

Pt. 560, App. B

**APPENDIX B TO PART 560—BULK
AGRICULTURAL COMMODITIES**

NOTES: 1. Appendix B sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 560.531.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) (“HTS”).

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, “Canadian” Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1006.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including <i>Vigna mungo</i> (L.), <i>Hepper</i> , and <i>Vigna radiata</i> (L.) <i>Wilczek</i>
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (<i>Pisum sativum</i>)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground-nut) oil, crude
1508.90	Peanut (ground-nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower-seed oil, crude
1512.19	Sunflower-seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified

[64 FR 41793, Aug. 2, 1999]

31 CFR Ch. V (7–1–04 Edition)

**APPENDIX C TO PART 560—ELIGIBLE
PROCUREMENT BODIES**

This Appendix C sets forth eligible procurement bodies of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state. See § 560.531(e).

Government Trading Corporation (a.k.a. GTC).

State Livestock and Logistics Co. (a.k.a. State Livestock Affairs Logistics; a.k.a. SLAL).

[64 FR 58792, Nov. 1, 1999]

**PART 575—IRAQI SANCTIONS
REGULATIONS**

**Subpart A—Relation of This Part to Other
Laws and Regulations**

Sec.

575.101 Relation of this part to other laws and regulations.

Subpart B—Prohibitions

575.201 Prohibited transactions involving property in which the Government of Iraq has an interest; transactions with respect to securities.

575.202 Effect of transfers violating the provisions of this part.

575.203 Holding of certain types of blocked property in interest-bearing accounts.

575.204 Prohibited importation of goods or services from Iraq.

575.205 Prohibited exportation and reexportation of goods, technology, or services to Iraq.

575.206 Prohibited dealing in property.

575.207 Prohibited transactions relating to travel to Iraq or to activities within Iraq.

575.208 Prohibited transportation-related transactions involving Iraq.

575.209 Prohibited performance of contracts.

575.210 Prohibited transfers of funds to the Government of Iraq or any person in Iraq.

575.211 Evasions; attempts; conspiracies.

575.212 Effective dates.

Subpart C—General Definitions

575.301 Blocked account; blocked property.

575.302 Effective date.

575.303 Entity.

575.304 Entity of the Government of Iraq; Iraqi Government Entity.

575.305 General license.

575.306 Government of Iraq.

575.307 [Reserved]

575.308 Interest.

575.309 Iraq; Iraqi.

575.310 Kuwait; Kuwaiti.

Office of Foreign Assets Control, Treasury

§ 575.101

- 575.311 Iraqi origin.
- 575.312 Iraqi person.
- 575.313 License.
- 575.314 Person.
- 575.315 Property; property interest.
- 575.316 Specific license.
- 575.317 Transfer.
- 575.318 UNSC Resolution 661.
- 575.319 United States.
- 575.320 U.S. financial institution.
- 575.321 United States person; U.S. person.
- 575.322 United States national; U.S. national.
- 575.323 661 Committee.
- 575.324 UNSC Resolution 986.
- 575.325 [Reserved]
- 575.326 Executory contract.
- 575.327-575.328 [Reserved]
- 575.329 Areas of Iraq not controlled by the Government of Iraq.
- 575.330 Humanitarian activities, humanitarian purposes, and humanitarian support.

Subpart D—Interpretations

- 575.401 Reference to amended sections.
- 575.402 Effect of amendment.
- 575.403 Termination and acquisition of an interest of the Government of Iraq.
- 575.404 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.
- 575.405 Acquisition of instruments including bankers acceptances.
- 575.406 Extensions of credits or loans to Iraq.
- 575.407 Payments in connection with certain authorized transactions.
- 575.408 Offshore transactions.
- 575.409 Transshipments through the United States prohibited.
- 575.410 Imports of Iraqi goods from third countries; transshipments.
- 575.411 Exports to third countries; transshipments.
- 575.412 Release of Iraqi goods from bonded warehouse or foreign trade zone.
- 575.413 Goods intended for export to Iraq.
- 575.414 Imports of Iraqi goods and purchases of goods from Iraq.
- 575.415 Setoffs prohibited.
- 575.416 Travel transactions for journalistic activity in Iraq.
- 575.417 [Reserved]
- 575.418 Transactions incidental to a licensed transaction.
- 575.419 Transactions in Iraqi debt.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

- 575.500 Licensing procedures.
- 575.501 Effect of license or authorization.
- 575.502 Exclusion from licenses and authorizations.
- 575.503 Payments and transfers to blocked accounts in U.S. financial institutions.

- 575.504-575.532 [Reserved]
- 575.533 Certain new transactions.
- 575.534 Transfers of certain blocked claims by U.S. financial institutions.

Subpart F—Reports

- 575.601 Records and reports.

Subpart G—Penalties

- 575.701 Penalties.
- 575.702 Prepenalty notice.
- 575.703 Presentation responding to prepenalty notice.
- 575.704 Penalty notice.
- 575.705 Referral to United States Department of Justice.

Subpart H—Procedures

- 575.801 Procedures.
- 575.802 Delegation by the Secretary of the Treasury.

Subpart I—Paperwork Reduction Act

- 575.901 Paperwork Reduction Act notice.
AUTHORITY: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-513, 104 Stat. 2047-2055 (50 U.S.C. 1701 note); E.O. 12722, 55 FR 31803, 3 CFR, 1990 Comp., p. 294; E.O. 12724, 55 FR 33089, 3 CFR, 1990 Comp., p. 297; E.O. 12817, 57 FR 48433, 3 CFR, 1992 Comp., p. 317; E.O. 13290, 68 FR 14307, March 20, 2003.
SOURCE: 56 FR 2113, Jan. 18, 1991, unless otherwise noted.

