116TH CONGRESS
2D SESSION
H. R.

To impose sanctions with respect to foreign telecommunications companies engaged in economic or industrial espionage against United States persons, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GALLAGHER introduced the following bill; which was referred to the Committee on ____________________________

A BILL

To impose sanctions with respect to foreign telecommunications companies engaged in economic or industrial espionage against United States persons, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Neutralizing Emerging Threats from Wireless OEMs Receiving direction from Kleptocracies and Surveillance states Act” or the “NETWORKS Act”.

(Original Signature of Member)
SEC. 2. IMPOSITION OF SANCTIONS WITH RESPECT TO ECONOMIC OR INDUSTRIAL ESPIONAGE BY FOREIGN TELECOMMUNICATIONS COMPANIES.

(a) IN GENERAL.—On and after the date that is 30 days after the date of the enactment of this Act, the President shall exercise all of the powers granted to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) to the extent necessary to block and prohibit all significant transactions in property and interests in property of a foreign person described in subsection (b) if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(b) FOREIGN PERSONS DESCRIBED.—A foreign person is described in this subsection if the President determines that the person, on or after the date of the enactment of this Act—

(1) produces fifth or future generation telecommunications technology; and

(2) engages in—

(A) economic or industrial espionage with respect to trade secrets or proprietary information owned by United States persons; or
(B) other related illicit activities, including violations of sanctions imposed by the United States.

(e) Exceptions.—

(1) Exception for intelligence activities.—Sanctions under this section shall not apply to any activity subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.) or any authorized intelligence activities of the United States.

(2) Exception relating to importation of goods.—

(A) In general.—The authorities and requirements to impose sanctions authorized under this section shall not include the authority or requirement to impose sanctions on the importation of goods.

(B) Good defined.—In this paragraph, the term “good” means any article, natural or manmade substance, material, supply or manufactured product, including inspection and test equipment, and excluding technical data.

(d) Waiver.—The President may waive the application of sanctions under this section with respect to a foreign person for renewable periods of not more than 90
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days each if the President determines and reports to Con-
gress that such a waiver is vital to the national security
interests of the United States.

(e) IMPLEMENTATION; PENALTIES.—

(1) IMPLEMENTATION.—The President may ex-
ercise the authorities provided to the President
under sections 203 and 205 of the International
and 1704) to the extent necessary to carry out this
section.

(2) PENALTIES.—A person that violates, at-
ttempts to violate, conspires to violate, or causes a
violation of subsection (a) or any regulation, license,
or order issued to carry out that subsection shall be
subject to the penalties set forth in subsections (b)
and (c) of section 206 of the International Emer-
gency Economic Powers Act (50 U.S.C. 1705) to the
same extent as a person that commits an unlawful
act described in subsection (a) of that section.

(f) DEFINITIONS.—

(1) IN GENERAL.—In this section:

(A) ECONOMIC OR INDUSTRIAL ESPIONAGE.—The term “economic or industrial espi-

onage” means—
(i) stealing a trade secret or propri-
etary information or appropriating, taking,
carrying away, or concealing, or by fraud,
artifice, or deception obtaining, a trade se-
cret or proprietary information without the
authorization of the owner of the trade se-
cret or proprietary information;

(ii) copying, duplicating, downloading,
uploading, destroying, transmitting, deliv-
ering, sending, communicating, or con-
veying a trade secret or proprietary infor-
mation without the authorization of the
owner of the trade secret or proprietary in-
formation; or

(iii) knowingly receiving, buying, or
possessing a trade secret or proprietary in-
formation that has been stolen or appro-
priated, obtained, or converted without the
authorization of the owner of the trade se-
cret or proprietary information.

(B) FIFTH OR FUTURE GENERATION
TELECOMMUNICATIONS TECHNOLOGY.—The
term “fifth or future generation telecommu-
nications technology” means telecommunications
technology that conforms to the technical stand-
ards followed by the telecommunications industry for telecommunications technology that is commonly known in the industry as fifth generation or future generation technology.

(C) FOREIGN PERSON.—The term “foreign person” means any person that is not a United States person.

(D) KNOWINGLY.—The term “knowingly”, with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.

(E) PERSON.—The term “person” means an individual or entity.

(F) PROPRIETARY INFORMATION.—The term “proprietary information” has the meaning given that term in section 1637(d) of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 (50 U.S.C. 1708(d)).

(G) THIRD AND FOURTH GENERATION TELECOMMUNICATIONS NETWORKS.—The term “third and fourth generation telecommunications networks” means telecommunications networks that conform to the technical stand-
ards followed by the telecommunications industry for telecommunications networks that are commonly known in the industry as third or fourth generation networks.

(H) TRADE SECRET.—The term “trade secret” has the meaning given that term in section 1839 of title 18, United States Code.

(I) UNITED STATES PERSON.—The term “United States person” means—

(i) a United States citizen or an alien lawfully admitted for permanent residence to the United States; or

(ii) an entity organized under the laws of the United States or any jurisdiction within the United States, including a foreign branch of such an entity.

(2) DETERMINATION OF SIGNIFICANCE.—For the purposes of this section, in determining if transactions are significant, the President may consider the totality of the facts and circumstances, including factors similar to the factors set forth in section 561.404 of title 31, Code of Federal Regulations (or any corresponding similar regulation or ruling).
(3) RULE OF CONSTRUCTION.—For purposes of this section, a transaction shall not be construed to include—

(A) participation in an international standards-setting body or the activities of such a body; or

(B) a transaction involving existing third or fourth generation telecommunications networks.