C. 983(i). Allowed interests are paid before deposit.

Sec. 205. Vesting bar before conversion. Principal of a covered sovereign asset may be vested only under section 202, by prize, or by forfeiture. Booty is excluded.

Title III. Settlement and Claims Account; use of vested assets.

Sec. 301. Settlement and Claims Account. Establishes the Account with mandatory deposits, market-rate investment, and no collateral, guarantee, revolving, or operational use. Expenditure only as this title provides.

Sec. 302. Claims of nationals of the United States. Foreign Claims Settlement Commission adjudicates claims under the International Claims Settlement Act of 1949 on referral by the Secretary of State; the Treasury pays certified awards from the Account under a permanent appropriation. Authorizes appropriations for administration.

Sec. 303. Judgments against the hostile state. Before conversion, identified blocked assets are subject to execution to satisfy final judgments under 28 U.S.C. 1605A or section 201 of the Terrorism Risk Insurance Act of 2002, on the model of 22 U.S.C. 8772, after a court determines the hostile state's beneficial interest. After conversion, such judgments are paid from the Account. No other private execution.

Sec. 304. Defense Cooperation Account. After the claims reserve is set, transfers the share of vested proceeds fixed by the conversion resolution, not exceeding [50] percent, to the Defense Cooperation Account under 10 U.S.C. 2608, appropriated to the Secretary of Defense for the named operation, with 15-day notification before obligation.

Sec. 305. Captured enemy funds in the theaters. Currency and negotiable instruments of the hostile state captured by the Armed Forces are booty; the Secretary of Defense may use them for urgent relief, reconstruction, and force protection within the theaters, with inventory, reporting, and an annual cap; unused amounts go to the Account.

Sec. 306. Levy on licensed export revenue. Any license authorizing the hostile state's commodity exports must require payment of [__] percent of gross proceeds into the Account, collected by the processing institution; suspended while the dispute is before a competent tribunal; terminates on release or settlement; coalition parallels sought.

Sec. 307. Order of priority; claims reserve; remainder. Order: third-party interests, FCSC awards, terrorism judgments, Defense Cooperation Account transfers, remainder. A claims reserve is set before any transfer. Remainder, including reparation to the United States, is disposed of only by a subsequent Act, treaty, or congressionally approved agreement.

Sec. 308. Relationship to other funds. Exempts Account deposits from 31 U.S.C. 3302(b); overrides the 75 percent priority of the United States Victims of State Sponsored Terrorism Fund in 34 U.S.C. 20144(e) (2)(A) [sponsor option to strike]; routes forfeiture proceeds to the Account notwithstanding 28 U.S.C. 524(c) and 31 U.S.C. 9705.

Title IV. Capture and prize.

Sec. 401. Booty of war. Enemy warships, military aircraft, state non-commercial vessels, and military property captured in the theaters become United States property without adjudication; chapter 97 of title 28 does not apply. No captor shares. Proceeds to the Account.

Sec. 402. Prize. Condemnation under 10 U.S.C. chapter 883 limited to enemy and state-owned merchant vessels and cargo and neutral contraband or blockade breach. Jurisdiction over prizes brought into cobelligerent waters is under 10 U.S.C. 8852(a)(2); reciprocity under 10 U.S.C. 8881; property seized on inland waters by naval forces is not maritime prize under 10 U.S.C. 8851(c). The court independently determines whether a state of war exists.

Sec. 403. Forfeiture. Applies 18 U.S.C. 981 and 19 U.S.C. 1602 et seq.; applies 18 U.S.C. 983(d) notwithstanding 983(i). Proceeds are routed under section 308(c).

Sec. 404. Conforming amendments to title 10. Routes prize proceeds under 10 U.S.C. 8868, and appropriated-property value and stipulation deposits under 8863 and 8864, to the Account in cases under this Act.

Title V. Procedure and general provisions.

Sec. 501. Jurisdiction and immunity. Overrides 28 U.S.C. 1604, 1609, 1610, and 1611 for property of the hostile state, its central bank, and its instrumentalities; confers district court jurisdiction; routes all execution through section 303.

Sec. 502. Treaty and domestic-law savings. Preserves the Vienna Conventions on Diplomatic and Consular Relations, the United Nations Headquarters Agreement, 22 U.S.C. 4305, existing sanctions authorities, and Tucker Act jurisdiction.

Sec. 503. Expedited procedures. Fast-track procedures for joint resolutions of disapproval, termination, designation, and conversion: 10-day committee discharge, non-debatable motion to proceed, 10 hours of debate, no amendments, majority passage.

Sec. 504. Sunset. Five-year sunset; reauthorization only by Act of Congress; savings for pending matters; continued custody; continued authority of the Custodian and the Account; no captures after cessation of hostilities.

Sec. 505. Severability. Account provisions stand or fall together; the custody lien falls if no release path survives; section 202 falls with section 201; general severability otherwise.

Sec. 506. Effective date and application. Forfeiture, prize, and earnings apply prospectively; blocking reaches property already in United States jurisdiction as a restraint; vesting applies on enactment of the conversion resolution.

Sec. 507. Reporting. Quarterly public Account statements; semiannual implementation reports with a classified annex; annual Custodian report.

DISCUSSION DRAFT — October 2, 2026 (version 3)

[___ CONGRESS]

[___ SESSION]

A BILL

To deny a hostile state the use of its property within the jurisdiction of the United States during an armed conflict named by Congress, to provide for the capture, forfeiture, custody, and, upon a further determination by Congress, the confiscation of such property, to establish a Settlement and Claims Account and an Earnings Security Sub-Account, to provide for the payment of claims and the funding of operations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Hostile State Asset Denial and Settlement Act”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings; purpose; sense of Congress.

Sec. 3. Definitions.

TITLE I—DESIGNATION AND CUSTODY

Sec. 101. Congressional naming of the conflict.

Sec. 102. Interim preservation authority. [Bracketed alternative.]

Sec. 103. Blocking.

Sec. 104. Earnings Security Sub-Account.

Sec. 105. Notice and judicial review.

Sec. 106. Exclusive authority; relationship to other law.

TITLE II—CONFISCATION

Sec. 201. Conversion resolution.

Sec. 202. Vesting.

Sec. 203. Custodian of Hostile State Property.

Sec. 204. Interests of other persons.

Sec. 205. Vesting bar before conversion.

TITLE III—SETTLEMENT AND CLAIMS ACCOUNT; USE OF VESTED ASSETS

Sec. 301. Settlement and Claims Account.

Sec. 302. Claims of nationals of the United States.

Sec. 303. Judgments against the hostile state.

Sec. 304. Defense Cooperation Account.

Sec. 305. Captured enemy funds in the theaters.

Sec. 306. Levy on licensed export revenue.

Sec. 307. Order of priority; claims reserve; remainder.

Sec. 308. Relationship to other funds.

TITLE IV—CAPTURE AND PRIZE

Sec. 401. Booty of war.

Sec. 402. Prize.

Sec. 403. Forfeiture.

Sec. 404. Conforming amendments to title 10, United States Code.

TITLE V—PROCEDURE AND GENERAL PROVISIONS

Sec. 501. Jurisdiction and immunity.

Sec. 502. Treaty and domestic-law savings.

Sec. 503. Expedited procedures.

Sec. 504. Sunset.

Sec. 505. Severability.

Sec. 506. Effective date and application.

Sec. 507. Reporting.

SEC. 2. FINDINGS; PURPOSE; SENSE OF CONGRESS.

