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DEVELOPMENTS CONCERNING THE  
NATIONAL EMERGENCY WITH RESPECT TO IRAN

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MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A REPORT ON DEVELOPMENTS CONCERNING THE NATIONAL  
EMERGENCY WITH RESPECT TO IRAN THAT WAS DECLARED IN  
EXECUTIVE ORDER NO. 12170 OF NOVEMBER 14, 1979, PURSU-  
ANT TO 50 U.S.C. 1703(c)



MAY 13, 1997.—Message and accompanying papers referred to the  
Committee on International Relations and ordered to be printed

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WASHINGTON : 1997

*To the Congress of the United States:*

I hereby report to the Congress on developments since the last Presidential report of November 14, 1996, concerning the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA). This report covers events through March 31, 1997. My last report, dated November 14, 1996, covered events through September 16, 1996.

1. The Iranian Assets Control Regulations, 31 CFR Part 535 (IACR), 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 amendment increases the maximum civil monetary penalty provided in the Regulations 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, September 13, 1994, 108 Stat. 2147. Finally, the amendment notes the availability of higher criminal fines for violations of IEEPA pursuant to the formulas set forth in 18 U.S.C. 3571. A copy of the amendment is attached.

2. The Iran-United States Claims Tribunal (the "Tribunal"), established at the Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since the period covered in my last report, the Tribunal has rendered eight awards. This brings the total number of awards rendered to 579, the majority of which have been in favor of U.S. claimants. As of March 24, 1997, the value of awards to successful U.S. claimants from the Security Account held by the NV Settlement Bank was \$2,424,959,689.37.

Since my last report, Iran has failed to replenish the Security Account established by the Algiers Accords to ensure payment of awards to successful U.S. claimants. Thus, since November 5, 1992, the Security Account has continuously remained below the \$500 million balance required by the Algiers Accords. As of March 24, 1997, the total amount in the Security Account was \$183,818,133.20, and the total amount in the Interest Account was \$12,053,880.39. Therefore, the United States continues to pursue Case A/28, filed in September 1993, to require Iran to meet its obligation under the Algiers Accords to replenish the Security Account. Iran filed its Rejoinder on April 8, 1997.

The United States also continues to pursue Case A/29 to require Iran to meet its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tri-

bunal. The United States filed its Reply to the Iranian Statement of Defense on October 11, 1996.

Also since my last report, the United States appointed Richard Mosk as one of the three U.S. arbitrators on the Tribunal. Judge Mosk, who has previously served on the Tribunal and will be joining the Tribunal officially in May of this year, will replace Judge Richard Allison, who has served on the Tribunal since 1988.

3. The Department of State continues to pursue other United States Government claims against Iran and to respond to claims brought against the United States by Iran, in coordination with concerned government agencies.

On December 3, 1996, the Tribunal issued its award in Case B/36, the U.S. claim for amounts due from Iran under two World War II military surplus property sales agreements. While the Tribunal dismissed the U.S. claim as to one of the agreements on jurisdictional grounds, it found Iran liable for breach of the second (and larger) agreement and ordered Iran to pay the United States principal and interest in the amount of \$43,843,826.89. Following payment of the award, Iran requested the Tribunal to reconsider both the merits of the case and the calculation of interest; Iran's request was denied by the Tribunal on March 17, 1997.

Under the February 22, 1996, agreement that settled the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal (reported in my report of May 17 1996), the United States agreed to make *ex gratia* payments to the families of Iranian victims of the 1988 Iran Air 655 shootdown and a fund was established to pay Iranian bank debt owed to U.S. nationals. As of March 17, 1997, payments were authorized to be made to surviving family members of 125 Iranian victims of the aerial incident, totaling \$29,100,000.00. In addition, payment of 28 claims by U.S. nationals against Iranian banks, totaling \$9,002,738.45 was authorized.

On December 12, 1996, the Department of State filed the U.S. Hearing Memorial and Evidence on Liability in Case A/11. In this case, Iran alleges that the United States failed to perform its obligations under Paragraphs 12–14 of the Algiers Accords, relating to the return to Iran of assets of the late Shah and his close relatives. A hearing date has yet to be scheduled.