Subpart A—Relation of This Part to Other Laws and Regulations

§ 575.101 Relation of this part to other laws and regulations.

- (a) This part is separate from, and independent of, the other parts of this chapter with the exception of part 501 of this chapter, the recordkeeping and reporting requirements and license application and other procedures of which apply to this part. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to any other provision of law or regulation authorizes any transaction prohibited by this part.
- (b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from

§ 575.201

31 CFR Ch. V (7-1-04 Edition)

complying with any other applicable laws or regulations.

[56 FR 2113, Jan. 18, 1991, as amended at 62 FR 45109, Aug. 25, 1997]

Subpart B—Prohibitions

§ 575.201 Prohibited transactions involving property in which the Government of Iraq has an interest; transactions with respect to securities.

(a) Except as authorized by regulations, rulings, instructions, licenses, or otherwise, no property or interests in property of the Government of Iraq that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

(b) Unless otherwise authorized by this part or by a specific license expressly referring to this section, the transfer (including the transfer on the books of any issuer or agent thereof), the endorsement or guaranty of signatures on, or any other dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Iraq and held within the possession or control of a U.S. person is prohibited, irrespective of the fact that at any time either at or subsequent to the effective date the registered or inscribed owner thereof may have, or appears to have, assigned, transferred, or otherwise disposed of any such security.

(c) When a transaction results in the blocking of funds at a financial institution pursuant to this section and a party to the transaction believes the funds have been blocked due to mistaken identity, that party may seek to have such funds unblocked pursuant to the administrative procedures set forth in § 501.806 of this chapter.

[56 FR 2113, Jan. 18, 1991, as amended at 62 FR 45109, Aug. 25, 1997]

§ 575.202 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date, which is in violation of any provision of this part or of any regulation,

ruling, instruction, license, or other direction or authorization hereunder and involves any property in which the Government of Iraq has or has had an interest since such date, is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property in which the Government of Iraq has an interest, or has had an interest since such date, unless the person with whom such property is held or maintained, prior to such date, had written notice of the transfer or by any written evidence had recognized such transfer.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Director of the Office of Foreign Assets Control before, during, or after a transfer shall validate such transfer or render it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act, the United Nations Participation Act, this part, and any ruling, order, regulation, direction, or instruction issued hereunder.

(d) Transfers of property which otherwise would be null and void or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void or unenforceable as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish to the satisfaction of the Director of the Office of Foreign Assets Control each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property was held or maintained;

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization by or pursuant

to this part and was not so licensed or authorized, or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation of a third party or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that:

(i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license, or other direction or authorization hereunder, or

(ii) Such transfer was not licensed or authorized by the Director of the Office of Foreign Assets Control, or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation of a third party or the withholding of material facts or was otherwise fraudulently obtained;

the person with whom such property was held or maintained filed with the Office of Foreign Assets Control a report setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed evidence that the terms of paragraphs (d) (1) and (2) of this section have been satisfied.

(e) Unless licensed or authorized pursuant to this part, any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property in which, on or since the effective date, there existed an interest of the Government of Iraq.

§ 575.203 Holding of certain types of blocked property in interest-bearing accounts.

(a) Any person, including a U.S. financial institution, currently holding property subject to § 575.201 which, as of the effective date or the date of receipt if subsequent to the effective date, is not being held in an interest-bearing account, or otherwise invested in a manner authorized by the Office of Foreign Assets Control, must transfer such property to, or hold such property or cause such property to be held in, an interest-bearing account or interest-bearing status in a U.S. financial institution as of the effective date or the

date of receipt if subsequent to the effective date of this section, unless otherwise authorized or directed by the Office of Foreign Assets Control. This requirement shall apply to currency, bank deposits, accounts, and any other financial assets, and any proceeds resulting from the sale of tangible or intangible property. If interest is credited to an account separate from that in which the interest-bearing asset is held, the name of the account party on both accounts must be the same and must clearly indicate the blocked Government of Iraq entity having an interest in the accounts.

(b) For purposes of this section, the term *interest-bearing account* means a blocked account in a U.S. financial institution earning interest at rates that are commercially reasonable for the amount of funds in the account. Except as otherwise authorized, the funds may not be invested or held in instruments the maturity of which exceeds 90 days.

(c) This section does not apply to blocked tangible property, such as chattels, nor does it create an affirmative obligation on the part of the holder of such blocked tangible property to sell or liquidate the property and put the proceeds in a blocked account. However, the Office of Foreign Assets Control may issue licenses permitting or directing sales of tangible property in appropriate cases.

§ 575.204 Prohibited importation of goods or services from Iraq.

Except as otherwise authorized, no goods or services of Iraqi origin may be imported into the United States, nor may any U.S. person engage in any activity that promotes or is intended to promote such importation.

§ 575.205 Prohibited exportation and reexportation of goods, technology, or services to Iraq.

Except as otherwise authorized, no goods, technology (including technical data or other information), or services may be exported from the United States, or, if subject to U.S. jurisdiction, exported or reexported from a third country to Iraq, to any entity owned or controlled by the Government of Iraq, or to any entity operated from Iraq, except donated foodstuffs in

§ 575.206

humanitarian circumstances, and donated supplies intended strictly for medical purposes, the exportation of which has been specifically licensed pursuant to §§ 575.507, 575.517 or 575.518.

§ 575.206 Prohibited dealing in property.