(a) FINDINGS.—Congress finds the following:

- (1) Under article I, section 8, clause 11 of the Constitution, Congress has the power to declare war, to grant letters of marque and reprisal, and to make rules concerning captures on land and water, and under clause 10 of that section, to define and punish offenses against the law of nations.
- (2) In *Brown v. United States*, 12 U.S. (8 Cranch) 110 (1814), the Supreme Court held that property of an enemy found within the United States at the commencement of hostilities may be confiscated only pursuant to an Act of Congress.
- (3) Congress has exercised that power by statute, including through the Trading with the Enemy Act (50 U.S.C. 4301 et seq.) and the War Claims Act of 1948 (50 U.S.C. 4101 et seq.), under which vested enemy property was liquidated to pay the claims of nationals of the United States.

- (4) Section 203(a)(1)(C) of the International Emergency Economic Powers Act (50 U.S.C. 1702(a)(1)(C)) and section 5(b) of the Trading with the Enemy Act (50 U.S.C. 4305(b)) permit the President to confiscate and vest foreign property during armed hostilities or in time of war without a finding by Congress, a process for the adjudication of claims, or an appropriation.
 - (5) A state of armed conflict may exist in fact whether or not war has been formally declared.
 - (6) The authorities in this Act rest on the powers of Congress described in paragraph (1) and do not depend on the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or the National Emergencies Act (50 U.S.C. 1601 et seq.).
- (b) PURPOSE.—The purposes of this Act are to deny a hostile state the use of its assets during an armed conflict named by Congress, to preserve the value of those assets, to provide that confiscation of those assets occurs only upon a determination by Congress, and to provide for the orderly disposition of those assets, the settlement of claims arising from the conflict, and the funding of operations of the United States in the conflict.
- (c) SENSE OF CONGRESS.—It is the sense of Congress that nothing in this Act accepts or acknowledges the lawfulness of any reciprocal measure taken against property of the United States or of United States persons located abroad.

SEC. 3. DEFINITIONS.

In this Act:

- (1) ACCOUNT.—The term “Account” means the Settlement and Claims Account established under section 301.
- (2) AGENCY OR INSTRUMENTALITY.—The term “agency or instrumentality” has the meaning given that term in section 1603(b) of title 28, United States Code.
- (3) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means—
 - (A) the Committee on Foreign Relations, the Committee on Banking, Housing, and Urban Affairs, the Committee on Armed Services, the Committee on the Judiciary, and the Committee on Appropriations of the Senate; and
 - (B) the Committee on Foreign Affairs, the Committee on Financial Services, the Committee on Armed Services, the Committee on the Judiciary, and the Committee on Appropriations of the House of Representatives.
- (4) CONFLICT COMMENCEMENT DATE.—The term “conflict commencement date” means the date specified under section 101(b).
- (5) CONVERSION RESOLUTION.—The term “conversion resolution” means a joint resolution described in section 201(a).
- (6) COVERED LICENSE.—The term “covered license” means a license or other authorization described in section 306(a).

- (7) COVERED SOVEREIGN ASSET.—The term “covered sovereign asset” means property of the hostile state, of its central bank or monetary authority, or of its agencies or instrumentalities, and property of any entity owned 50 percent or more, directly or indirectly and in the aggregate, by one or more of the foregoing.
- (8) CUSTODIAN.—The term “Custodian” means the Custodian of Hostile State Property appointed under section 203.
- (9) DEFENSE COOPERATION ACCOUNT.—The term “Defense Cooperation Account” means the account established under section 2608 of title 10, United States Code.
- (10) DESIGNATED NATIONAL.—The term “designated national” means a national of the hostile state who is designated by the Secretary of the Treasury under section 103(c) and who is not a United States person.
- (11) DESIGNATION RESOLUTION.—The term “designation resolution” means a joint resolution described in section 101(f).
- (12) EARNINGS.—The term “earnings” means interest, dividends, and other income accruing on a covered sovereign asset on or after the earnings accrual date.
- (13) EARNINGS ACCRUAL DATE.—The term “earnings accrual date” means the date of the enactment of this Act.
- (14) HOSTILE STATE.—The term “hostile state” means the state designated under section 101(a) or by a designation resolution.
- (15) SUB-ACCOUNT.—The term “Sub-Account” means the Earnings Security Sub-Account established under section 104.
- (16) THEATERS.—The term “theaters” means the theaters of the conflict specified under section 101(c).
- (17) UNITED STATES PERSON.—The term “United States person” means a United States citizen, an alien lawfully admitted for permanent residence to the United States, an entity organized under the laws of the United States or of any jurisdiction within the United States (including a foreign branch of such an entity), or any person in the United States.
- (18) VESTED ASSET.—The term “vested asset” means a covered sovereign asset in which title has vested in the United States under section 202.

TITLE I—DESIGNATION AND CUSTODY

SEC. 101. CONGRESSIONAL NAMING OF THE CONFLICT.

- (a) HOSTILE STATE.—[___] is designated the hostile state.
- (b) CONFLICT COMMENCEMENT DATE.—The conflict commencement date is [___].
- (c) THEATERS.—The theaters of the conflict are [___].

- (d) **LIMITATION.**—The President may not expand or modify the designation of the hostile state, the conflict commencement date, or the theaters. Any such change may be made only by Act of Congress. Nothing in this section constitutes recognition or derecognition of a foreign government or of the sovereignty of any state over territory.
- (e) **COALITION PARTNERS.**—A state may be treated as a coalition partner of the hostile state for purposes of this Act only by Act of Congress.
- (f) **DESIGNATION RESOLUTION.**—If no state is designated under subsection (a) at enactment, a state may be designated, and the conflict commencement date and theaters specified, by a joint resolution enacted into law and considered under the expedited procedures in section 503, the matter after the resolving clause of which contains only that designation and those specifications. Upon enactment of a designation resolution, the authorities under this Act take effect as to the state so designated, and the periods specified in sections 201(b), 307(c), and 504(a) run from the date of its enactment.

SEC. 102. INTERIM PRESERVATION AUTHORITY. [BRACKETED ALTERNATIVE—SEE DRAFTING NOTE]

- (a) **IN GENERAL.**—Before the designation of a hostile state under section 101, the President may direct that earnings accruing on property of a foreign state that is blocked under another provision of law be held in the Earnings Security Sub-Account established under section 104.
- (b) **LIMITATIONS.**—Authority under this section does not include authority to—
- (1) block property not already blocked under another provision of law;
 - (2) vest, condemn, forfeit, or transfer title to any property;
 - (3) enforce the lien described in section 104(b); or
 - (4) obligate or expend any amount.
- (c) **REPORTING.**—The President shall notify the appropriate congressional committees not later than 15 days after exercising authority under this section, and every 90 days thereafter.
- (d) **TERMINATION AND RELEASE.**—Authority under this section terminates on the earlier of the date that is 180 days after its first exercise or the date of enactment of a designation under section 101. If no designation is enacted before termination, amounts held under this section, with accrued investment earnings, shall be released to the owner not later than 30 days after termination.

SEC. 103. BLOCKING.

- (a) **IN GENERAL.**—All property and interests in property of a person described in subsection (b) that are in the United States, that come within the United States, or that come within the possession or control of a United States person are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in. This section operates under the authority of this Act and not under the International Emergency Economic Powers Act, the Trading with the Enemy Act, or the National Emergencies Act.
- (b) **PERSONS BLOCKED.**—The persons described in this subsection are—
- (1) the hostile state;
 - (2) an agency or instrumentality of the hostile state;

- (3) an entity owned 50 percent or more, directly or indirectly and in the aggregate, by one or more persons described in paragraph (1) or (2); and
- (4) a designated national.

(c) DESIGNATION.—

- (1) IN GENERAL.—The Secretary of the Treasury, in consultation with the Secretary of State, may designate a person that has materially assisted the hostile state.
- (2) MATERIALLY ASSISTED.—In this subsection, the term “materially assisted” means knowingly provided significant financial, material, technological, or military support to the armed forces or war effort of the hostile state.
- (3) PROCEDURE.—Each designation shall be supported by written findings and shall be reviewed not less often than every [12] months. The Secretary of the Treasury shall establish a process by which a designated person may petition for removal of the designation.