On October 9, 1996, the Tribunal dismissed Case B/58, Iran's claim for damages arising out of the U.S. operation of Iran's southern railways during the Second World War. The Tribunal held that it lacked jurisdiction over the claim under Article II, paragraph two, of the Claims Settlement Declaration.

4. Since my last report, the Tribunal conducted two hearings and issued awards in six private claims. On February 24–25, 1997, Chamber One held a hearing in a dual national claim, *G.E. Davidson v. The Islamic Republic of Iran*, Claim No. 457. The claimant is requesting compensation for real property that he claims was expropriated by the Government of Iran. On October 24, 1996, Chamber Two held a hearing in Case 274, *Monemi v. The Islamic Republic of Iran*, also concerning the claim of a dual national.

On December 2, 1996, Chamber Three issued a decision in *Johangir & Jila Mohtadi v. The Islamic Republic of Iran* (AWD 573–271–3), awarding the Claimants \$510,000 plus interest for

Iran's interference with the claimants' property rights in real property in Velenjak. The claimants also were awarded \$15,000 in costs. On December 10, 1996, Chamber Three issued a decision in *Reza Nemazee v. The Islamic Republic of Iran* (AWD 575-4-3), dismissing the expropriation claim for lack of proof. On February 25, 1997, Chamber Three issued a decision in *Dadras Int'l v. The Islamic Republic of Iran* (AWD 578-214-3), dismissing the claim against Kan Residential Corp. for failure to prove that it is an "agency, instrumentality, or entity controlled by the Government of Iran" and dismissing the claim against Iran for failure to prove expropriation or other measures affecting property rights. Dadras had previously received a substantial recovery pursuant to a partial award. On March 26, 1997, Chamber Two issued a final award in Case 389, *Westinghouse Electric Corp. v. The Islamic Republic of Iran Air Force* (AWD 579-389-2), awarding Westinghouse \$2,553,930.25 plus interest in damages arising from the Iranian Air Force's breach of contract with Westinghouse.

Finally, there were two settlements of claims of dual nationals, which resulted in awards on agreed terms. They are *Dora Elghanayan, et al. v. The Islamic Republic of Iran* (AAT 576-800/801/802/803/804-3), in which Iran agreed to pay the claimants \$3,150,000, and *Lilly Mythra Fallah Lawrence v. The Islamic Republic of Iran* (AAT 577-390/391-1), in which Iran agreed to pay the claimant \$1,000,000.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

WILLIAM J. CLINTON.

THE WHITE HOUSE, May 13, 1997.



of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, UNITA (Angola) Sanctions Regulations, and Terrorism Sanctions Regulations (collectively, the "Regulations") 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 rule also amends the penalty provisions of the Regulations to reflect a 1994 amendment to 18 U.S.C. 1001. Certain of the Regulations are also amended to note the availability of higher criminal fines under 18 U.S.C. 3571.

EFFECTIVE DATE: October 21, 1996.

FOR FURTHER INFORMATION CONTACT: Mrs. B.S. Scott, Chief, Civil Penalties Program (tel.: 202/622-6140); or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

**SUPPLEMENTARY INFORMATION:**

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**Office of Foreign Assets Control**

31 CFR Parts 500, 515, 535, 550, 580, 575, 585, 590 and 595

Foreign Assets Control Regulations, Cuban Assets Control Regulations, Iranian Assets Control Regulations, Libyan Sanctions Regulations, Iranian Transactions Regulations, Iraqi Sanctions Regulations, Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, UNITA (Angola) Sanctions Regulations, Terrorism Sanctions Regulations, Implementation of Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, as Amended by the Debt Collection Improvement Act of 1996

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

**SUMMARY:** This final rule amends the Foreign Assets Control Regulations, Cuban Assets Control Regulations, Iranian Assets Control Regulations, Libyan Sanctions Regulations, Iranian Transactions Regulations, Iraqi Sanctions Regulations, Federal Republic