Except as otherwise authorized, no U.S. person may deal in property of Iraqi origin exported from Iraq after August 6, 1990, property intended for exportation to Iraq, or property intended for exportation from Iraq to any other country, nor may any U.S. person engage in any activity that promotes or is intended to promote such dealing.

§ 575.207 Prohibited transactions relating to travel to Iraq or to activities within Iraq.

Except as otherwise authorized, no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Iraq, or to activities by any U.S. citizen or permanent resident alien within Iraq, after the effective date, other than transactions:

- (a) Necessary to effect the departure of a U.S. citizen or permanent resident alien from Kuwait or Iraq;
- (b) Relating to travel and activities for the conduct of the official business of the United States Government or the United Nations; or
- (c) Relating to journalistic activity by persons regularly employed in such capacity by a newsgathering organization.

This section prohibits the unauthorized payment by a U.S. person of his or her own travel or living expenses to or within Iraq.

§ 575.208 Prohibited transportation-related transactions involving Iraq.

Except as otherwise authorized, the following are prohibited:

- (a) Any transaction by a U.S. person relating to transportation to or from Iraq;
- (b) The provision of transportation to or from the United States by any Iraqi person or any vessel or aircraft of Iraqi registration; or
- (c) The sale in the United States by any person holding authority under the

31 CFR Ch. V (7-1-04 Edition)

Federal Aviation Act of any transportation by air which includes any stop in Iraq.

(d) *Example.* Unless licensed or exempted, no U.S. person may insure, or provide ticketing, ground, port, refueling, bunkering, clearance, or freight forwarding services, with respect to any sea, ground, or air transportation the destination of which is Iraq, or which is intended to make a stop in Iraq.

§ 575.209 Prohibited performance of contracts.

Except as otherwise authorized, no U.S. person may perform any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Iraq.

§ 575.210 Prohibited transfer of funds to the Government of Iraq or any person in Iraq.

Except as otherwise authorized, no U.S. person may commit or transfer, directly or indirectly, funds or other financial or economic resources to the Government of Iraq or any person in Iraq.

§ 575.211 Evasions; attempts; conspiracies.

Any transaction for the purpose of, or which has the effect of, evading or avoiding, or which facilitates the evasion or avoidance of, any of the prohibitions set forth in this subpart, is hereby prohibited. Any attempt to violate the prohibitions set forth in this part is hereby prohibited. Any conspiracy formed for the purpose of engaging in a transaction prohibited by this part is hereby prohibited.

§ 575.212 Effective dates.

The effective dates of the prohibitions and directives contained in this subpart B are as follow:

- (a) With respect to §§ 575.201, 575.202, 575.204, 575.205, 575.207, 575.208, 575.209, and 575.211, 5 a.m., Eastern Daylight Time ("e.d.t."), August 2, 1990;
- (b) With respect to §§ 575.206, and 575.210, 8:55 p.m. e.d.t., August 9, 1990; and
- (c) With respect to § 575.203, January 18, 1991.

Subpart C—General Definitions**§ 575.301 Blocked account; blocked property.**

The terms *blocked account* and *blocked property* shall mean any account or property in which the Government of Iraq has an interest, and with respect to which payments, transfers, exportations, withdrawals, or other dealings may not be made or effected except pursuant to an authorization or license from OFAC authorizing such action.

§ 575.302 Effective date.

The term *effective date* refers to the effective date of the applicable prohibition, as identified in § 575.212.

§ 575.303 Entity.

The term *entity* includes a corporation, partnership, association, or other organization.

§ 575.304 Entity of the Government of Iraq; Iraqi Government entity.

The term *entity of the Government of Iraq* or *Iraqi Government entity* includes:

(a) Any corporation, partnership, association, or other entity in which the Government of Iraq owns a majority or controlling interest, any entity managed or funded by that government, or any entity which is otherwise controlled by that government;

(b) Any agency or instrumentality of the Government of Iraq, including the Central Bank of Iraq.

§ 575.305 General license.

The term *general license* means any license or authorization the terms of which are set forth in this part.

§ 575.306 Government of Iraq.

The term *Government of Iraq* includes:

(a) The state and the Government of Iraq, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Iraq;

(b) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing;

(c) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since the effective date, acting or

purporting to act directly or indirectly on behalf of any of the foregoing; and

(d) Any other person or organization determined by the Director of the Office of Foreign Assets Control to be included within this section.

NOTE TO § 575.306: Please refer to the appendices at the end of this chapter for listings of persons determined to fall within this definition that have been designated pursuant to this part. Section 501.807 of this chapter sets forth the procedures to be followed by persons seeking administrative reconsideration of their designation or that of a vessel as blocked, or who wish to assert that the circumstances resulting in the designation are no longer applicable.

[56 FR 2113, Jan. 18, 1991, as amended at 61 FR 32938, June 26, 1996; 62 FR 45109, Aug. 25, 1997]

§ 575.307 [Reserved]**§ 575.308 Interest.**

Except as otherwise provided in this part, the term *interest* when used with respect to property (*e.g.*, “an interest in property”) means an interest of any nature whatsoever, direct or indirect.

§ 575.309 Iraq; Iraqi.

The term *Iraq* means the country of Iraq and any territory under the jurisdiction or authority thereof, legal or illegal. The term *Iraqi* means pertaining to Iraq as defined in this section.

§ 575.310 Kuwait; Kuwaiti.

The term *Kuwait* means the country of Kuwait and any territory under the jurisdiction or authority thereof. The term *Kuwaiti* means pertaining to Kuwait as defined in this section.