(d) LIMITATIONS.—

- (1) THIRD-COUNTRY PERSONS.—A person designated under subsection (c) who is not a national, agency, or instrumentality of the hostile state, or an entity described in subsection (b)(3), is not blocked under subsection (a). Property of such a person may be reached under this Act only to the extent that the hostile state or a person described in subsection (b) has an interest in the property, or upon a nexus to the hostile state adjudicated by a district court of the United States.
- (2) UNITED STATES PERSONS.—A United States person is not blocked under subsection (a) by reason of nationality or designation. Paragraph (1) applies to a United States person designated under subsection (c), and property of such a person may be reached only after notice and an opportunity to be heard.

(e) PENALTIES.—

- (1) UNLAWFUL ACTS.—It shall be unlawful for a person to violate, attempt to violate, conspire to violate, or cause a violation of this section or any regulation, order, or license issued under this section.
- (2) CIVIL PENALTY.—A civil penalty may be imposed on a person that commits an unlawful act described in paragraph (1) in an amount not to exceed the greater of—
 - (A) \$377,700, as adjusted under the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note); or
 - (B) an amount that is twice the amount of the transaction that is the basis of the violation.
- (3) CRIMINAL PENALTY.—A person that willfully commits, willfully attempts to commit, willfully conspires to commit, or aids or abets in the commission of an unlawful act described in paragraph (1) shall, upon conviction, be fined not more than \$1,000,000, or, if a natural person, be imprisoned for not more than 20 years, or both.

(f) EXCEPTIONS.—The authority under this section does not include the authority to regulate or prohibit, directly or indirectly—

- (1) any postal, telegraphic, telephonic, or other personal communication that does not involve a transfer of anything of value;
 - (2) donations of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering, except to the extent the President makes a determination of the kind described in section 203(b)(2) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(2));
 - (3) the importation or exportation of any information or informational materials; or
 - (4) any transaction ordinarily incident to travel to or from any country.
- (g) REGULATIONS AND LICENSES.—The Secretary of the Treasury may issue such regulations, orders, and licenses as are necessary to carry out this section.

SEC. 104. EARNINGS SECURITY SUB-ACCOUNT.

- (a) ESTABLISHMENT.—There is established within the Account an Earnings Security Sub-Account.
- (b) CUSTODY.—Earnings shall be held in the Sub-Account. Title to the earnings remains with the owner, subject to a statutory lien and security interest in favor of the United States. The United States holds the earnings as custodian and not as owner.
- (c) SECURED OBLIGATIONS.—The lien under subsection (b) secures—
- (1) claims of nationals of the United States against the hostile state for death, personal injury, or loss of or damage to property arising from the conflict; and
 - (2) the obligation of the hostile state to make reparation to the United States for injury caused by its internationally wrongful conduct in connection with the conflict.
- Claims of the United States Government for the costs of the conflict are not secured by the Sub-Account.
- (d) CONDITIONS ON APPLICATION.—No amount in the Sub-Account may be applied or expended except as provided in title III, and only after the amount of an obligation described in subsection (c) has been—
- (1) adjudicated by the Foreign Claims Settlement Commission under section 302;
 - (2) fixed by a claims agreement approved by Act of Congress; or
 - (3) settled by an agreement approved by Act of Congress or by a final judgment of a court of the United States.
- (e) RELEASE.—Amounts in the Sub-Account, with accrued investment earnings, shall be released to the owner upon a determination that the hostile state has ceased the conduct giving rise to the conflict and has made reparation or entered into a settlement described in subsection (d)(3). The determination shall be made—
- (1) by joint resolution enacted into law; or
 - (2) by certification of the Secretary of State to the appropriate congressional committees, which shall take effect on the 61st day after transmission unless, before that day, a joint resolution of disapproval is enacted under section 503.
- (f) TEMPORARY CHARACTER.—

- (1) ANNUAL REVIEW.—The Secretary of State shall review the measures under this section annually and report the results to the appropriate congressional committees.
- (2) SUSPENSION OF NEW DEPOSITS.—The Secretary of the Treasury shall suspend the deposit of new earnings into the Sub-Account if—
 - (A) the hostile state has ceased the conduct giving rise to the conflict; and
 - (B) the dispute concerning that conduct is pending before an international court or tribunal whose jurisdiction over the dispute the United States has accepted and that is competent to render a decision binding on the parties.
- (3) EXCEPTION.—Paragraph (2) does not apply if the Secretary of State certifies to the appropriate congressional committees that the hostile state is not participating in the proceedings of that court or tribunal in good faith.
- (4) TERMINATION.—The measures under this section terminate upon release under subsection (e).
- (g) EFFECT OF CONVERSION.—Upon enactment of a conversion resolution, amounts in the Sub-Account attributable to a vested asset become part of the Account, free of the lien and of the interest of the owner, and this section ceases to apply to those amounts. Amounts attributable to a covered sovereign asset that does not vest under section 202 remain subject to this section.

SEC. 105. NOTICE AND JUDICIAL REVIEW.

- (a) ACTUAL NOTICE.—The United States shall provide actual notice of a blocking, designation, capture, vesting, or forfeiture under this Act to each known holder of an interest in the affected property.
- (b) PUBLICATION.—Notice by publication in the Federal Register is sufficient only as to persons whose identity or address cannot be determined with reasonable diligence.
- (c) TIME FOR REVIEW.—A person may seek judicial review not later than 60 days after receiving actual notice. A person notified only by publication may seek review not later than [90] days after publication; if such a person later receives actual notice, the person may seek review not later than 60 days after receiving that notice.
- (d) BASIS AND RESPONSE.—A person designated or blocked under this Act shall be given the unclassified basis for the action and an opportunity to respond before the action becomes final.
- (e) CLASSIFIED INFORMATION.—The court may review classified information ex parte and in camera and shall provide the affected person an unclassified summary or permit access by counsel holding an appropriate security clearance.
- (f) PROCEEDS.—A person may be excluded from the proceeds of prize, forfeiture, or liquidation of a vested asset only upon adjudication.
- (g) SAVINGS.—Nothing in this section limits claims of United States custodians or other third parties or jurisdiction under section 1491 of title 28, United States Code.

SEC. 106. EXCLUSIVE AUTHORITY; RELATIONSHIP TO OTHER LAW.

- (a) **EXCLUSIVITY.**—On and after the date on which a hostile state is designated under section 101, this Act is the exclusive authority for the confiscation or vesting of, or the transfer of title to, a covered sovereign asset of that state, and the following shall not apply to any such asset:
- (1) Section 203(a)(1)(C) of the International Emergency Economic Powers Act (50 U.S.C. 1702(a)(1)(C)).
 - (2) Section 5(b) of the Trading with the Enemy Act (50 U.S.C. 4305(b)), to the extent it authorizes vesting.
 - (3) Section 104(b) of the Rebuilding Economic Prosperity and Opportunity for Ukrainians Act (22 U.S.C. 9521 note).
- (b) **PRIOR ACTIONS.**—Subsection (a) does not affect any vesting or transfer of title completed under a provision described in that subsection before the date described in that subsection.
- (c) **BLOCKING UNDER OTHER LAW.**—Nothing in this Act terminates or limits the blocking of property under the International Emergency Economic Powers Act or any other provision of law. A covered sovereign asset blocked under another provision of law is subject to this Act.
- (d) **CAPTURE AND PRIZE.**—Nothing in this section limits title IV.

TITLE II—CONFISCATION

SEC. 201. CONVERSION RESOLUTION.