**Background**

Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, 104 Stat. 890, 28 U.S.C. 2461 note), as amended by the Debt Collection Improvement Act of 1996 (Pub. L. 104-134, sec. 31001(e)(1)), Apr. 28, 1996, 110 Stat. 1321-373—the “DCIA”) (jointly, the “FCPIA”), requires each Federal agency with statutory authority to assess civil monetary penalties (“CMPs”) to adjust CMPs for inflation according to a formula described in section 5 of the FCPIA. The purpose of the FCPIA is to maintain the deterrent effect of CMPs through periodic cost-of-living based adjustments. The first inflation adjustment is required by October 23, 1996—180 days after the enactment of the DCIA. Thereafter, agencies are to make inflation adjustments at least once every four years. Adjustments of CMPs are to be made by regulation published in the Federal Register. Any increase in a CMP made pursuant to the FCPIA applies only to violations that occur after the date the increase takes effect.

Section 5 of the FCPIA requires that each CMP having a specified or maximum monetary amount provided for by Federal law be increased by the percentage by which the Consumer Price Index for all urban consumers (the “CPI”) for the month of June of the calendar year preceding the adjustment exceeds the CPI for the month of June of the calendar year in which the amount of the CMP was last set or adjusted pursuant to law. Section 5 also provides a formula for rounding the final CMP amount. Finally, section 31001(s)(2) of the DCIA mandates that the first inflation adjustment of a CMP may not exceed 10 percent of the penalty prior to adjustment.

The Office of Foreign Assets Control currently imposes CMPs pursuant to three statutes: the Trading with the Enemy Act (50 U.S.C. App. 16—“TWEA”), the International Emergency Economic Powers Act (50 U.S.C. 1705—“IEEPA”), and section 580E of the Iraq Sanctions Act of 1990 (Pub. L. 101-513, 104 Stat. 2049, 50 U.S.C. 1701 note—“ISA”). The CMP amount of \$50,000 under TWEA was set in 1992. Thus, pursuant to the FCPIA, the TWEA statutory CMP must be increased by the difference between the CPI for 1995 and the CPI for 1992, or 8.8%, which, after rounding, equals \$5,000. Thus, this final rule amends the maximum TWEA-based CMP per violation to be the inflation-adjusted amount of \$55,000.

The CMP amount of \$10,000 under IEEPA was set in 1977. Applying the CPI inflator of the FCPIA would

increase the CMP under IEEPA by 151.2%, exceeding the DCIA’s 10% cap. The adjustment is limited to \$1,000. Thus, this rule fixes the maximum IEEPA-based CMP per violation at \$11,000.

The CMP amount of \$250,000 under the ISA was set in 1990. The CPI inflator under the FCPIA (17.4%) again exceeds the DCIA 10% cap of \$25,000. Thus, this rule amends the maximum ISA-based CMP per violation to be \$275,000.

This rule also amends the penalty provisions of the Regulations to reflect an amendment to 18 U.S.C. 1001 contained in section 330016(1)(L) of Public Law 103-322, Sept. 13, 1994, 108 Stat. 2147. The amendment strikes the \$10,000 cap on fines imposed for fraudulent dealing with Federal agencies. Finally, this rule amends the Regulations to note the availability of higher criminal fines pursuant to the formulas set forth in 18 U.S.C. 3571.

Since the Regulations involve a foreign affairs function, Executive Order 12886 and the provisions of the Administrative Procedure Act (5 U.S.C. 553), requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

This rule contains no collection of information.

**List of Subjects****31 CFR Part 500**

Administrative practice and procedure, Banks, banking, Blocking of assets, Cambodia, Exports, Finance, Foreign claims, Foreign investment in the United States, Foreign trade, Imports, Information and informational materials, International organizations, North Korea, Penalties, Publications, Reporting and recordkeeping requirements, Securities, Services, Specially designated nationals, Terrorism, Travel restrictions, Trusts and estates, Vietnam.

**31 CFR Part 515**

Administrative practice and procedure, Air carriers, Banks, banking, Blocking of assets, Cuba, Currency, Estates, Exports, Foreign investment in the United States, Foreign trade, Imports, Informational materials, Penalties, Publications, Reporting and recordkeeping requirements, Securities, Shipping, Specially designated nationals, Terrorism, Travel restrictions, Trusts and trustees, Vessels.