§ 575.311 Iraqi origin.

The term *goods or services of Iraqi origin* includes:

(a) Goods produced, manufactured, grown, or processed within Iraq;

(b) Goods which have entered into Iraqi commerce;

(c) Services performed in Iraq or by a Iraqi national who is acting as an agent, employee, or contractor of the Government of Iraq, or of a business entity located in Iraq. Services of Iraqi origin are not imported into the United States when such services are provided in the United States by an Iraqi national employed in the United States.

§ 575.312

§ 575.312 Iraqi person.

The term *Iraqi person* means an Iraqi citizen, any person organized under the laws of Iraq, or any person owned or controlled, directly or indirectly, by a Iraqi national or the Government of Iraq.

§ 575.313 License.

Except as otherwise specified, the term *license* means any license or authorization contained in or issued pursuant to this part.

§ 575.314 Person.

The term *person* means an individual, partnership, association, corporation, or other organization.

§ 575.315 Property; property interest.

The terms *property* and *property interest* include, but are not limited to, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial instruments, bankers acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, letters of credit and any documents relating to any rights or obligations thereunder, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors sales agreements, land contracts, leaseholds, ground rents, real estate and any other interest therein, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, services of any nature whatsoever, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

§ 575.316 Special license.

The term *specific license* means any license or authorization not set forth in

31 CFR Ch. V (7-1-04 Edition)

this part but issued pursuant to this part in response to an application.

§ 575.317 Transfer.

The term *transfer* means any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, convey, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and, without limitation upon the foregoing, shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, injunction, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decrease of any foreign country; the fulfillment of any condition; the exercise of any power of appointment, power of attorney, or other power; or the acquisition, disposition, transportation, importation, exportation, or withdrawal of any security.

§ 575.318 UNSC Resolution 661.

The term *UNSC Resolution 661* means United Nations Security Council Resolution No. 661, adopted August 6, 1990, prohibiting certain transactions with respect to Iraq and Kuwait.

§ 575.319 United States.

The term *United States* means the United States, its territories and possessions, and all areas under the jurisdiction or authority thereof.

§ 575.320 U.S. financial institution.

The term *U.S. financial institution* means any U.S. person (including foreign branches) that is engaged in the business of accepting deposits, making, granting, transferring, holding, or

brokering loans or credits, or purchasing or selling foreign exchange, securities, commodity futures or options, or procuring purchasers and sellers thereof, as principal or agent; including, but not limited to, depository institutions, banks, savings banks, trust companies, securities brokers and dealers, commodity futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing. This term includes those branches, offices and agencies of foreign financial institutions which are located in the United States, but not such institutions' foreign branches, offices, or agencies.

§ 575.321 United States person; U.S. person.

The term *United States person* or *U.S. person* means any United States citizen; permanent resident alien; juridical person organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; or any person in the United States.

§ 575.322 United States national; U.S. national.

The term *United States national* or *U.S. national* means any United States citizen; any person who, though not a citizen of the United States, owes permanent allegiance to the United States; and any juridical person organized under the laws of the United States or any jurisdiction within the United States. This term does not include U.S. branches of persons organized under foreign law, or aliens, regardless of whether they have permanent resident status in the United States.

[56 FR 5636, Feb. 11, 1991]

§ 575.323 661 Committee.

The term *661 Committee* means the Security Council Committee established by UNSC Resolution 661, and persons acting for or on behalf of the Committee under its specific delegation of authority for the relevant matter or

category of activity, including the overseers appointed by the UN Secretary-General to examine and approve agreements for purchases of petroleum and petroleum products from the Government of Iraq pursuant to UNSC Resolution 986 (1995).

[61 FR 36628, July 12, 1996]

§ 575.324 UNSC Resolution 986.

The term *UNSC Resolution 986* means United Nations Security Council Resolution 986, adopted April 14, 1995.

[61 FR 36628, July 12, 1996]

§ 575.325 [Reserved]

§ 575.326 Executory contract.

The term *executory contract* means a contract which cannot be performed according to its terms until a stated condition has been fulfilled, such as a contract which requires the approval of a regulatory body before the contracting parties may begin performance.

[61 FR 36628, July 12, 1996]

§§ 575.327–575.328 [Reserved]

§ 575.329 Areas of Iraq not controlled by the Government of Iraq.

The term *areas of Iraq not controlled by the Government of Iraq* means, as of January 30, 2003, the areas north of the "Green Line" and under the control of the Kurdistan Democratic Party (KDP) or the Patriotic Union of Kurdistan (PUK) in the following provinces of Iraq: Dahuk (Dohuk), Erbil (Erbil), and Sulaymaniyah (Suleimaniyah). The description of the term *areas of Iraq not controlled by the Government of Iraq* may be modified by the Department of State.

NOTE TO § 575.329: Questions on the description of this term should be addressed to the Office of Northern Gulf Affairs, Bureau of Near Eastern Affairs, Room 4241, U.S. Department of State, 2201 C Street NW., Washington, DC 20520 (Tel: (202) 647-5692). Any changes to the description of this term will be posted on the Department of State Web site at < <http://www.state.gov/eb/> >.

[68 FR 11743, Mar. 12, 2003]

§ 575.330 Humanitarian activities, humanitarian purposes, and humanitarian support.

The terms *humanitarian activities*, *humanitarian purposes*, and *humanitarian support* mean, as these terms have been defined by the Department of State for relevant United Nations Security Council Resolutions on Iraq, humanitarian relief, educational, cultural, recreational, and human rights-related activities, and activities to ameliorate the effects of or to investigate war crimes. Such purposes may include preparatory activities and transactions.

