

## Letter to Congressional Leaders Reporting on Economic Sanctions Against Libya

January 10, 1997

*Dear Mr. Speaker: (Dear Mr. President:)*

I hereby report to the Congress on the developments since my last report of July 22, 1996, concerning the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c); section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c); and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c).

1. On January 2, 1997, I renewed for another year the national emergency with respect to Libya pursuant to IEEPA. This renewal extended the current comprehensive financial and trade embargo against Libya in effect since 1986. Under these sanctions, all trade with Libya is prohibited, and all assets owned or controlled by the Libyan government in the United States or in the possession or control of U.S. persons are blocked.

2. There have been two amendments to the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "Regulations"), administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury, since my last report on July 22, 1996. The Libyan Sanctions Regulations were amended on August 22, 1996, to add the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132; 110 Stat. 1214-1319 (the "Antiterrorism Act") as an authority for the Regulations. (61 *Fed. Reg.* 43460, August 23, 1996). On April 24, 1996, I signed into law the Antiterrorism Act. Section 321 of the Antiterrorism Act (18 U.S.C. 2332d) makes it a criminal offense for United States persons, except as provided in regulations issued by the Secretary of the Treasury in consultation with the Secretary of State, to engage in financial transactions with the governments of countries designated under section 6(j) of the Export Administration Act (50 U.S.C. App. 2405) as supporting international terrorism. United States persons who engage in such transactions are subject to criminal fines under title 18, United States Code, imprisonment for up to 10 years,

or both. Because the Regulations already prohibited such transactions, with minor exceptions for transactions found to be in the public interest, no substantive change to the prohibitions of the Regulations was necessary. A copy of the amendment is attached.

The Regulations were amended on October 21, 1996 (61 *Fed. Reg.* 54936, October 23, 1996), to implement section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996, by adjusting for inflation the amount of the civil monetary penalties that may be assessed under the Regulations. The Regulations, as amended, increase the maximum civil monetary penalty provided by law from \$10,000 to \$11,000 per violation.

The amended Regulations also reflect an amendment to 18 U.S.C. 1001 contained in section 330016(1)(L) of Public Law 103-322; 108 Stat. 2147. The amendment strikes the \$10,000 maximum on fines imposed for fraudulent dealing with Federal agencies. Finally, the amendment notes the availability of higher criminal fines pursuant to the formulas set forth in 18 U.S.C. 3571. A copy of the amendment is attached.

3. During the current 6-month period, OFAC reviewed numerous applications for licenses to authorize transactions under the Regulations. Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of license approvals (49) concerned requests by non-Libyan persons or entities to unblock transfers interdicted because of what appeared to be Government of Libya interests. Several previously issued licenses were amended to authorize the provision of legal services to the Government of Libya in connection with actions in U.S. courts in which the Government of Libya was named as defendant.

Minister Louis Farrakhan and the Nation of Islam applied for a license to receive a gift of up to \$1 billion from the Government of Libya as well as for Minister Farrakhan to collect \$250,000 in prize money that accompanied the Ghadafi Prize for Human Rights awarded to

Minister Farrakhan in Tripoli. The application was denied on Foreign policy grounds.

4. During the current 6-month period, OFAC continued to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of Libya. The office worked closely with the banks to assure the effectiveness of interdiction software systems used to identify such payments. During the reporting period, more than 100 transactions potentially involving Libya were interdicted.

5. Since my last report, OFAC collected 14 civil monetary penalties totaling more than \$165,000 for violations of the U.S. sanctions against Libya. Twelve of the violations involved the failure of banks to block funds transfers to Libyan-owned or -controlled financial institutions. Two U.S. corporations paid OFAC penalties totaling \$105,000 for export violations as part of global plea agreements with the Department of Justice. Sixty-one other cases are in active penalty processing.