- (a) **DEFINITION.**—In this Act, the term “conversion resolution” means a joint resolution, considered under the expedited procedures in section 503 and enacted into law, the matter after the resolving clause of which contains only—
- (1) a finding that the hostile state has committed an armed attack against the United States, the Armed Forces of the United States, or nationals of the United States, or an act of aggression against the United States;
 - (2) a finding that the hostile state has not, within the period described in subsection (b), ceased the conduct giving rise to the conflict and made reparation or entered into a settlement described in section 104(d)(3);
 - (3) a statement whether section 202(b) applies; and
 - (4) the amount or percentage, if any, specified for purposes of section 304(a).
- (b) **PERIOD.**—The period described in this subsection is the period of [12] months beginning on the conflict commencement date or, if later, the date of the enactment of this Act or of the designation resolution.
- (c) **INTRODUCTION.**—A conversion resolution may be introduced in either House at any time after the end of the period described in subsection (b).
- (d) **EFFECT.**—Upon enactment of a conversion resolution, section 202 applies.

SEC. 202. VESTING.

- (a) **IN GENERAL.**—Upon enactment of a conversion resolution, all right, title, and interest in each covered sovereign asset of the hostile state that is in the United States, that comes within the United States, or that is or comes within the possession or control of a United States person vests in the United States, to be held, administered, and liquidated by the Custodian under section 203.
- (b) **CENTRAL BANK PROPERTY.**—Subsection (a) applies to property of the central bank or monetary authority of the hostile state held for its own account only if the conversion resolution so provides. Until a conversion resolution so provides, such property remains subject to title I.
- (c) **PROPERTY NOT VESTED.**—Subsection (a) does not apply to—
- (1) property of a designated national or of any person other than the hostile state, its agencies or instrumentalities, and entities described in section 3(7);
 - (2) property described in section 502(a); or
 - (3) any interest of a person other than the hostile state allowed under section 204.
- (d) **EFFECT OF VESTING.**—Vesting under this section—
- (1) is a capture within the meaning of article I, section 8, clause 11 of the Constitution;
 - (2) transfers title free of any claim of the hostile state; and
 - (3) entitles the hostile state to no compensation from the United States.
- (e) **DEPOSIT.**—A vested asset that is money, and the net proceeds of the liquidation of any other vested asset, shall be deposited in the Account.

SEC. 203. CUSTODIAN OF HOSTILE STATE PROPERTY.

- (a) **ESTABLISHMENT.**—There is established within the Department of the Treasury an Office of the Custodian of Hostile State Property, headed by a Custodian appointed by the Secretary of the Treasury.
- (b) **POWERS.**—With respect to a vested asset, the Custodian may—
- (1) take possession of, hold, manage, and administer the asset;
 - (2) vote shares and exercise any other right of ownership;
 - (3) operate, or direct the operation of, an enterprise;
 - (4) sell, lease, or otherwise dispose of the asset, at public sale or on such other terms as the Custodian determines are in the interest of the United States, except that no vested asset may be sold or transferred to the hostile state, to a national of the hostile state, or to a person acting for or on behalf of either;
 - (5) compromise claims against the asset; and
 - (6) retain from the proceeds of the asset such amounts as are necessary for the expenses of administration under this section, in accordance with appropriations Acts.

- (c) ACCOUNTING AND AUDIT.—The Custodian shall maintain a separate account for each vested asset. The Inspector General of the Department of the Treasury shall audit the accounts annually, and the Comptroller General of the United States shall have access to all records of the Custodian.
- (d) COMPLETION.—The Custodian shall complete the liquidation of vested assets not later than [5] years after the date of the enactment of the conversion resolution, except as extended by Act of Congress.
- (e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 204. INTERESTS OF OTHER PERSONS.

- (a) CLAIMS.—A person other than the hostile state, its agencies or instrumentalities, or an entity described in section 3(7) that claims an ownership interest, security interest, or lien in a vested asset may file a claim with the Custodian not later than 1 year after notice under section 105. The Custodian shall determine the claim in writing. A person whose claim is denied in whole or in part may seek review in the district court of the United States for the district in which the asset is located or in the United States District Court for the District of Columbia.
- (b) INNOCENT OWNER.—Section 983(d) of title 18, United States Code, applies to a proceeding under this section and to a forfeiture under section 403, notwithstanding section 983(i) of that title.
- (c) PAYMENT.—An interest allowed under this section shall be paid from the proceeds of the asset before deposit under section 202(e).

SEC. 205. VESTING BAR BEFORE CONVERSION.

- (a) IN GENERAL.—The principal of a covered sovereign asset may not be vested in the United States except under section 202, by condemnation as prize under section 402, or by forfeiture under section 403.
- (b) BOOTY.—Property captured as booty of war under section 401 is not subject to subsection (a).

TITLE III—SETTLEMENT AND CLAIMS ACCOUNT; USE OF VESTED ASSETS

SEC. 301. SETTLEMENT AND CLAIMS ACCOUNT.

- (a) ESTABLISHMENT AND DEPOSITS.—There is established in the Treasury an account to be known as the “Settlement and Claims Account”. Amounts required by this Act to be deposited in the Account shall be so deposited.
- (b) INVESTMENT AND RESTRICTIONS.—The Secretary of the Treasury shall invest amounts in the Account and the Sub-Account in obligations of the United States bearing interest at rates determined by the Secretary, taking into consideration current market yields on outstanding obligations of comparable maturity, and shall credit investment earnings to the Account or the Sub-Account, as applicable. For so long as the Account exists, no amount in the Account or the Sub-Account may be pledged as collateral, used to support a loan guarantee, used as a revolving fund, or drawn for operational purposes except as provided in sections 304 and 305.

- (c) EXPENDITURE.—No amount in the Account may be obligated or expended except as provided in this title. Amounts in the Sub-Account are governed by section 104 until they become part of the Account under section 104(g).
- (d) REMAINDER.—Any remaining balance in the Account shall be disposed of as provided in section 307(c).

SEC. 302. CLAIMS OF NATIONALS OF THE UNITED STATES.

- (a) AUTHORITY.—The Foreign Claims Settlement Commission of the United States shall receive, examine, adjudicate, and render final decisions on claims described in section 104(c)(1), in accordance with the International Claims Settlement Act of 1949 (22 U.S.C. 1621 et seq.), and shall certify its awards to the Secretary of the Treasury for payment under subsection (d).
- (b) COMMENCEMENT.—The Commission shall begin a claims program under this section upon referral by the Secretary of State, which the Secretary shall make not later than [180] days after the earliest of the cessation of hostilities, the enactment of a conversion resolution, or a request by the appropriate congressional committees.
- (c) NOTICE AND FILING.—Not later than 60 days after the referral, the Commission shall publish notice of the program in the Federal Register. A claim shall be filed not later than [1 year] after the date of publication.
- (d) PAYMENT.—The Secretary of the Treasury shall pay awards certified under subsection (a) from the Account in the order of priority under section 307(a). If amounts available are insufficient to pay all certified awards in full, payment shall be made pro rata.
- (e) APPROPRIATION.—There are appropriated, out of amounts in the Account, such sums as are necessary to pay awards certified under this section.
- (f) ADMINISTRATION.—There are authorized to be appropriated to the Commission such sums as may be necessary to carry out this section.

SEC. 303. JUDGMENTS AGAINST THE HOSTILE STATE.

- (a) EXECUTION BEFORE CONVERSION.—Notwithstanding any other provision of law, including sections 1609, 1610, and 1611 of title 28, United States Code, a covered sovereign asset that is blocked under section 103 and identified under subsection (c) shall be subject to execution or attachment in aid of execution in order to satisfy a final judgment against the hostile state, to the extent of compensatory damages awarded, entered under section 1605A of title 28, United States Code, or enforceable under section 201 of the Terrorism Risk Insurance Act of 2002 (28 U.S.C. 1610 note).
- (b) COURT DETERMINATION.—Before an asset may be made available for execution under subsection (a), the court shall determine whether the hostile state holds equitable title to, or the beneficial interest in, the asset and that no other person possesses a constitutionally protected interest in the asset under the fifth amendment to the Constitution.
- (c) IDENTIFICATION.—The President may identify covered sovereign assets for purposes of subsection (a) after considering the amounts likely to be required to pay claims under section 302. [Sponsor option: exclude from identification property of the central bank or monetary authority held for its own account.]