[68 FR 28755, May 27, 2003]

Subpart D—Interpretations

§ 575.401 Reference to amended sections.

Except as otherwise specified, reference to any section of this part or to any regulation, ruling, order, instruction, direction, or license issued pursuant to this part shall be deemed to refer to the same as currently amended.

§ 575.402 Effect of amendment.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Director of the Office of Foreign Assets Control shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any civil or criminal suit or proceeding commenced or pending prior to such amendment, modification, or revocation. All penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 575.403 Termination and acquisition of an interest of the Government of Iraq.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) from the Government of Iraq, such property shall no longer be deemed to be prop-

erty in which the Government of Iraq has or has had an interest unless there exists in the property another such interest, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to the Government of Iraq, such property shall be deemed to be property in which there exists an interest of the Government of Iraq.

§ 575.404 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.

No debits may be made to a blocked account to pay obligations to U.S. persons or other persons, including payment for goods, technology or services exported prior to the effective date, except as authorized pursuant to this part.

§ 575.405 Acquisition of instruments including bankers acceptances.

No U.S. person may acquire or deal in any obligation, including bankers acceptances, where the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the underlying transaction is in violation of §§ 575.201, 575.204, or 575.205. This interpretation does not apply to obligations arising from an underlying transaction licensed or otherwise authorized pursuant to this part.

§ 575.406 Extensions of credits or loans to Iraq.

(a) The prohibition in § 575.210 applies to the unlicensed renewal of credits or loans in existence on the effective date, whether by affirmative action or operation of law.

(b) The prohibition in § 575.210 applies to credits to loans extended in any currency.

§ 575.407 Payments in connection with certain authorized transactions.

Payments are authorized in connection with transactions authorized in or pursuant to subpart E.

§ 575.408 Offshore transactions.

(a) The prohibitions contained in §§ 575.201 and 575.206 apply to transactions by U.S. persons in locations outside the United States with respect to property in which the U.S. person knows, or has reason to know, that the Government of Iraq has or has had an interest since the effective date.

(b) Prohibited transactions include, but are not limited to, importation into locations outside the United States of, or dealings within such locations in, goods or services of Iraqi origin.

(c) *Examples.* (1) A U.S. person may not, within the United States or abroad, purchase, sell, finance, insure, transport, act as a broker for the sale or transport of, or otherwise deal in, Iraqi crude oil or petroleum products refined in Iraq.

(2) A U.S. person may not, within the United States or abroad, conduct transactions of any nature whatsoever with an entity that the U.S. person knows or has reason to know is an Iraqi Government entity unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons.

§ 575.409 Transshipments through the United States prohibited.

(a) The prohibitions in § 575.205 apply to the importation into the United States, for transshipment or transit, of goods which are intended or destined for Iraq, or an entity operated from Iraq.

(b) The prohibitions in § 575.204 apply to the importation into the United States, for transshipment or transit, of goods of Iraqi origin which are intended or destined for third countries.

(c) Goods in which the Government of Iraq has an interest which are imported into or transshipped through the United States are blocked pursuant to § 575.201.

§ 575.410 Imports of Iraqi goods from third countries; transshipments.

Importation into the United States from third countries of goods, including refined petroleum products, containing raw materials or components of Iraqi origin is prohibited. In light of the universal prohibition in UNSC Res-

olution 661 on the importation of goods exported from Iraq or Kuwait after August 6, 1990, substantial transformation of Iraqi-origin goods in a third country does not exempt the third-country products from the prohibitions contained in this part.

§ 575.411 Exports to third countries; transshipments.

Exportation of goods or technology (including technical data and other information) from the United States to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Iraq (including passage through, or storage in, intermediate destinations). The exportation of goods and technology intended specifically for incorporation or substantial transformation into a third-country product is also prohibited if the particular product is to be used in Iraq, is being specifically manufactured to fill a Iraqi order, or if the manufacturer's sales of the particular product are predominantly to Iraq.

§ 575.412 Release of Iraqi goods from bonded warehouse or foreign trade zone.

Section 575.204 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Iraqi origin imported into a bonded warehouse or a foreign trade zone either prior to the effective date or in a transaction authorized pursuant to this part after the effective date.

NOTE: Pursuant to § 575.201, property in which the Government of Iraq has an interest may not be released unless authorized or licensed by the Office of Foreign Assets Control.

§ 575.413 Goods intended for export to Iraq.

The prohibitions contained in § 575.201 do not apply to goods manufactured, consigned, or destined for export to Iraq and not subject to § 575.517, if the Government of Iraq has never held or received title to such goods on or after the effective date, and if any payment received from the Government of Iraq with respect to such goods is placed in a blocked account in a U.S. financial institution pursuant to

§ 575.414

§ 575.503. The prohibitions of § 575.205 apply to goods subject to this section.

§ 575.414 Imports of Iraqi goods and purchases of goods from Iraq.

The prohibitions contained in § 575.201 shall not apply to the importation of Iraqi-origin goods and services described in § 575.204 if the importation of such goods is permitted by an authorization or license issued pursuant to this part. However, any payments in connection with such importation are subject to the prohibitions contained in §§ 575.201 and 575.210.

§ 575.415 Setoffs prohibited.

A setoff against a blocked account, whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 575.201 if effected after the effective date.

§ 575.416 Travel transactions for journalistic activity in Iraq.

(a) Section 575.207 does not prohibit travel transactions in Iraq by persons regularly employed in journalistic activity by recognized newsgathering organizations.