On August 7, 1996, a major U.S. exporter entered a guilty plea and was sentenced in the U.S. District Court for the Western District of Kentucky for Libyan sanctions violations. The company and four co-conspirators were charged with aiding and abetting the exportation and attempted exportation of oil well drilling equipment to Libya through Italy in 1995 and 1996. The company paid \$3 million in criminal fines and aggregate criminal penalties paid by individuals totaled \$211,000. In addition, a major U.S. manufacturer in Milwaukee, Wisconsin agreed to pay \$2 million in criminal fines, in addition to the civil penalty noted above, for violation of the Libyan sanctions involving a commercial project in Libya. Numerous investigations carried over from prior reporting periods are continuing and new reports of violations are being pursued.

6. The expenses incurred by the Federal Government in the 6-month period from July 6, 1996, through January 5, 1997, that are directly

attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately \$670,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

7. The policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. In adopting UNSCR 883 in November 1993, the Security Council determined that the continued failure of the Government of Libya to demonstrate by concrete actions its renunciation of terrorism, and in particular its continued failure to respond fully and effectively to the requests and decisions of the Security Council in Resolutions 731 and 748, concerning the bombing of the Pan Am 103 and UTA 772 flights, constituted a threat to international peace and security. The United States will continue to coordinate its comprehensive sanctions enforcement efforts with those of other U.N. member states. We remain determined to ensure that the perpetrators of the terrorist acts against Pan Am 103 and UTA 772 are brought to justice. The families of the victims in the murderous Lockerbie bombing and others acts of Libyan terrorism deserve nothing less. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

## Message on the Observance of Ramadan *January 10, 1997*

Warm greetings to all those celebrating the sacred month of Ramadan.

Each year during Ramadan, Muslims across America and around the world commemorate God's revelation of the Koran to Muhammad with a month of rigorous fasting and devout prayer. This period of discipline for body, mind, and spirit draws the Muslim community closer not only to God, but also to their fellow human beings.

By experiencing hunger during Ramadan, the followers of Muhammad learn true compassion for the poor of the world who go hungry every day. By reflecting on God's teachings in the

Koran, they learn humility and the beauty of forgiveness. And, by their example of devotion and self-discipline during Ramadan, Muslims remind us all that our true strength is derived, not from food and drink, but from closeness to God.

As the crescent moon marks the beginning of Ramadan again this year, Hillary and I extend our best wishes for a holy and memorable observance.

BILL CLINTON

NOTE: This message was released by the Office of the Press Secretary on January 11.

## The President's Radio Address *January 11, 1997*

Good morning. Today I want to talk about how to build upon the progress we've made together in working against crime and violence, and especially how we can fight against youth crime.

Four years ago it seemed to many Americans as if the forces of crime and violence had gained an intractable hold over our country, and law-abiding Americans were afraid that from now on they would just have to put up with the insecurity and loss that goes with rampant crime. I was determined to turn that around, to give people the tools they need to take back their streets and schools and neighborhoods, to reestablish a sense of security and true freedom in our country, and to restore our people's faith in the power of law and order.

We had a comprehensive plan to fight crime, to put 100,000 new community police officers on the street and tough new penalties on the books, to keep guns away from criminals by passing the Brady bill and banning assault weapons, to steer young people away from crime, gangs, and drugs in the first place. This approach is working.

This week the FBI reported that serious crime dropped another 3 percent last year, dropping for the 5th year in a row, the longest

decline in more than 25 years. This is great news, not because it gives us a chance to sit back and rest on our laurels but because it does show all of us that if we work together we can make a difference.

Now that we've finally turned the crime on the run, we have to redouble our efforts. We have to drive the forces of violence further and further into retreat. And as we move forward, we have to remember that we're not just fighting against crime; we're fighting for the kind of nation we want to build together for the 21st century, for an America where people feel safe when they walk around the block at night and untroubled when they kiss their children goodbye in the morning, an America where nobody's grandmother lives across the street from a crack house and nobody's child walks to school through a neighborhood overrun by gangs. We're fighting for our children and for their future.

As I begin my second term as President, the next stage in our fight must center on keeping our children safe and attacking the scourge of juvenile crime and gangs. I want every police officer, prosecutor, and citizen in America working together to keep our young people safe and young criminals off the streets. This should be