- (d) **PAYMENT AFTER CONVERSION.**—After enactment of a conversion resolution, the holder of a final judgment described in subsection (a) that has not been satisfied under that subsection may file the judgment with the Secretary of the Treasury, and the judgment shall be paid from the Account in the order of priority under section 307(a). If amounts available are insufficient, payment shall be made pro rata.
- (e) **NO OTHER EXECUTION.**—Except as provided in this section, no person other than the United States may execute against or attach property subject to this Act, and nothing in this Act creates any other private right of execution or attachment.

SEC. 304. DEFENSE COOPERATION ACCOUNT.

- (a) **TRANSFER.**—Upon enactment of a conversion resolution, and after the claims reserve under section 307(b) has been established, the Secretary of the Treasury shall transfer from the Account to the Defense Cooperation Account the amount or percentage of amounts deposited under section 202(e) that is specified in the conversion resolution or in a subsequent Act of Congress, which may not exceed [50] percent of the amounts so deposited and may not include any amount in the claims reserve.
- (b) **TREATMENT.**—Amounts transferred under subsection (a) shall be treated as contributions accepted under section 2608(a) of title 10, United States Code.
- (c) **APPROPRIATION.**—Amounts transferred under subsection (a) are appropriated to the Secretary of Defense, to remain available until the end of the second fiscal year beginning after the date on which hostilities cease, only for operations and activities of the Armed Forces in, or in direct support of, the conflict named under section 101, including operation and maintenance, the costs of mobilization, the replacement of munitions expended in the conflict, and support to coalition partners of the United States.
- (d) **NOTIFICATION.**—Not later than 15 days before the first obligation of amounts under subsection (c) in any fiscal year, the Secretary of Defense shall notify the Committees on Armed Services and the Committees on Appropriations of the Senate and the House of Representatives of the amount to be obligated and the purposes for which it will be used.
- (e) **LIMITATION.**—No amount made available under this section may be used for a purpose for which the use of funds is prohibited by any other provision of law.

SEC. 305. CAPTURED ENEMY FUNDS IN THE THEATERS.

- (a) **IN GENERAL.**—Currency, negotiable instruments, precious metals, and similar property of the hostile state or of its agencies or instrumentalities captured by the Armed Forces of the United States in the theaters during hostilities are property of the United States as booty of war under section 401.
- (b) **USE.**—The Secretary of Defense may use property described in subsection (a), without further appropriation, for urgent humanitarian relief, reconstruction, and force-protection requirements within the theaters that immediately assist the civilian population or the Armed Forces, consistent with the law of armed conflict, in an aggregate amount not to exceed [\$___] in any fiscal year.
- (c) **INVENTORY AND REPORTING.**—Property described in subsection (a) shall be inventoried not later than 30 days after capture. The Secretary of Defense shall report to the appropriate congressional committees not later than 15 days after the first use of such property under subsection (b) and quarterly thereafter on the amounts captured, used, and remaining.

(d) DEPOSIT.—Property described in subsection (a) that is not used under subsection (b) within [1 year] after capture, or the proceeds of its sale, shall be deposited in the Account.

SEC. 306. LEVY ON LICENSED EXPORT REVENUE.

- (a) CONDITION OF LICENSES.—Any license or other authorization issued by the Secretary of the Treasury or the Secretary of State under any provision of law that authorizes a transaction involving the sale, export, or transport of petroleum, petroleum products, natural gas, minerals, or other commodities by or on behalf of the hostile state, its agencies or instrumentalities, or an entity described in section 3(7) shall require, as a condition of the authorization, that [__] percent (not less than 5 percent and not more than 30 percent) of the gross proceeds of the transaction be paid into the Account.
- (b) COLLECTION.—The amount required under subsection (a) shall be withheld and paid into the Account by the United States person or financial institution that processes the proceeds of the transaction, in accordance with regulations prescribed by the Secretary of the Treasury.
- (c) SUSPENSION AND TERMINATION.—The Secretary of the Treasury shall suspend the condition under subsection (a) under the circumstances described in section 104(f)(2), subject to section 104(f)(3). The condition terminates upon release under section 104(e) or upon a settlement described in section 104(d)(3).
- (d) COALITION MEASURES.—The Secretary of State shall seek the agreement of allies and coalition partners of the United States to parallel measures with respect to the hostile state's export revenue.
- (e) RULE OF CONSTRUCTION.—Nothing in this section authorizes any transaction otherwise prohibited by law.

SEC. 307. ORDER OF PRIORITY; CLAIMS RESERVE; REMAINDER.

- (a) ORDER OF PRIORITY.—Amounts in the Account shall be applied in the following order:
- (1) Interests allowed under section 204.
 - (2) Awards certified under section 302.
 - (3) Judgments filed under section 303(d).
 - (4) Transfers under section 304.
 - (5) The remainder, under subsection (c).
- (b) CLAIMS RESERVE.—Before any transfer under section 304, the Secretary of the Treasury, in consultation with the Foreign Claims Settlement Commission and the Attorney General, shall establish within the Account a reserve in an amount estimated to be sufficient to pay the amounts described in paragraphs (1) through (3) of subsection (a), on the basis of claims filed and judgments entered, and shall adjust the reserve not less often than annually. No amount in the reserve may be transferred under section 304.
- (c) REMAINDER.—Any amount remaining in the Account after the payment of the amounts described in paragraphs (1) through (4) of subsection (a) and the completion of the claims program under section 302, including any amount applied to the obligation described in section 104(c)(2), may be disposed of only by a subsequent Act of Congress, by treaty, or by an agreement approved by Act of Congress. If no such

disposition has been made within [10] years after the date of the enactment of the conversion resolution, the Secretary of the Treasury shall so report to the appropriate congressional committees.

SEC. 308. RELATIONSHIP TO OTHER FUNDS.

- (a) MISCELLANEOUS RECEIPTS.—Section 3302(b) of title 31, United States Code, does not apply to an amount required by this Act to be deposited in the Account, the Sub-Account, or the Defense Cooperation Account.
- (b) VICTIMS OF STATE SPONSORED TERRORISM FUND.—Notwithstanding section 20144(e)(2)(A) of title 34, United States Code, the proceeds of a forfeiture, penalty, or vesting under this Act shall be deposited in the Account. [Sponsor option: strike this subsection to preserve the priority of the United States Victims of State Sponsored Terrorism Fund.]
- (c) FORFEITURE FUNDS.—Notwithstanding section 524(c) of title 28, United States Code, and section 9705 of title 31, United States Code, the proceeds of a forfeiture under section 403 shall be deposited in the Account after remission or mitigation under part 9 of title 28, Code of Federal Regulations.

TITLE IV—CAPTURE AND PRIZE

SEC. 401. BOOTY OF WAR.

- (a) IN GENERAL.—Enemy warships, military aircraft, state non-commercial vessels, and other military property of the hostile state captured in the theaters during hostilities become the property of the United States as booty of war, without prize adjudication. Chapter 97 of title 28, United States Code, does not apply to a capture under this subsection.
- (b) NO SHARES.—No captor or crew member is entitled to a share of booty, prize, or proceeds.
- (c) PROCEEDS.—Proceeds of any sale of booty shall be deposited in the Account.

SEC. 402. PRIZE.