(b) For purposes of this part:

(1) A person is considered regularly employed as a journalist if he or she is employed in a constant or regular manner by a recognized newsgathering organization. Free-lance journalists should have an assignment from a recognized newsgathering organization requiring travel to Iraq, or be able to demonstrate that publication by a recognized newsgathering organization of a work requiring such travel is likely. The latter may be demonstrated by providing a resume listing previously-published free-lance works or copies of previously-published works.

(2) *Recognized newsgathering organizations* include those entities regularly and principally engaged in collecting news for publication in the public press, transmission by wire services, or broadcast by radio or television.

(c) Authorized travel transactions are limited to those incident to travel for the purpose of collecting and disseminating information for a recognized newsgathering organization, and do not include travel transactions related to any other activity in Iraq.

31 CFR Ch. V (7-1-04 Edition)

§ 575.417 [Reserved]

§ 575.418 Transactions incidental to a licensed transaction.

(a) Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except a transaction by an unlicensed, blocked person or involving an unlicensed debit to a blocked account.

(b) *Example.* A license authorizing the Government of Iraq to complete a securities sale also authorizes all activities by other parties required to complete the sale, including transactions by the buyer, brokers, transfer agents, banks, etc.

§ 575.419 Transactions in Iraqi debt.

Section 575.533 authorizes U.S. persons to trade in Iraqi commercial or sovereign debt in secondary markets, subject to the following conditions:

(a) Such debt was not held in the United States or within the possession or control of a U.S. person as of May 23, 2003, see § 575.533(b)(1), (c); and

(b) Unless licensed or otherwise authorized by the Office of Foreign Assets Control, no U.S. person is permitted to enter into any transaction, including an attempt to collect on debt, with persons or organizations determined by the Director of the Office of Foreign Assets Control to be included within § 575.306, persons on the Defense Department's 55-person Watch List, or persons identified by the 661 Committee pursuant to paragraphs 19 and 23 of United Nations Security Council Resolution 1483, adopted May 22, 2003, see § 575.533(b)(3).

[68 FR 61363, Oct. 28, 2003]

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 575.500 Licensing procedures.

For provisions relating to licensing procedures, see part 501, subpart E, of this chapter. Licensing actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part are considered actions taken pursuant to this part.

[68 FR 53659, Sept. 11, 2003]

§ 575.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Director of the Office of Foreign Assets Control, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions contained in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 575.502 Exclusion from licenses and authorizations.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license, or from the privileges therein conferred, or to restrict the applicability thereof with respect to particular persons, property, transactions, or classes thereof. Such action shall be binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

§ 575.503 Payments and transfers to blocked accounts in U.S. financial institutions.

(a) Any payment of funds or transfer of credit or other assets, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a U.S. financial institution located in the United States in the name of the Government of Iraq is hereby authorized, including incidental foreign exchange transactions, provided that such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of any interest of the Government of Iraq to any other country or person.

(b) This section authorizes transfer of the funds of a blocked demand deposit account to a blocked interest-bearing account under the same name or designation as was the demand deposit account, as required pursuant to § 575.203 or at the instruction of the depositor, at any time. If such transfer is to a blocked account in a different U.S. financial institution such transfer must be made to a blocked account in a U.S. financial institution located in the United States, and the transferee financial institution must furnish within 10 business days of the date of transfer, the notification described in paragraph (h) of this section to the Office of Foreign Assets Control, Blocked Assets Section.

(c) This section does not authorize any transfer from a blocked account within the United States to an account held outside the United States.

(d) This section does not authorize any payment or transfer to any blocked account held in a name other than that of the Government of Iraq where such government is the ultimate beneficiary of such payment or transfer.

(e) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(f) This section does not authorize the crediting of the proceeds of the sale of securities or other assets, held in a

§§ 575.504–575.532

31 CFR Ch. V (7–1–04 Edition)

blocked account or a sub-account thereof, or the income derived from such securities or assets, to a blocked account or sub-account, under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities or assets were or are held.

(g) This section does not authorize any payment or transfer from a blocked account in a U.S. financial institution to a blocked account held under any name or designation which differs from the name or designation of the specified blocked account or sub-account from which the payment or transfer is made.

NOTE TO § 575.503: Please refer to § 501.603 of this chapter for mandatory reporting requirements regarding financial transfers.

[56 FR 2113, Jan. 18, 1991, as amended at 56 FR 5636, Feb. 11, 1991; 58 FR 47646, Sept. 10, 1993; 62 FR 45109, Aug. 25, 1997]

§§ 575.504–575.532 [Reserved]

§ 575.533 Certain new transactions.

(a) *New Transactions.* Except as provided in paragraph (b) of this section, on or after the effective date of this section, all transactions that are otherwise prohibited by subpart B of this part are authorized.

NOTE TO PARAGRAPH (A): This authorization does not eliminate the need to comply with other provisions of 31 CFR chapter V or with other applicable provisions of law, including any aviation, financial, or trade requirements of agencies other than the Department of the Treasury's Office of Foreign Assets Control. Such requirements include the International Traffic in Arms Regulations (22 CFR parts 120 through 130) administered by the Department of State.

(b) *Continued Blocking, Special Provisions for Certain Exports and Reexports, and Additional Conditions.* (1) All property and interests in property that were blocked pursuant to subpart B of this part as of the effective date of this section remain blocked and subject to the prohibitions and requirements of this part.

