



## BILL ANALYSIS: HOUSE BILL 4865

### RELATING TO IDENTIFICATION OF AND SANCTIONS AGAINST CERTAIN FOREIGN NATIONALS

#### PURPOSE

Foreign corruption is spilling over into Texas and has become a threat to the state. Texas is the second most diverse state in America, with a blend of different nationalities, cultures, languages, and religions. However, its massive stretch of border with Mexico and many business transactions with other countries have left a door open for dirty money to come into the state, and Texas has unfortunately become an appealing place for corrupt foreign nationals to come and enjoy their wealth.

Texas should create a list that tracks and monitors corrupt actors doing business in the state of Texas. Texas is in the best position, and under the strongest incentives, to hold those who take the path of corruption accountable and shine a light on them if they are undermining the rule of the law ([Treviño, 2022a](#)).

Texas should act in three ways to hold those suspected of significant corruption:

- Sanction them financially.
- Limit their access to Texas state universities.
- Prevent Texas government from contracting with businesses linked to people on the list and prevent state pension funds from investing in those businesses.

#### BACKGROUND

The United States–Northern Triangle Enhanced Engagement Act of 2020, also known as the Engel list, requires the president of the United States to release an annual report ([U.S. Embassy, 2022](#)) of corrupt and undemocratic actors in the Northern Triangle countries of El Salvador, Guatemala, and Honduras, as well as in Nicaragua. Named after U.S. Rep. Eliot L. Engel, chairman of the House Committee on Foreign Affairs and author of the original bill, this legislation serves as precedent in U.S. law.

The Engel list provides annual progress updates and is submitted by the Department of State to the House Committee on Foreign Affairs, Senate Foreign Relations Committee, House Committee on the Judiciary, and the Senate Committee on the Judiciary. Existing federal authority allows punitive actions to hold corrupt actors placed on the list accountable using targeted economic and trade sanctions such as asset freezing, blocking of all property, and denial of visas and admission to the United States for those included on the list.



## BACKGROUND CONTINUED

People are included on the federal Engel list for:

- Corruption related to government contracts.
- Bribery and extortion.
- The facilitation or transfer of the proceeds of corruption, including through money laundering.
- Acts of violence, harassment, or intimidation directed at governmental and nongovernmental corruption investigators.

One of the most common offenses for which individuals are added to the Engel list is the misappropriation of public funds.

The main shortcoming of this federal list is that it is limited to four countries, and does not include some notoriously corrupt other countries such as Mexico([Treviño, 2022b](#)). One out of many examples of foreign officials who could have been added to the Engel list but was not due to his nationality is César Horacio Duarte Jáquez, former governor of the Mexican state of Chihuahua, who fled to El Paso after a corruption investigation into his administration revealed his multi-million-dollar embezzlement of public funds ([Farmer, 2017](#); [Raziel, 2023](#)). He was a fugitive in the U.S. for three years until his arrest. A customized Engel list for Texas would help target such corrupt actors and make it more difficult for them to fly under the radar.

## ANALYSIS

HB 4865 ([2025](#)) would allow Texas to penalize corrupt foreign actors within its borders and put pressure on foreign countries to fight corruption and collusion between government officials and criminal organizations. It would require the Texas Secretary of State to post a report on its website that identifies each foreign national the secretary determines to have knowingly engaged in actions that undermine the security and sovereignty of this state, or in significant corruption or obstruction of investigations into acts of corruption in the foreign national's home country. With the current border crisis in mind, the bill would also target people engaged in human smuggling and trafficking through the Texas–Mexico border.

Texas can and should collect credible information on businesses and political elites suspected of corruption or cartel ties and impose penalties on those added to the list. The penalties targeting people on the list would include revoking any business registration they might have obtained to do business in Texas, preventing them from attending public institutions of higher education, or preventing them from contracting with Texas government agencies.

Additionally, if Texas effectively publicized and stigmatized the names of people who appeared on the list created by HB 4865, then merely being on the list would carry the penalty of public shame in the state. This shame could, in turn, act as a deterrent against corrupt behavior among corrupt foreign nationals who need regular access to the Texas economy to increase their wealth and who want to enjoy Texas society.



## RECOMMENDATIONS

Texas should compile a list of corrupt Mexican elites and other corrupt actors and continue to request the federal government to deny them entry to the U.S. or revoke their visas. The aim of HB 4865 is to send a message to corrupt foreign nationals, to serve as a deterrent for bad behavior, and to protect Texans and Texas businesses.

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