- (a) SCOPE.—Condemnation as prize under chapter 883 of title 10, United States Code, in a case arising under this Act is limited to—
 - (1) enemy merchant vessels and their cargo;
 - (2) merchant vessels owned by the hostile state and their cargo; and
 - (3) neutral property that is contraband or that is captured for breach of blockade.
- (b) CAPTURING VESSELS AND WATERS.—A capture on the high seas may be made only by a vessel or aircraft of the United States Government under the command of the Navy or the Coast Guard. Jurisdiction over a prize brought into the territorial waters of a cobelligerent is governed by section 8852(a)(2) of title 10, United States Code, and reciprocal privileges for a cobelligerent are governed by section 8881 of that title. As provided in section 8851(c) of that title, property seized or taken upon the inland waters of the United States by its naval forces is not maritime prize.

- (c) STATE OF WAR.—For purposes of chapter 883 of title 10, United States Code, the court shall determine independently whether a state of war exists. The findings in section 2 and a designation under section 101 are admissible as evidence.
- (d) ALTERNATIVE REMEDY.—If the court determines that a state of war does not exist, the property is subject to forfeiture under section 403.
- (e) PROCEEDS.—The net proceeds of property condemned as prize in a case arising under this Act shall be paid into the Account as provided in section 8868(b) of title 10, United States Code, as added by section 404.

SEC. 403. FORFEITURE.

- (a) IN GENERAL.—Property of the hostile state or of a person described in section 103(b) is subject to forfeiture under section 981 of title 18, United States Code, and section 602 et seq. of the Tariff Act of 1930 (19 U.S.C. 1602 et seq.), to the extent otherwise permitted by law. Section 983(d) of title 18, United States Code, applies notwithstanding section 983(i) of that title.
- (b) PROCEEDS.—The proceeds of a forfeiture under this section shall be deposited as provided in section 308(c).

SEC. 404. CONFORMING AMENDMENTS TO TITLE 10, UNITED STATES CODE.

- (a) DISPOSITION OF PRIZE MONEY.—Section 8868 of title 10, United States Code, is amended—
 - (1) by inserting “(a)” before “The net proceeds”; and
 - (2) by adding at the end the following:

“(b) In the case of prize arising under the Hostile State Asset Denial and Settlement Act, the net proceeds shall be paid into the Settlement and Claims Account established under section 301 of that Act.”.
- (b) PROPERTY APPROPRIATED FOR USE OF THE UNITED STATES.—Section 8863 of title 10, United States Code, is amended so that, in the case of property arising under the Hostile State Asset Denial and Settlement Act, the value of the property is deposited in the Settlement and Claims Account. [Strike-and-insert text to be supplied by the Office of the Legislative Counsel.]
- (c) DELIVERY ON STIPULATION.—Section 8864(b) of title 10, United States Code, is amended so that, in the case of property arising under the Hostile State Asset Denial and Settlement Act, amounts collected are deposited in the Settlement and Claims Account. [Strike-and-insert text to be supplied by the Office of the Legislative Counsel.]

TITLE V—PROCEDURE AND GENERAL PROVISIONS

SEC. 501. JURISDICTION AND IMMUNITY.

- (a) IMMUNITY.—Notwithstanding sections 1604, 1609, 1610, and 1611 of title 28, United States Code, and any other provision of law relating to sovereign immunity, property of the hostile state, its central bank or

monetary authority, or its agencies or instrumentalities that is subject to this Act is subject to blocking, custody, vesting, condemnation, forfeiture, and execution as provided in this Act.

- (b) JURISDICTION.—The district courts of the United States shall have original jurisdiction over proceedings under this Act.
- (c) EXECUTION.—Execution against and attachment of property subject to this Act are governed exclusively by section 303.

SEC. 502. TREATY AND DOMESTIC-LAW SAVINGS.

- (a) DIPLOMATIC AND CONSULAR PROPERTY.—Nothing in this Act authorizes action inconsistent with the Vienna Convention on Diplomatic Relations, done at Vienna April 18, 1961 (23 U.S.T. 3227), the Vienna Convention on Consular Relations, done at Vienna April 24, 1963 (21 U.S.T. 77), or the Agreement regarding the Headquarters of the United Nations, signed at Lake Success June 26, 1947 (22 U.S.C. 287 note). No action may be taken under this Act against property used exclusively for diplomatic or consular purposes.
- (b) FOREIGN MISSIONS.—Nothing in this Act supersedes section 205 of the Foreign Missions Act (22 U.S.C. 4305).
- (c) OTHER AUTHORITIES.—Except as provided in section 106, nothing in this Act limits the International Emergency Economic Powers Act or any other authority to impose sanctions.
- (d) TUCKER ACT.—Nothing in this Act limits jurisdiction under section 1491 of title 28, United States Code.

SEC. 503. EXPEDITED PROCEDURES.

- (a) JOINT RESOLUTION DEFINED.—In this section, the term “joint resolution” means—
 - (1) a joint resolution disapproving a certification under section 104(e)(2), the matter after the resolving clause of which contains only that disapproval;
 - (2) a joint resolution terminating the authorities under this Act following a certification under section 504(a), the matter after the resolving clause of which contains only that termination;
 - (3) a designation resolution under section 101(f); or
 - (4) a conversion resolution under section 201.
- (b) INTRODUCTION.—A joint resolution described in paragraph (1) or (2) of subsection (a) may be introduced in either House by the majority leader or the minority leader, or a designee, during the 60-day period beginning on the date on which the relevant certification is transmitted to Congress. A joint resolution described in subsection (a)(3) may be introduced in either House at any time. A joint resolution described in subsection (a)(4) may be introduced in either House at any time permitted by section 201(c).
- (c) DISCHARGE.—If the committee to which a joint resolution is referred has not reported it within 10 calendar days after referral, the committee shall be discharged, and the joint resolution shall be placed on the appropriate calendar.
- (d) MOTION TO PROCEED.—A motion to proceed to the consideration of a joint resolution is privileged and not debatable. All points of order against the joint resolution and its consideration are waived.

- (e) **DEBATE.**—Debate on a joint resolution, and on all debatable motions and appeals in connection with it, shall be limited to 10 hours, equally divided between those favoring and those opposing the joint resolution.
- (f) **NO AMENDMENTS.**—No amendment to, and no motion to postpone, recommit, or proceed to other business during consideration of, a joint resolution is in order.
- (g) **APPEALS.**—Appeals from decisions of the Chair shall be decided without debate.
- (h) **PASSAGE.**—A joint resolution shall pass by a majority of the Members voting.
- (i) **OTHER HOUSE.**—If one House receives from the other House a joint resolution on the same subject, that joint resolution shall not be referred to committee, and the vote on final passage shall be on the joint resolution of the other House.
- (j) **VETO MESSAGE.**—Debate in the Senate on a veto message on a joint resolution, including all related debatable motions and appeals, shall be limited to 10 hours, equally divided between the majority leader and the minority leader or their designees.
- (k) **RULEMAKING POWER.**—This section is enacted as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and is deemed a part of the rules of each House, superseding other rules only to the extent inconsistent with them, and with full recognition of the constitutional right of either House to change its rules at any time.

SEC. 504. SUNSET.

- (a) **TERMINATION.**—The authorities under this Act terminate on the date that is 5 years after the date of the enactment of this Act, and may be extended only by Act of Congress. If the President certifies to the appropriate congressional committees that hostilities have ceased, a joint resolution terminating the authorities under this Act may be considered under section 503.
- (b) **SAVINGS.**—Termination does not affect any action taken, right accrued, or proceeding pending before the date of termination.
- (c) **CONTINUED CUSTODY.**—Notwithstanding subsection (a), the blocking of any covered sovereign asset the earnings of which are held in the Sub-Account, and the deposit of those earnings in the Sub-Account, shall continue until the earlier of release under section 104(e) or disposition under title III.
- (d) **CONTINUATION OF TITLES II AND III.**—Notwithstanding subsection (a), the authority of the Custodian with respect to assets vested before the date of termination, the Account, and sections 302, 303, 307, and 308 continue until liquidation and disposition under title III are complete.
- (e) **CAPTURES AFTER CESSATION.**—Only a capture made on or before the date on which hostilities cease may be adjudicated under this Act. Property captured after that date shall be restored.