(2) The exportation from the United States or, if subject to U.S. jurisdiction, the exportation or reexportation from a third country to Iraq of any goods or technology (including tech-

nical data or other information) controlled by the Department of Commerce under the Export Administration Regulations (15 CFR chapter VII, subchapter C) for exportation to Iraq must be separately authorized by or pursuant to this part.

NOTE TO PARAGRAPH (B)(2): The term "controlled by the Department of Commerce" means subject to a license requirement under the Department of Commerce's Export Administration Regulations (EAR). Items subject to a license requirement under the EAR include items on the Commerce Control List that are listed in 15 CFR 746.3 as requiring a license for exportation or reexportation to Iraq, as well as items and activities that require a license under the end-use and end-user provisions of 15 CFR part 744. To inquire whether particular goods or technology are controlled by the Department of Commerce under the Export Administration Regulations for exportation to Iraq, the exporter or reexporter should contact the Department of Commerce, Bureau of Industry and Security.

(3) This section does not authorize any transactions with:

(i) Persons or organizations determined by the Director of the Office of Foreign Assets Control to be included within § 575.306,

(ii) Persons on the Defense Department's 55-person Watch List, or

(iii) Persons identified by the 661 Committee pursuant to paragraphs 19 and 23 of United Nations Security Council Resolution 1483, adopted May 22, 2003.

NOTE TO PARAGRAPH (B)(3): Persons determined by the Director of the Office of Foreign Assets Control to be included within § 575.306 are also known as specially-designated nationals ("SDNs") of the Government of Iraq. These persons are included in Appendix A to 31 CFR chapter V, and an up-to-date list is maintained on the Office of Foreign Assets Control's Web site at <http://www.treas.gov/ofac>.

(4) This section does not authorize any transactions with respect to Iraqi cultural property or other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990. Any trade in or transfer of such items, including items with respect to which reasonable suspicion exists that

Office of Foreign Assets Control, Treasury

§ 575.701

they have been illegally removed, remains prohibited by subpart B of this part.

NOTE TO PARAGRAPH (B)(4): Questions concerning whether particular Iraqi cultural property or other items are subject to this paragraph should be directed to the Cultural Property Office, U.S. Department of State, tel. 202/619-6612, fax 202/260-4893, Web site <http://www.exchanges.state.gov/culprop>, email culprop@pd.state.gov.

(c) *Effective Date.* This section is effective May 23, 2003.

[68 FR 38189, June 27, 2003]

§ 575.534 Transfers of certain blocked claims by U.S. financial institutions.

U.S. financial institutions are authorized to transfer claims that were booked in the United States as of May 23, 2003, against the Government of Iraq for unpaid loans and other debts to their home offices or to other foreign offices of the same institution. This section authorizes only the transfer of claims and does not authorize the debiting of any blocked account

[68 FR 65845, Nov. 24, 2003]

Subpart F—Reports

§ 575.601 Records and reports.

For provisions relating to records and reports, see subpart C of part 501 of this chapter.

[62 FR 45109, Aug. 25, 1997]

Subpart G—Penalties

§ 575.701 Penalties.

(a) Section 586E of the Iraq Sanctions Act of 1990 (Public Law 101-513, 104 Stat. 2049; 50 U.S.C. 1701 note), as adjusted pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that, notwithstanding section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) and section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(b)):

(1) A civil penalty of not to exceed \$325,000 per violation may be imposed on any person who, after the enactment of this Act, violates or evades or attempts to violate or evade Executive

Order Number 12722, 12723, 12724, or 12725, or any license, order, or regulation issued under any such Executive Order;

NOTE TO PARAGRAPH (A)(1). The current \$325,000 civil penalty cap may be adjusted for inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990.

(2) Whoever after the date of enactment of this Act willfully violates or evades or attempts to violate or evade Executive Order Number 12722, 12723, 12724, or 12725 or any license, order, or regulation issued under any such Executive Order—

(i) Shall, upon conviction, be fined not more than \$1,000,000 if a person other than a natural person; or

(ii) If a natural person, shall, upon conviction, be fined not more than \$1,000,000, be imprisoned for not more than 12 years, or both.

(3) Any officer, director, or agent of any corporation who knowingly participates in a violation, evasion, or attempt described in paragraph (a)(2) of this section may be punished by imposition of the fine, imprisonment (or both) specified in paragraph (a)(2)(ii) of this section.

(b) The criminal penalties provided in the Iraq Sanctions Act are subject to increase pursuant to 18 U.S.C. 3571.

(c) Attention is directed to the United Nations Participation Act, 22 U.S.C. 287c(b), which provides that any person who willfully violates or evades or attempts to violate or evade any order, rule, or regulation issued by the President pursuant to the authority granted in that section shall, upon conviction, be fined not more than \$10,000 or, if a natural person, be imprisoned for not more than ten years, or both; and the officer, director or agent of any corporation who knowingly participates in such violation or evasion shall be punished by a similar fine, imprisonment or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with tackle, apparel, furniture, and equipment, or vehicle, or aircraft, concerned in such violation shall be forfeited to the United States. The criminal penalties provided in the United Nations Participation Act are subject to increase pursuant to 18 U.S.C. 3571.

§ 575.702

(d) Attention is also directed to 18 U.S.C. 1001, which provides that whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statement or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under title 18, United States Code, or imprisoned not more than five years, or both.

(e) Attention is directed to 18 U.S.C. 2332d, as added by Public Law 104-132, section 321, which provides that, except as provided in regulations issued by the Secretary of the Treasury, in consultation with the Secretary of State, a U.S. person, knowing or having reasonable cause to know that a country is designated under section 6(j) of the Export Administration Act, 50 U.S.C. App. 2405, as a country supporting international terrorism, engages in a financial transaction with the government of that country, shall be fined under title 18, United States Code, or imprisoned for not more than 10 years, or both.

