

Calendar No. 1885

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SENATE

} REPORT
No. 1900.

FOREIGN AGENTS REGISTRATION ACT

JUNE 26 (legislative day, JUNE 7), 1950.—Ordered to be printed

Mr. McCARRAN, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H. R. 4386]

The Committee on the Judiciary, to whom was referred the bill (H. R. 4386) to amend section 2 (a) and section 7 of the Foreign Agents Registration Act of 1938, as amended, to make failure of registration a continuing offense, and to continue the obligation of officers, directors, and persons acting as such, to comply with the Act despite dissolution of a foreign agent, having considered the same, report favorably thereon, without amendment, and recommend that the bill do pass.

STATEMENT

H. R. 4386 carries the endorsement of and was introduced at the request of the Department of Justice.

In its present form, section 2 of the act provides for registration with the Attorney General of all persons acting as agents for foreign principals. However, as the section presently reads there is room for doubt as to whether the statute of limitations against prosecution of an agent for failure to comply with the registration provisions of the act commences to run from the date on which he was first required to register or from the last day on which such unregistered agent has acted. Doubt has also arisen as to the liability of an agent to file a registration statement for the period during which he was acting as an agent of a foreign principal if he has since ceased such activity. This committee is informed that the Department of Justice has encountered several instances of an unregistered agent's resisting registration on the ground that his agency had terminated prior to

the time when the Department was demanding his registration. Clarification of the intentment of the section on these questions is considered desirable.

In relation to the last sentence it might be noted that a rather recent tactic of subversive organizations in the country today has been to resist registration under the act by replying to the request from the Department of Justice to register in the following three veins:

- (1) It has disaffiliated from the foreign principals;
- (2) It has ceased the activity which required its registration;
- (3) It has dissolved itself.

The Department of Justice is of the opinion and your committee concurs that the enactment in the first session of the proposed bill will provide the Department with the proper weapon to combat this novel subversive tactic and provide the means for effectuating the purposes of the Foreign Agents Registration Act as intended when Congress first enacted it.

Attention is directed to the fact that there is presently reposing on the Senate Calendar S. 595, a bill relating to the internal security of the United States, where in section 4, subsection (b) there is contained an amendment of the Foreign Agents Registration Act, the effect of which is to make a failure to register a continuing offense. This duplicates in part the substantive change in section 1 of the proposed law. Notwithstanding the duplication and obsolescence patent in these bills, your committee feels constrained to recommend favorably section 1 of this proposed bill as is, for the very practical reason that S. 595 is in jeopardy of passage because of the controversial nature of its other subject matter. In the belief that the instant legislation is noncontroversial and would very likely be enacted into law, your committee recommends it, knowing that S. 595 can be changed on the floor.

Section 7 of the Foreign Agents Registration Act, cited supra, relates to the liability of officers, directors, or persons performing the functions of officers or directors, of an agent of a foreign principal to cause the filing of registration statements. It is believed that the Act would be considerably strengthened by amending this section to provide that the dissolution or other attempted reorganization of an agent which is not an individual shall not avoid the liability of the persons performing the functions of officers or directors to cause to file registration statements.

Attached hereto and made a part hereof is the letter of transmissal from Mr. Peyton Ford, Assistant to the Attorney General, to Senator Pat McCarran, chairman of the Senate Judiciary Committee, requesting introduction of this bill.

DEPARTMENT OF JUSTICE,
OFFICE OF THE ASSISTANT TO THE ATTORNEY GENERAL,
Washington, April 12, 1949.

HON. PAT MCCARRAN,
Chairman, Committee on the Judiciary,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The Department of Justice recommends the amendment of the Foreign Agents Registration Act (56 Stat. 248, 22 U. S. C. 611 et seq.).

In its present form, section 2 of the act provides for registration with the Attorney General of all persons acting as agents for foreign principals. However, as the section presently reads there is room for doubt as to whether the statute of limitations against prosecution of an agent for failure to comply with the registration provisions of the act commences to run from the date on which he was first required to register or from the last day on which such unregistered agent has acted. Doubt has also arisen as to the liability of an agent to file a registration statement for the period during which he was acting as an agent of a foreign principal if he has since ceased such activity. This Department has encountered several instances of an unregistered agent's resisting registration on the ground that his agency had terminated prior to the time when the Department was demanding his registration. Clarification of the intentment of the section on these questions is considered desirable.

Section 7 of the act relates to the liability of officers, directors, or persons performing the functions of officers or directors, of an agent of a foreign principal to cause the filing of registration statements. It is believed that the act would be considerably strengthened by amending this section to provide that the dissolution or other attempted reorganization of an agent which is not an individual shall not avoid the liability of the persons performing the functions of officers or directors to file registration statements.

A proposed bill designed to effectuate the desired purposes is submitted for your consideration.

The Director of the Bureau of the Budget has advised that there is no objection to the submission of this recommendation.

Yours sincerely,

PEYTON FORD,
The Assistant to the Attorney General.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in the existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is shown is in roman):

FOREIGN AGENTS REGISTRATION ACT OF 1938, APPROVED JUNE 8, 1938, AS AMENDED

"SEC. 2. (a) No person shall act as an agent of a foreign principal unless he has filed with the Attorney General a true and complete registration statement and supplements thereto as required by this section 2 (a) and section 2 (b) hereof or unless he is exempt from registration under the provisions of this Act. Except as hereinafter provided, every person who is an agent of a foreign principal on the effective date of this Act shall, within 10 days thereafter, and every person who becomes an agent of a foreign principal after the effective date of this Act shall, within ten days thereafter, file with the Attorney General, in duplicate, a registration statement, under oath, on a form prescribed by the Attorney General, of which one copy shall be transmitted promptly by the Attorney General to the Secretary of State for such comment, if any, as the Secretary of State may desire to make from the point of view of the foreign relations of the United States. Failure of the Attorney General so to transmit such copy shall not be a bar to prosecution under this Act. (*The obligation of an agent of a foreign principal to file a registration statement shall, after the tenth day of his becoming or acting as such agent, continue from day to day, and discontinuance of such activity shall not relieve such agent from his obligation to file a registration statement for the period during which he acted within the United States as an agent of a foreign principal.*) The registration statement shall include the following, which shall be regarded as material for the purposes of this Act:"

"SEC. 7. Each officer, or person performing the functions of an officer, and each director, or person performing the functions of a director, of an agent of a foreign principal which is not an individual shall be under obligation to cause such agent to execute and file a registration statement and supplements thereto as and when such filing is required under sections 2 (a) and 2 (b) hereof and shall also be under

obligation to cause such agent to comply with all the requirements of sections 4 (a), 4 (b), and 5 and all other requirements of this Act. (*Dissolution of any organization acting as an agent of a foreign principal shall not relieve any officer or person performing the functions of an officer, or any director, or person performing the functions of a director, from complying with the provisions of this section.*) In case of failure of any such agent of a foreign principal to comply with any of the requirements of this Act, each of its officers, or persons performing the functions of officers, and each of its directors, or persons performing the functions of directors, shall be subject to prosecution therefor."

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