SEC. 505. SEVERABILITY.

- (a) **ACCOUNT.**—Subsections (a) and (b) of section 301 are not severable from each other. If either is held invalid, amounts that would have been deposited in the Account shall be deposited in the Treasury as miscellaneous receipts.

- (b) SUB-ACCOUNT.—Paragraphs (1) and (2) of section 104(e) are severable from each other. If section 104(e) is held invalid in its entirety, section 104(b) shall have no force or effect.
- (c) CONFISCATION.—If section 201 is held invalid, section 202 shall have no force or effect.
- (d) GENERAL.—Except as provided in subsections (a) through (c), if any provision of this Act, or its application to any person or circumstance, is held invalid, the remainder of this Act and its application to other persons or circumstances shall not be affected.

SEC. 506. EFFECTIVE DATE AND APPLICATION.

- (a) FORFEITURE.—Section 403 applies to conduct occurring on or after the date of the enactment of this Act.
- (b) PRIZE.—Section 402 applies to captures made on or after the date of the enactment of this Act.
- (c) EARNINGS.—Section 104 applies to earnings accruing on or after the earnings accrual date.
- (d) BLOCKING.—Section 103 applies to property within the jurisdiction of the United States on or after the date of the enactment of this Act. Blocking restrains dealings in property and does not transfer title.
- (e) VESTING.—Section 202 applies to covered sovereign assets within the jurisdiction of the United States on or after the date of the enactment of the conversion resolution.

SEC. 507. REPORTING.

- (a) QUARTERLY STATEMENT.—The Secretary of the Treasury shall publish a quarterly statement of deposits, investments, transfers, and balances of the Account and the Sub-Account.
- (b) SEMIANNUAL REPORT.—The Secretary of State and the Secretary of the Treasury shall jointly submit to the appropriate congressional committees a semiannual report on implementation of this Act and identification of covered sovereign assets. The report shall be unclassified but may include a classified annex.
- (c) CUSTODIAN REPORT.—The Custodian shall submit to the appropriate congressional committees an annual report on vested assets held, administered, and liquidated, and on claims determined under section 204.

Annex A: Citation verification (checked October 2, 2026)

Status key: **Verified** = consistent with the primary source (statute, regulation, executive order, court opinion or docket, or official publication). **Corrected** = the September 22 draft was wrong or incomplete; fixed in this version. **Confirm** = taken from a secondary source or from standard reporter citations not re-opened in this pass; check the primary document before circulation.

#	CITATION	USED IN	STATUS	SOURCE AND NOTE
1	U.S. Const. art. I, § 8, cls. 10, 11	Secs. 2(a)(1), 202(d)	Verified	Define and punish offenses against the law of nations; declare war, letters of marque and reprisal, rules concerning captures on land and water.
2	Brown v. United States, 12 U.S. (8 Cranch) 110 (1814)	Sec. 2(a)(2); memo	Verified	Confiscation of enemy property on land requires an act of Congress.
3	Miller v. United States, 78 U.S. 268 (1871); Stoehr v. Wallace, 255 U.S. 239 (1921); Cummings v. Deutsche Bank, 300 U.S. 115 (1937); Silesian-American Corp. v. Clark, 332 U.S. 469 (1947); Juragua Iron Co. v. United States, 212 U.S. 297 (1909)	Memo	Confirm	Standard reporter citations for the wartime confiscation line; not re-opened in this pass.
4	Trading with the Enemy Act, 50 U.S.C. 4301 et seq.; § 4302; § 4305(b)	Secs. 2(a)(3)–(4), 103(a), 106(a)(2)	Verified	Wartime vesting power in § 4305(b)(1) intact after Pub. L. 95–223 (1977) confined TWEA to time of war.
5	War Claims Act of 1948, 50 U.S.C. 4101 et seq.; War Claims Fund, 50 U.S.C. 4110	Sec. 2(a)(3); memo	Verified	Formerly 50 U.S.C. App. 2001 et seq. Precedent for liquidating vested enemy assets to pay U.S. claimants.
6	IEEPA, 50 U.S.C. 1701 et seq.; 1702(a)(1)(C); 1702(b), (b)(2); 1705(b)–(c)	Secs. 2, 103, 106(a)(1)	Corrected	§ 1702(a)(1)(C) (confiscation during armed hostilities) was omitted from the September 22 draft; now displaced expressly by Sec. 106.
7	National Emergencies Act, 50 U.S.C. 1601 et seq.	Secs. 2(a)(6), 103(a)	Verified	
8	REPO for Ukrainians Act, Pub. L. 118–50, div. F; 22 U.S.C. 9521 and note; § 104(b)	Sec. 106(a)(3); memo	Corrected	Codified at 22 U.S.C. 9521 note, not 22 U.S.C. 8901. CBO (Nov. 2025): about \$5 billion in U.S. jurisdiction, none confiscated to date.
9	28 U.S.C. 1603(b), 1604, 1609, 1610, 1611; chapter 97	Secs. 3(2), 303(a), 401(a), 501(a)	Corrected	The September 22 draft cited “notwithstanding 1605(b)”; § 1605(b) is the maritime-lien exception to immunity and has been removed.

#	CITATION	USED IN	STATUS	SOURCE AND NOTE
10	22 U.S.C. 8772; Bank Markazi v. Peterson, 578 U.S. 212 (2016)	Sec. 303; memo	Corrected	Decided Apr. 20, 2016, 6–2 (Ginsburg, J.). Holding restated by quotation: Congress “may amend the law and make the change applicable to pending cases, even when the amendment is outcome determinative.”
11	28 U.S.C. 1605A; Terrorism Risk Insurance Act of 2002 § 201 (28 U.S.C. 1610 note)	Sec. 303(a)	Verified	New in v3; replaces the September 22 draft’s bar on all private execution.
12	10 U.S.C. chapter 883: §§ 8851(c), 8852(a)(2), 8863, 8864, 8868, 8881; Pub. L. 115–232, § 807	Secs. 402, 404	Corrected	Chapter 655 renumbered as chapter 883 effective Feb. 1, 2019. § 8881 governs reciprocal privileges for a cobelligerent, not jurisdiction; jurisdiction over prizes brought into cobelligerent waters is § 8852(a)(2). § 8851(c): “not maritime prize,” seizures “by its naval forces.” § 8868 begins “The net proceeds” and has no subsections; the insertion of “(a)” is mechanically correct. Prize shares abolished by Act of Mar. 3, 1899.
13	10 U.S.C. 2608 (Defense Cooperation Account)	Secs. 3(9), 304	Confirm	Account for contributions from foreign governments and others; 1991 Gulf War contributions of about \$54 billion deposited there. Confirm the subsection governing availability of amounts (the Act supplies its own appropriation in Sec. 304(c)).
14	Executive Order 13290 (Mar. 20, 2003); 50 U.S.C. 1702(a)(1)(C)	Memo	Confirm	Vesting of about \$1.7 billion of Iraqi government funds in U.S. banks for use to assist the Iraqi people. Confirm the amount against the Federal Register and Treasury records.
15	Commander’s Emergency Response Program origin (seized Iraqi funds, 2003); NDAA FY2004 § 1110	Memo	Confirm	Confirm the public-law section number before citing in a committee print.
16	18 U.S.C. 981; 983(d); 983(i); 19 U.S.C. 1602 et seq.; 28 U.S.C. 524(c); 31 U.S.C. 9705; 28 C.F.R. part 9	Secs. 204(b), 308(c), 403	Verified	§ 983(i)(2)(D) excludes TWEA- and IEEPA-based forfeitures from § 983; v3 applies § 983(d) expressly. Confirm the § 983(i) pin cite.
17	34 U.S.C. 20144(e)(2)(A)(i)–(ii) (USVSST Fund)	Sec. 308(b)	Verified	All criminal and 75 percent of civil IEEPA/TWEA forfeiture proceeds involving a state sponsor of terrorism go to the Fund (Pub. L. 116–69). Fund may not obligate on or after Jan. 2, 2039 (§ 20144(e)(6)). v3 overrides with a sponsor option to strike.
18	International Claims Settlement Act of 1949, 22 U.S.C. 1621 et seq.; § 1623(a)(1)(C)	Sec. 302(a)	Verified	Referral mechanism. Precedents: Libyan Claims Resolution Act (Pub. L. 110–301); Iraq referrals 2012–2013; Guam World War II Loyalty Recognition Act (Pub. L. 114–328, title XVII) — confirm public-law details.
19	31 U.S.C. 3302(b); 22 U.S.C. 4305; 28 U.S.C. 1491; 28 U.S.C. 2461 note	Secs. 103(e), 105(g), 308(a), 502	Verified	Confirm the § 4305 subsection pin cite.
20	IEEPA civil penalty maximum, \$377,700	Sec. 103(e) (2) (A)	Verified	January 2025 adjustment (90 FR, Jan. 2025). OMB Memorandum M-26–11 (Apr. 17, 2026) cancelled 2026 adjustments; agencies continue 2025 levels. OFAC’s Sanctions Penalties Regulations, 31 C.F.R. part 505 (91 FR 60821, effective Sept. 25, 2026), restate the figure.