(f) Violations of this part may also be subject to relevant provisions of the Customs laws and other applicable laws.

[56 FR 2113, Jan. 18, 1991, as amended at 61 FR 43461, Aug. 23, 1996; 61 FR 54939, Oct. 23, 1996; 62 FR 45109, Aug. 25, 1997; 68 FR 61361, Oct. 28, 2003]

§ 575.702 Prepenalty notice.

(a) *When required.* If the Director of the Office of Foreign Assets Control has reasonable cause to believe that there has occurred a violation of any provision of this part or a violation of the provisions of any license, ruling, regulation, order, direction or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act, and the Director determines that further proceedings are warranted, he shall issue to the person concerned a notice of his intent to impose a monetary pen-

31 CFR Ch. V (7-1-04 Edition)

alty. The prepenalty notice shall be issued whether or not another agency has taken any action with respect to this matter.

(b) *Contents—(1) Facts of violation.* The prepenalty notice shall describe the violation, specify the laws and regulations allegedly violated, and state the amount of the proposed monetary penalty.

(2) *Right to make presentations.* The prepenalty notice also shall inform the person of his right to make a written presentation within 30 days of mailing of the notice as to why a monetary penalty should not be imposed, or, if imposed, why it should be in a lesser amount than proposed.

§ 575.703 Presentation responding to prepenalty notice.

(a) *Time within which to respond.* The named person shall have 30 days from the date of mailing of the prepenalty notice to make a written presentation to the Director.

(b) *Form and contents of written presentation.* The written presentation need not be in any particular form, but shall contain information sufficient to indicate that it is in response to the prepenalty notice. It should contain responses to the allegations in the prepenalty notice and set forth the reasons why the person believes the penalty should not be imposed or, if imposed, why it should be in a lesser amount than proposed.

§ 575.704 Penalty notice.

(a) *No violation.* If, after considering and presentations made in response to the prepenalty notice and any relevant facts, the Director determines that there was no violation by the person named in the prepenalty notice, he promptly shall notify the person in writing of the determination and that no monetary penalty will be imposed.

(b) *Violation.* If, after considering any presentations made in response to the prepenalty notice, the Director determines that there was a violation by the person named in the prepenalty notice, he promptly shall issue a written notice of the imposition of the monetary penalty to that person.

§ 575.705 Referral to United States Department of Justice.

In the event that the person named does not pay the penalty imposed pursuant to this subpart or make payment arrangements acceptable to the Director within 30 days of the mailing of the written notice of the imposition of the penalty, the matter shall be referred to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in a Federal district court.

Subpart H—Procedures**§ 575.801 Procedures.**

For license application procedures and procedures relating to amendments, modifications, or revocations of licenses; administrative decisions; rulemaking; and requests for documents pursuant to the Freedom of Information and Privacy Acts (5 U.S.C. 552 and 552a), see part 501, subpart E, of this chapter.

[62 FR 45109, Aug. 25, 1997, as amended at 68 FR 53659, Sept. 11, 2003]

§ 575.802 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order No. 12723 and Executive Order No. 12725 may be taken by the Director, Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

[56 FR 2113, Jan. 18, 1991. Redesignated at 62 FR 45109, Aug. 25, 1997]

Subpart I—Paperwork Reduction Act**§ 575.901 Paperwork Reduction Act notice.**

For approval by the Office of Management and Budget (“OMB”) under the Paperwork Reduction Act of information collections relating to record-keeping and reporting requirements, to licensing procedures (including those pursuant to statements of licensing policy), and to other procedures, see § 501.901 of this chapter. An agency may not conduct or sponsor, and a person is

not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

[62 FR 45110, Aug. 25, 1997]

PART 585—FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) AND BOSNIAN SERB-CONTROLLED AREAS OF THE REPUBLIC OF BOSNIA AND HERZEGOVINA SANCTIONS REGULATIONS**Subpart A—Relation of This Part to Other Laws and Regulations**

Sec.

585.101 Relation of this part to other laws and regulations.

Subpart B—Prohibitions

585.201 Prohibited transactions involving blocked property; transactions with respect to securities.

585.202 Effect of transfers violating the provisions of this part.

585.203 Holding of certain types of blocked property in interest-bearing accounts.

585.204 Prohibited importation of goods or services from the FRY (S&M).

585.205 Prohibited exportation and reexportation of goods, technology, or services to the FRY (S&M).

585.206 Prohibited dealing in property.

585.207 Prohibited transportation-related transactions involving the FRY (S&M).

585.208 Prohibited overflights, takeoffs and landings of aircraft *en route* to or from the FRY (S&M).

585.209 Prohibited performance of contracts.

585.210 Prohibited transfers of funds to or for the benefit of the Government of the FRY (S&M) or any person in the FRY (S&M).

585.211 Prohibited transactions related to participation in sporting events.

585.212 Prohibited transactions related to scientific and technical cooperation, cultural exchanges, and other official visits.

585.213 Exemption of activities related to certain international organizations.

585.214 Evasions; attempts; conspiracies.

585.215 Conveyances and cargo suspected of being in violation of United Nations sanctions; detention; blocking.

585.216 Expenses of maintaining blocked property; liquidation into blocked account.

585.217 Entry into the territorial waters of the FRY (S&M) or the riverine ports of the Republic of Bosnia and Herzegovina prohibited.