**31 CFR Part 535**

Administrative practice and procedure, Banks, banking, Blocking of assets, Currency, Foreign investment in the United States, Iran, Penalties, Reporting and recordkeeping requirements, Securities, Terrorism.

**31 CFR Part 550**

Administrative practice and procedure, Banks, banking, Blocking of assets, Exports, Foreign investment, Foreign trade, Government of Libya, Imports, Libya, Loans, Penalties, Reporting and recordkeeping requirements, Securities, Services, Specially designated nationals, Terrorism, Travel restrictions.

**31 CFR Part 560**

Administrative practice and procedure, Agriculture commodities, Banking and finance, Exports, Foreign trade, Imports, Information, Investments, Iran, Loans, Penalties, Reporting and recordkeeping requirements, Services, Specially designated nationals, Terrorism, Transportation.

**31 CFR Part 575**

Administrative practice and procedure, Banks, banking, Blocking of assets, Exports, Foreign trade, Humanitarian aid, Imports, Iraq, Oil imports, Penalties, Petroleum, Petroleum products, Reporting and recordkeeping requirements, Specially designated nationals, Terrorism, Travel restrictions.

**31 CFR Part 585**

Administrative practice and procedure, Banking and finance, Blocking of assets, Exports, Federal Republic of Yugoslavia (Serbia and Montenegro), Foreign trade, Imports, Intellectual property, Loans, Penalties, Reporting and recordkeeping requirements, Securities, Services, Shipping, Telecommunications, Transfer of assets, Vessels.

**31 CFR Part 590**

Administrative practice and procedure, Angola, Exports, Foreign trade, National Union for the Total Independence of Angola, Penalties, Reporting and recordkeeping requirements, Shipping, UNITA, Vessels.

**31 CFR Part 595**

Administrative practice and procedure, Banking and finance, Blocking of assets, Penalties, Reporting and recordkeeping requirements, Specially designated terrorists, Terrorism, Transfer of Assets.

For the reasons set forth in the preamble, 31 CFR chapter V is amended as follows:

#### PART 500—FOREIGN ASSETS CONTROL REGULATIONS

1. The authority citation for part 500 is revised to read as follows:

Authority: 50 U.S.C. App. 1044; Pub. L. 104-132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 9193, 7 FR 5205, 3 CFR 1938-1943 Comp., p. 1174; E.O. 9889, 13 FR 4891, 3 CFR 1943-48 Comp., p. 748.

##### Subpart G—Penalties

2. Section 500.701 is amended by removing paragraph (a)(5), redesignating existing paragraphs (b) and (c) as paragraphs (c) and (d), respectively, adding a new paragraph (b), and revising introductory paragraph (a), paragraph (a)(3), and redesignated paragraph (c) to read as follows:

##### § 500.701 Penalties.

(a) Attention is directed to section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16), as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note), which provides that:

(1) \* \* \*

(2) \* \* \*

(3) The Secretary of the Treasury may impose a civil penalty of not more than \$55,000 per violation on any person who violates any license, order, or regulation issued under that act;

(4) \* \* \*

(5) \* \* \*

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

(c) Attention is 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 statements 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.

#### PART 515—CUBAN ASSETS CONTROL REGULATIONS

1. The authority citation for part 515 is revised to read as follows:

Authority: 50 U.S.C. App. 1-44; 22 U.S.C. 6001-6010; 22 U.S.C. 2370(a); Pub. L. 104-132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Proc. 3447 27 FR 1083, 3 CFR 1959-1963 Comp., p. 157; E.O. 9193, 7 FR 5205, 3 CFR 1938-1943 Comp., p. 1147; E.O. 9889, 13 FR 4891, 3 CFR 1943-48 Comp., p. 748; E.O. 12854, 58 FR 36587, 3 CFR 1993 Comp., p. 614.

