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(Original Signature of Member)

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 Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Neutralizing Emerging
5 Threats from Wireless OEMs Receiving direction from
6 Kleptocracies and Surveillance states Act” or the “NET-
7 WORKS Act”.

1 **SEC. 2. IMPOSITION OF SANCTIONS WITH RESPECT TO ECO-**
2 **NOMIC OR INDUSTRIAL ESPIONAGE BY FOR-**
3 **EIGN TELECOMMUNICATIONS COMPANIES.**

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

15 (b) FOREIGN PERSONS DESCRIBED.—A foreign per-
16 son is described in this subsection if the President deter-
17 mines that the person, on or after the date of the enact-
18 ment of this Act—

19 (1) produces fifth or future generation tele-
20 communications technology; and

21 (2) engages in—

22 (A) economic or industrial espionage with
23 respect to trade secrets or proprietary informa-
24 tion owned by United States persons; or

1 (B) other related illicit activities, including
2 violations of sanctions imposed by the United
3 States.

4 (c) EXCEPTIONS.—

5 (1) EXCEPTION FOR INTELLIGENCE ACTIVI-
6 TIES.—Sanctions under this section shall not apply
7 to any activity subject to the reporting requirements
8 under title V of the National Security Act of 1947
9 (50 U.S.C. 3091 et seq.) or any authorized intel-
10 ligence activities of the United States.

11 (2) EXCEPTION RELATING TO IMPORTATION OF
12 GOODS.—

13 (A) IN GENERAL.—The authorities and re-
14 quirements to impose sanctions authorized
15 under this section shall not include the author-
16 ity or requirement to impose sanctions on the
17 importation of goods.

18 (B) GOOD DEFINED.—In this paragraph,
19 the term “good” means any article, natural or
20 manmade substance, material, supply or manu-
21 factured product, including inspection and test
22 equipment, and excluding technical data.

23 (d) WAIVER.—The President may waive the applica-
24 tion of sanctions under this section with respect to a for-
25 eign person for renewable periods of not more than 90

1 days each if the President determines and reports to Con-
2 gress that such a waiver is vital to the national security
3 interests of the United States.

4 (e) IMPLEMENTATION; PENALTIES.—

5 (1) IMPLEMENTATION.—The President may ex-
6 ercise the authorities provided to the President
7 under sections 203 and 205 of the International
8 Emergency Economic Powers Act (50 U.S.C. 1702
9 and 1704) to the extent necessary to carry out this
10 section.

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

20 (f) DEFINITIONS.—

21 (1) IN GENERAL.—In this section:

22 (A) ECONOMIC OR INDUSTRIAL ESPIO-
23 NAGE.—The term “economic or industrial espio-
24 onage” means—

1 (i) stealing a trade secret or propri-
2 etary information or appropriating, taking,
3 carrying away, or concealing, or by fraud,
4 artifice, or deception obtaining, a trade se-
5 cret or proprietary information without the
6 authorization of the owner of the trade se-
7 cret or proprietary information;

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

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

21 (B) FIFTH OR FUTURE GENERATION
22 TELECOMMUNICATIONS TECHNOLOGY.—The
23 term “fifth or future generation telecommuni-
24 cations technology” means telecommunications
25 technology that conforms to the technical stand-

1 ards followed by the telecommunications indus-
2 try for telecommunications technology that is
3 commonly known in the industry as fifth gen-
4 eration or future generation technology.

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

8 (D) KNOWINGLY.—The term “knowingly”,
9 with respect to conduct, a circumstance, or a
10 result, means that a person has actual knowl-
11 edge, or should have known, of the conduct, the
12 circumstance, or the result.

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

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

21 (G) THIRD AND FOURTH GENERATION
22 TELECOMMUNICATIONS NETWORKS.—The term
23 “third and fourth generation telecommuni-
24 cations networks” means telecommunications
25 networks that conform to the technical stand-

1 ards followed by the telecommunications indus-
2 try for telecommunications networks that are
3 commonly known in the industry as third or
4 fourth generation networks.

5 (H) TRADE SECRET.—The term “trade se-
6 cret” has the meaning given that term in sec-
7 tion 1839 of title 18, United States Code.

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

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

13 (ii) an entity organized under the laws
14 of the United States or any jurisdiction
15 within the United States, including a for-
16 eign branch of such an entity.

17 (2) DETERMINATION OF SIGNIFICANCE.—For
18 the purposes of this section, in determining if trans-
19 actions are significant, the President may consider
20 the totality of the facts and circumstances, including
21 factors similar to the factors set forth in section
22 561.404 of title 31, Code of Federal Regulations (or
23 any corresponding similar regulation or ruling).

1 (3) RULE OF CONSTRUCTION.—For purposes of
2 this section, a transaction shall not be construed to
3 include—

4 (A) participation in an international stand-
5 ards-setting body or the activities of such a
6 body; or

7 (B) a transaction involving existing third
8 or fourth generation telecommunications net-
9 works.