#	CITATION	USED IN	STATUS	SOURCE AND NOTE
21	Learning Resources, Inc. v. Trump, Nos. 24–1287 and 25–250 (U.S. Feb. 20, 2026)	Memo	Corrected	Argued Nov. 5, 2025; 6–3 (Roberts, C.J.). Holds that IEEPA does not authorize tariffs. Does not address blocking authorities. The September 22 draft’s statement that “IEEPA is read narrowly” was overbroad and has been replaced.
22	UNSCR 687 (1991); UNSCR 705 (1991); UNSCR 1483 (2003)	Memo; Sec. 306 (model)	Verified	UN Compensation Commission funded by 30 percent of Iraqi oil proceeds (705), reduced to 5 percent (1483, para. 21).
23	G7 ERA loans (Oct. 25, 2024; about \$50 billion; U.S. \$20 billion disbursed Dec. 10, 2024); Council Reg. (EU) 2024/1469 and Dec. (CFSP) 2024/1470 (May 21, 2024; 99.7 percent windfall contribution); Reg. (EU) 2025/2600 (Dec. 12, 2025); European Council conclusions, Dec. 18, 2025 (€90 billion loan)	Memo	Verified	Closest existing precedent for earnings-based mechanisms with principal preserved.
24	Asset figures: \$4–5 billion in U.S. jurisdiction (REPO Act findings; CBO about \$5 billion); about \$280–300 billion worldwide; about €210 billion in the EU; about €185–200 billion at Euroclear	Memo	Corrected	The September 22 draft attributed the \$5 billion figure to the REPO Task Force; Treasury Task Force figures concern blocked private assets. Attribution corrected.
25	U.S.–Iran hostilities from Feb. 28, 2026; War Powers report Mar. 2, 2026; blockade Apr.–June 2026; Islamabad MOU June 17, 2026; H.Con.Res. 86 agreed to June 3 (House, 215–208) and June 23, 2026 (Senate); no declaration or AUMF	Memo	Confirm	Congressional actions from congress.gov (primary). Hostilities, blockade, and MOU from contemporaneous reporting; retrieve primary documents before citing in a committee print.
26	Vienna Convention on Diplomatic Relations (23 U.S.T. 3227); Vienna Convention on Consular Relations (21 U.S.T. 77); UN Headquarters Agreement (22 U.S.C. 287 note)	Sec. 502(a)	Verified	Treaty citations added; the September 22 draft named the instruments without citation.
27	Jurisdictional Immunities of the State (Germany v. Italy), I.C.J. Reports 2012	Memo	Verified	International-law exposure on central bank assets; the reason central bank property vests only if the conversion resolution so provides.
28	OFAC General License 57 (Venezuela, Apr. 14, 2026); U.S. oversight of Iranian funds held in Qatar (June 2026)	Memo	Confirm	From contemporaneous reporting; retrieve the license text and official statements before citing.

Annex B: Changes from the September 22, 2026 draft

- **Structure.** Eighteen sections reorganized into five titles. Title I, Designation and Custody (former Secs. 4, 4A, 5, 8, 13, plus new Sec. 106). Title II, Confiscation (new Secs. 201–204; former Sec. 9 as Sec. 205). Title III, Account and Use (former Secs. 11 and 8A, plus new Secs. 303–308). Title IV, Capture and Prize (former Secs. 6, 7, 14). Title V, Procedure (former Secs. 10, 12, 15, 15A, 16, 17, 18).
- **Sec. 2.** Findings now recite *Brown v. United States*, the Trading with the Enemy Act and War Claims Act precedent, and the existing executive confiscation authorities the Act displaces. Purpose expanded to cover confiscation by congressional determination and funding of operations.
- **Sec. 3.** Definitions added: conversion resolution, covered license, Custodian, Defense Cooperation Account, designation resolution, theaters, vested asset.
- **Sec. 104(g).** New: on conversion, Sub-Account amounts attributable to vested assets pass to the Account.
- **Sec. 106.** New: exclusivity as to covered sovereign assets of a designated hostile state; displaces 50 U.S.C. 1702(a)(1)(C), 50 U.S.C. 4305(b) (vesting), and REPO Act § 104(b); prior vestings and blocking under other law preserved.
- **Secs. 201–204.** New: conversion resolution with findings and a 12-month period; vesting as a capture under clause 11 with central bank property vesting only if the resolution so provides; Custodian on the Alien Property Custodian model; claims of other persons with 18 U.S.C. 983(d) applied notwithstanding 983(i).
- **Sec. 302.** FCSC program now pays certified awards from the Account under a permanent appropriation; no later Act required (War Claims Fund model).
- **Sec. 303.** Replaces the former Sec. 10(c) bar on private execution with a 22 U.S.C. 8772-style mechanism for judgments under 28 U.S.C. 1605A and TRIA § 201, before and after conversion.
- **Secs. 304–306.** New: Defense Cooperation Account transfer and appropriation with a claims reserve and a [50] percent cap; captured enemy funds in the theaters; levy on licensed export revenue bounded at 5 to 30 percent.
- **Secs. 307–308.** New: order of priority, claims reserve, remainder; overrides of 31 U.S.C. 3302(b), 34 U.S.C. 20144(e)(2)(A) (with sponsor option), 28 U.S.C. 524(c), and 31 U.S.C. 9705.
- **Sec. 402(b).** Cobelligerent-waters jurisdiction re-cited to 10 U.S.C. 8852(a)(2); 8881 retained for reciprocity only; 8851(c) quoted accurately (“not maritime prize,” naval forces).
- **Sec. 501(a).** “1605(b)” removed; override now runs to 28 U.S.C. 1604, 1609, 1610, and 1611.

- **Sec. 502(a).** Treaty citations added.
- **Sec. 503.** Expedited procedures now cover designation and conversion resolutions.
- **Sec. 504(d).** Custodian authority and Account continue after sunset until liquidation and disposition are complete.
- **Sec. 505(c).** Sec. 202 falls with Sec. 201.
- **Memorandum.** REPO Act codification corrected to 22 U.S.C. 9521 note; \$5 billion figure attributed to the REPO findings and CBO; Learning Resources characterization narrowed to its tariff holding; Bank Markazi quoted; \$377,700 penalty figure supported by OMB M-26-11 and 31 C.F.R. part 505; current-context paragraph added on the 2026 Iran hostilities and blockade.

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