##### Subpart G—Penalties

2. Section 515.701 is amended by removing paragraph (a)(5), redesignating paragraphs (b), (c), (d) and (e) as paragraphs (c), (d), (e) and (f), respectively, adding a new paragraph (b), and revising introductory paragraph (a), paragraph (a)(3), and redesignated paragraph (d) to read as follows:

##### § 515.701 Penalties.

(a) Attention is directed to section 16 of the Trading with the Enemy Act (50 U.S.C. App. 16), as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note), which provides that:

(1) \* \* \*

(2) \* \* \*

(3) The Secretary of the Treasury may impose a civil penalty of not more than \$55,000 per violation on any person who violates any license, order, or regulation issued under that act;

(4) \* \* \*

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

(c) \* \* \*

(d) Attention is 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 statements 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.

#### PART 535—IRANIAN ASSETS CONTROL REGULATIONS

1. The authority citation for part 535 is revised to read as follows:

Authority: 50 U.S.C. 1701-1706; Pub. L. 104-132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12170, 44 FR 65729, 3 CFR 1979 Comp., p. 457; E.O. 12205, 45 FR 24099, 3 CFR 1980 Comp., p. 248; E.O.

12211, 45 FR 26655, 3 CFR 1980 Comp., p. 253; E.O. 12276, 46 FR 7913, 3 CFR 1981 Comp., p. 104; E.O. 12279, 46 FR 7919, 3 CFR 1981 Comp., p. 109; E.O. 12280, 46 FR 7921, 3 CFR 1981 Comp., p. 110; E.O. 12281, 46 FR 7922, 3 CFR 1981 Comp., p. 110; E.O. 12282, 46 FR 7925, 3 CFR 1981 Comp., p. 113; E.O. 12283, 46 FR 7927, 3 CFR 1981 Comp., p. 114; and E.O. 12294, 46 FR 14111, 3 CFR 1981 Comp., p. 139.

##### Subpart G—Penalties

2. Section 535.701 is amended by redesignating existing paragraphs (b) and (c) as paragraphs (c) and (d), respectively, adding a new paragraph (b), and revising paragraph (e) and redesignated paragraph (c) to read as follows:

##### § 535.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the "Act") (50 U.S.C. 1705), which is applicable to violations 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 Act. Section 206 of the Act, as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act;

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction, be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

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

(c) 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.

#### PART 550—LIBYAN SANCTIONS REGULATIONS

1. The authority citation for part 550 is revised to read as follows:

Authority: 50 U.S.C. 1701–1706; 50 U.S.C. 1601–1651; 22 U.S.C. 287c; 49 U.S.C. App. 1514; 22 U.S.C. 2349aa–6 and 2349aa–9; Pub. L. 104–132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); 3 U.S.C. 301; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12543, 51 FR 875, 3 CFR 1986 Comp., p. 181; E.O. 12544, 51 FR 1235, 3 CFR 1986 Comp., p. 183; E.O. 12801, 57 FR 14319, 3 CFR 1992 Comp., p. 294.

##### Subpart G—Penalties

2. Section 550.701 is amended by redesignating existing paragraphs (b), (c) and (d) as paragraphs (c), (d) and (e), respectively, adding a new paragraph (b), and revising paragraph (a) and redesignated paragraph (c) to read as follows:

##### § 550.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations 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 Act. Section 206 of the Act, as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101–410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act.

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

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

(c) 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.

#### PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. The authority citation for part 560 is revised to read as follows:

Authority: 50 U.S.C. 1701–1706; 50 U.S.C. 1601–1651; 22 U.S.C. 2349aa–9; Pub. L. 104–132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); 3 U.S.C. 301; E.O. 12812, 52 FR 4940, 3 CFR 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR 1995 Comp., p. 356.

##### Subpart G—Penalties

2. Section 560.701 is amended by redesignating existing paragraphs (b), (c) and (e) as paragraphs (c), (e) and (d), respectively, adding a new paragraph (b), and revising paragraph (a) and redesignated paragraph (c) to read as follows:

##### § 560.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations 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 Act. Section 206 of the Act, as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101–410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act.

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

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

(c) 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.

#### PART 575—IRAQI SANCTIONS REGULATIONS

1. The authority citation for part 575 is revised to read as follows:

Authority: 50 U.S.C. 1701–1706; 50 U.S.C. 1601–1651; 22 U.S.C. 287c; Pub. L. 104–132, 110 Stat. 1214, 1254 (18 U.S.C. 2332d); Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); 3 U.S.C. 301; E.O. 12722, 55 FR 31860, 3 CFR 1990 Comp., p. 294; E.O. 12724, 55 FR 33089, 3 CFR 1992 Comp., p. 317.

##### Subpart G—Penalties

2. Section 575.701 is amended by redesignating existing paragraphs (b), (c), (d) and (e) as paragraphs (c), (d), (e) and (f), respectively, adding a new paragraph (b), adding a new final sentence to redesignated paragraph (c), and revising introductory paragraph (a) paragraph (a)(1), and redesignated paragraph (d) to read as follows:

##### § 575.701 Penalties.

(a) Section 580E of the Iraq Sanctions Act of 1990 (Public Law 101–513, 104 Stat. 2049), as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 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 \$275,000 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;

(2) \* \* \*

(3) \* \* \*

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

(c) \* \* \* The criminal penalties provided in the United Nations

Participation Act are subject to increase pursuant to 18 U.S.C. 3571.

(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.

**PART 585—FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) AND THE BOSNIAN SERB-CONTROLLED AREAS OF THE REPUBLIC OF BOSNIA AND HERZEGOVINA SANCTIONS REGULATIONS**

1. The authority citation for part 585 is revised to read as follows:

Authority: 50 U.S.C. 1701–1706; 50 U.S.C. 1601–1651; 22 U.S.C. 287c; 48 U.S.C. App. 1514; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); 3 U.S.C. 301; E.O. 12808, 57 FR 23296; E.O. 12810, 57 FR 24347; E.O. 12851, 58 FR 5253.

**Subpart G—Penalties**

2. Section 585.701 is amended by redesignating existing paragraphs (b), (c), and (d) as paragraphs (c), (d), and (e), respectively, adding a new paragraph (b), adding a new final sentence to redesignated paragraph (c), and revising paragraph (a) and redesignated paragraph (d) to read as follows:

**§ 585.701 Penalties.**

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations 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 Act. Section 206 of the Act, as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101–410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act;

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

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

(c) \* \* \* The criminal penalties provided in the United Nations Participation Act are subject to increase pursuant to 18 U.S.C. 3571.

(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.

**PART 590—UNITA (ANGOLA) SANCTIONS REGULATIONS**

1. The authority citation for part 590 is revised to read as follows:

Authority: 50 U.S.C. 1701–1706; 50 U.S.C. 1601–1651; 22 U.S.C. 287c; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); 3 U.S.C. 301; E.O. 12865, 58 FR 51005.

**Subpart G—Penalties**

2. Section 590.701 is amended by redesignating existing paragraphs (b), (c) and (d) as paragraphs (c), (d) and (e), respectively, adding a new paragraph (b), adding a new final sentence to redesignated paragraph (c), and revising paragraph (a) and redesignated paragraph (d) to read as follows:

**§ 590.701 Penalties.**

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations 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 Act. Section 206 of the Act, as amended by the Federal Civil Penalties Inflation Adjustment Act of

1990 (Pub. L. 101–410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act;

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

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

(c) \* \* \* The criminal penalties provided in the United Nations Participation Act are subject to increase pursuant to 18 U.S.C. 3571.

(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.

**PART 595—TERRORISM SANCTIONS REGULATIONS**

1. The authority citation for part 595 is revised to read as follows:

Authority: 50 U.S.C. 1701–1706; 50 U.S.C. 1601–1651; 3 U.S.C. 301; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12947, 60 FR 5079.

**Subpart G—Penalties**

2. Section 595.701 is amended by redesignating existing paragraph (b) as paragraph (c), adding a new paragraph (b), and revising paragraph (a) and redesignated paragraph (c) to read as follows:

**§ 595.701 Penalties.**

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations 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 Act. Section 206 of the Act, as amended by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act;

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

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

(c) 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.

Dated: October 17, 1996.

R. Richard Newcomb,

Director, Office of Foreign Assets Control

Approved: October 18, 1996.

James E. Johnson,

Assistant Secretary (Enforcement)

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